



# A CIVIL PERSPECTIVE ON CHINA'S AID TO CAMBODIA

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## Executive Summary

Cambodia is China's one of the closest friends of all the ASEAN members and occupies a strategically unique, important position in China's strategy for regional development cooperation. Intimate friendship between successive leaders of the two countries has laid a solid foundation for this special relationship and is one of the most important reasons why China attaches great importance to development cooperation with Cambodia. China has now become Cambodia's largest aid donor and its presence and progress has been growing in recent years. Inevitably, China's actions in Cambodia are drawing not only global attention but also commendation and criticism, especially from Cambodian society. In the limelight, China is facing increasing challenges: how to promote the bilateral relationship; how to advance its development cooperation with Cambodia; and how to move closer to the Cambodia public. China is fully aware that friendship between top leaders of both sides is a cohesive agent for amicable bilateral relations, and closer people-to-people ties provide the groundwork for a longstanding state-to-state relationship, a case made by President Xi Jinping who sees people-to-people bond as an integral part of regional connectivity. On this account, the focus of this program is on social appraisal of China's aid to Cambodia. The authors attempt to shed new light on China's aid in Cambodia from a civil perspective through face-to-face interviews with local think tanks, non-governmental organizations, and Chinese enterprises undertaking aid projects. We hope that this program could introduce more research focusing on the social effect and implications of China's foreign aid and thereby improve China's foreign aid. Projects mentioned in the report are mainly Chinese aid projects including those under development financing and joint projects. The views and opinions expressed in the report are those of the authors and do not reflect the views of either SIIS or ESNU.

### Key findings

China is the largest aid donor to Cambodia and is regarded as the one having the biggest influence on Cambodia. China's aid is most remarkable in terms of project scale, speed, and cost-effectiveness, and has been playing a positive role in promoting Cambodia's nation building, economic development and social progress, which is highly regarded valued by both the Cambodian government and civil society.

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China pays little attention to and seldom engages Chinese or Cambodian civil society while implementing its aid policy. There is no Chinese or Chinese-funded non-governmental organizations in Cambodia. Despite good communication at the government level between the two sides, effective mechanisms and channels for communication between two civil societies are scarce. Insufficient communication often leads to misinformation and misunderstanding, creating a complex image of China's aid in Cambodia.

Institutional constraints pose challenges to the implementation of China's foreign assistance, of which lack of specialized staff and under-communication are the most salient. Management of China's aid projects needs to be better compartmentalized to improve effectiveness. The government should place a high value on and devote more resources to personnel management and public relations. China should also do more to better engage Cambodian civil society to compensate for the limited social role of China's aid. The Chinese government and enterprises undertaking aid projects should also make conscious efforts to build a positive image through effective publicity.

Things change over time. China's idea about development also changes, which will affect its aid policy to developing countries, Cambodia included. The concept of sustainable development has been gaining currency. The relationship between development and the environment, between development and social progress have become a long-term challenge to both China and Cambodia.

To strengthen the social effect of China's aid in Cambodia, it is not only necessary for China to help build more hospitals, schools, bridges, and other infrastructure projects, but also imperative to offer direct aid to the populace. The report suggests that China increase scholarships for Cambodian youths to study in China, establish short-term exchange programs tailored for experts from Cambodian universities and think tanks. We believe that only human-centric aid can strike a chord in the heart and their effect can take deep root in Cambodian society.

# Chapter One An Overview of China's Aid to Cambodia

Cambodia is the first non-socialist country that receives China's aid grants. As early as 1956, China began to provide free materials, commodities, and equipment to Cambodia. The Chinese government also established a permanent economic mission in Cambodia and dispatched technical experts to help Cambodia build a textile factory, a plywood factory, a paper mill, and a cement plant, the prelude to continuing Chinese aid programs that has lasted for more than five decades.

## 1.1 Two periods in China's aid to Cambodia

China's continued aid to Cambodia can be divided roughly into two periods by the concluding year of the Cold War. In the first period (1956–1990), China's assistance was preponderantly aid grants, used to help Cambodia achieve political independence and enhance nation-building. In the second period (1990 till now), China provides aid with a view to promoting bilateral economic ties that producing win-win results and establishing a mutually beneficial pattern of development assistance.

The Cold War defines the 1956–1990 period, when the American-led Western bloc imposed restrictions and encirclement on the Socialist bloc. Cambodia then under Norodom Sihanouk adopted a neutral foreign policy, engaging with China rather discreetly. In order to maintain a friendly relationship with Cambodia, treat the latter with respect and on an equal footing, in sharp contrast with the United States, which behave condescendingly. Multiple factors contributed to Cambodia's closer ties with China and the establishment of diplomatic relations between the two in 1958, among which were Cambodia's suspicion and concern over U.S. excessive interventions and the territorial dispute between Thailand and the then South Vietnam. At that time, Cambodia tried every means to win over as many Asian countries as possible, China included. During the 1950–60s, Chinese Premier Zhou Enlai and President Liu Shaoqi visited Cambodia; Norodom Sihanouk visited China for six times and won the support by the Chinese government and people for Cambodia's struggle for independence and liberation. In Sihanouk's first visit to China in February 1956, the Red Cross Society of China made a donation of 80,000 RMB to the Cambodia government for disaster relief after the flood in Phnom Penh. In June of the same year, China and Cambodia signed an agreement for China to offer £ 8 million worth

of aid grants to China in 1956–1957, the first ever agreement<sup>1</sup> of an economic assistance nature between the People’s Republic and a country from the Asian, Africa, and Latin American regions.<sup>2</sup> Generally speaking, China’s assistance to Cambodia in 1956–1990 was preponderantly aid grants used for economic development and nation–building.

Besides economic assistance, China also provided military aid at Cambodia’s request. To be more accurate, Chinese military assistance began in early November 1963 when the Ngo Dinh Diem regime was toppled in a coup, which raised Sihanouk’s concerns about his own rule. Sihanouk pinned his hopes on friendly China and France for military assistance. The two didn’t let him down.<sup>3</sup> China provided arms and materiel to more than ten countries including Cambodia between 1950–1963.<sup>4</sup> Military aid from China to Cambodia never continued afterward. In 1964 alone, military assistance provided by China included 100 military trucks, 75mm caliber guns, three infantry units, heavy and light arms that could equip as many as 22,000 servicemen, and air–defense and anti–tank “bazooka” rocket launchers.<sup>5</sup>

After the end of the Cambodian Civil War, China still provided military aid in various forms at Cambodia’s request. These aid have been used to convert military facilities into hospitals, training camps, schools, and other facilities for civil purposes; provide necessary military equipment; enhance the Cambodian military’s ability in disaster response and contingency planning; and train Cambodian peacekeeping officers. The PRC delivered \$2.8 million worth of military equipment to Cambodia in December 1997.<sup>6</sup>

In retrospect, Chinese aid in 1956–1970 contributed to the mutual trust and friendly relationship between China and Cambodia. Cambodia viewed Chinese aid both military and economic, as not merely for Cambodia’s economic development and nation–building, but also strong security commitment at a time when the country’s national security was under dire threat.

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<sup>1</sup> Xue Li and Xiao Huanrong, “China’s Foreign Aid in Cambodia,” *Around Southeast Asia*, September, 2011, p.25.

<sup>2</sup> In the Chinese lexicon, in the decades after World War II native Asian, African, and Latin American people were a collective term used to refer to those struggling for liberation and independence in these regions.

<sup>3</sup> Qu Qiang, “On the Formations of the China-Cambodia Special Relationship (1954-1965),” *Southeast Asian Affairs*, Vol. 1, 2012, p.9.

<sup>4</sup> “The Myth of China’s Military Aid,” *Defense China*, <http://www.defensecn.com/2013/1230/7271.html>. Generally speaking, China’s military aid to Cambodia in other periods has been moderate compared with those in the Vietnam War era.

<sup>5</sup> Nala, “On the Role of International Assistance---a Comparative Case Study of China’s and Japan’s Aid to Cambodia,” Master’s Thesis, Jinlin University, China, p.41.

<sup>6</sup> Ian Storey, “China’s Tightening Relationship with Cambodia,” *China Brief*, Vol. 6, Issue 9, 2006, [http://www.jamestown.org/programs/chinabrief/single/?tx\\_ttnews%5Btt\\_news%5D=31623&tx\\_ttnews%5BbackPid%5D=196&no\\_cache=1#.VU1\\_w2NXdgA](http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=31623&tx_ttnews%5BbackPid%5D=196&no_cache=1#.VU1_w2NXdgA).

China's foreign aid increased dramatically in the eight years between 1971 and 1978, nearly 1.6 times as large as the amount it provided in economic assistance in the 21 years before (1950–1970). China's total foreign aid reached 391.794 billion RMB, the highest percentage in its Gross National Income. Aid in goods and materials accounted for 58.8 percent; complete projects and technical assistance accounted for 32.4%; and aid in cash accounted for 8.8%.<sup>7</sup> China's foreign aid entered a period for adjustment starting in 1978 when the central government launched the well-known reform and opening-up initiative to shift the national priority to economic development. Correspondingly, China's aid policy between 1978 and 1990 began to change. The total amount of aid decreased together with grant aid, while concessional loans grew remarkably. During the same period, China changed its aid pattern for Cambodia from blood transfusion to blood-making.

Beginning in the 1990, China's aid to Cambodia has been implemented with a view to promoting common development and win-win results. As China instituted its socialist market economy status, China's foreign aid began to focus on economic assistance designed to achieve common development with recipients. China provided aid to support Cambodia's economic development, social progress, and welfare projects. China also cut military aid significantly as Cambodia began postwar reconstruction and reduced its military expenditure dramatically in the 1990s.<sup>8</sup> Chinese aid to Cambodia began to increase steadily by the year starting in 1993(\$871,000) and reached \$2.5 billion in 2013, making it Cambodia's largest donor.

Cambodia. Large and well-known infrastructure projects include government office building, the assembly room and office building of the Senate, the parliament office building, national roads No.7, No.8, No.76, No.57, and No.62, the Prek Kdam Bridge over Tonle sap River, the Prek Tamak Bridge over Mekong River, Ta Keo restoration, Chau Say Tevoda restoration, a pharmaceutical factory in Phnom Penh, Mao Tse Toung Boulevard, 100 well for drinkable water. These projects are different in terms of scale, scope, and technical difficulty. For example, partial budgets for some sections of National Road No.57 reached 620 million RMB. Apart from undertaking national-level infrastructure building projects, China's aid programs also include provision of goods and materials, technical cooperation in agriculture, education, sports, police, and human resources development. As of 2013, China had offered training courses in diplomacy, finance, trade, industry,

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<sup>7</sup> Shi Lin ed., *Contemporary China's External Economic Cooperation* (Beijing: China Social Sciences Press, 1989), pp. 54, 57, 61.

<sup>8</sup>Xue Li and Xiao Huanrong, "China's Foreign Aid in Cambodia," p. 27.

Table 1 China's aid as compared with international aid to Cambodia (1993–2013)

(ml dollar/year)

Year	Chinese aid	International aid
1993	0.871	321.891
1994	7.089	358.045
1995	3.129	513.320
1996	10.850	518.082
1997	9.496	383.188
1998	14.345	433.280
1999	2.994	399.710
2000	2.610	466.813
2001	16.325	471.842
2002	5.723	530.923
2003	5.573	539.507
2004	32.470	555.392
2005	46.638	609.953
2006	53.237	713. 241
2007	92.446	790.377
2008	95.4	978.5
2009	114.7	100.2
2010	154.1	1103.6
2011	304.1	1385.6
2012	347.1	1375.2
2013	257.3	1358.5

Source: Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC), [http://cdc.khmer.biz/Reports/reports\\_by\\_updated.asp?status=0#None](http://cdc.khmer.biz/Reports/reports_by_updated.asp?status=0#None).

Transport infrastructure building, energy and power, and agriculture are three sectors receiving the largest sums of Chinese aid in Cambodia. “When there is a road, there is hope.” This proverb reflects Cambodians’ urgent need for better transport conditions. Chinese aid for Cambodian economic development and infrastructure building accounted for 69.97 percent in 2011 and 70.17 percent in 2012 of its total yearly aid volumes to agriculture, transport, and public health, for 1230 Cambodian civil servants from government

agencies such as prime minister's office, foreign ministry, ministry of finance, ministry and of commerce, ministry of industry, mines and energy, ministry of agriculture, forestry and fisheries, ministry of public works and transport, ministry of health, ministry of land management, urban planning and construction, and national bank. China undertook four of Cambodia's ten largest aid projects in 2014, making it the largest aid donor either in terms of project numbers or in light of sheer volumes. One of the four projects is the Vaico Irrigation Development Project, which, when completed, can irrigate and drain 108,300 hectares of farmland in the rainy and dry seasons. The project, undertaken by the Guangdong Foreign Construction Co.,Ltd, has been 90 percent finished as of May 2015, and is not only Cambodia's largest water conservancy and irrigation project but also the biggest such project China has undertaken in Cambodia. "After its completion, the project can ensure the irrigation of local farmland and promote the development of local agriculture, significantly contributing to the poverty reduction and increasing the living standard of the people in Cambodia."<sup>9</sup>

*Table 2 Top ten aid projects in Cambodia (2014)*

	Donor	Project name	Value
1	China	National Road No.6 rehabilitation	48,453,800
2	Japan	Sihanoukville Port multipurpose terminal development	26,877,395
3	France	Water resources and agriculture project	26,666,667
4	Global Fund	HIV/AIDS and sexual diseases prevention and cure	25,521,709
5	Japan	Restoration and improvement of Tonle sap River irrigation and drainage system	25,144,598
6	Japan	Neak Loeung bridge construction	22,400,609
7	China	Disaster management and anti-terrorism programs	20,293,306
8	China	Vaico irrigation development project	19,860,600
9	China	Multipurpose dam project in Battambang	19,856,720
10	World Bank	IDA 48180 Transport, water, and hygiene facilities	19,541,714

数据来源: Total All Sectors Profile for year 2014 ( derived from CDC Database, June 2015 ), [http://cdc.khmer.biz/reports/report\\_ODA\\_Profile\\_total\\_all\\_sectors2014.asp](http://cdc.khmer.biz/reports/report_ODA_Profile_total_all_sectors2014.asp).

From the perspective of regional cooperation, the closer relationship between China and ASEAN also has a positive effect on China's aid to Cambodia. Ten years after China and ASEAN established a strategic partnership, the 10+1 mechanism has become a model for East Asian regional cooperation. The new Chinese leadership put forward an array of important initiatives aims at elevating China-ASEAN relations to a higher level,

<sup>9</sup> "Report of Cambodian Media on Our Vaico Irrigation Development Project," Guangdong Foreign Construction Co., Ltd website, April 25, 2015, [http://www.gdgc.cc/en/news.aspx?info\\_id=500&info\\_kind=3](http://www.gdgc.cc/en/news.aspx?info_id=500&info_kind=3).

such as the 21st-Century Maritime Silk Road, the “2+7” Cooperation Framework, the Asian Infrastructure Investment Bank, an upgraded China-ASEAN free trade agreement, the Network of ASEAN-China Think Tanks (NACT), etc. Within these tailored initiatives, China increased its economic assistance to ASEAN members, including Cambodia. At the 17th China-ASEAN summit meeting in November 2014, Chinese Premier Li Keqiang promised to provide \$10 billion worth of concessional loans to ASEAN for pragmatic bilateral cooperation and an extra grant aid of 50 million RMB to support ASEAN community building. Besides, Li made a pledge to offer 3 billion RMB in grant aid to underdeveloped ASEAN members to narrow the development gap within the bloc.<sup>10</sup> China has begun to create an internal-external inter-connectivity for economic growth for both China and Cambodia by helping Cambodia improve its external economic conditions from the perspective of regional economic integration.

Generally speaking, either in terms of the total value of and the sheer variety of its aid projects, or in light of the scale and scope of individual program, China is indisputably Cambodia’s primary donor.

## 1.2 Characterizing China’s aid

China’s aid to Cambodia is not fundamentally different from its aid to other developing countries. However, due to their historical bonds and given that Cambodia is China’s closest partner within ASEAN, China’s aid to Cambodia has always been viewed as harboring other strategic intentions. In fact, the Chinese aid is usually offered at the request of the Cambodian government and has preponderantly been used for economic development and welfare projects. A few prominent features can explain why China’s aid are influential in Cambodia.

### 1) Equality and mutual respect are the core values of China’s aid.

When providing foreign assistance, China adheres to the principles of not imposing any political conditions, not interfering in the internal affairs of the recipient countries and fully respecting their right to independently choosing their own paths and models of development. The basic principles China upholds in providing foreign assistance are mutual respect, equality, keeping promise, mutual benefits and win-win.<sup>11</sup> China provides assistance to the best of its ability to other developing countries within the framework of South-South cooperation to support and help other developing countries, especially the least developed countries (LDCs), to reduce poverty and improve livelihood.<sup>12</sup> These

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<sup>10</sup>“Premier Li Keqiang’s Remarks at the 17th China-ASEAN Summit Meeting,” Chinese Foreign Ministry website, November 14, 2014, [http://www.fmprc.gov.cn/mla\\_chn/zyxw\\_602251/t1210820.shtml](http://www.fmprc.gov.cn/mla_chn/zyxw_602251/t1210820.shtml).

<sup>11</sup>China’s Foreign Aid,” Chinese State Council’s Information Office website, July 10, 2014, <http://www.scio.gov.cn/zlhf/ndhf/2014/Document/1375014/1375014.htm>.

<sup>12</sup>Chap Sotharitho, “Trade, FDI, and ODA between Cambodia and China/Japan/Korea”, In *Economic Relations of China, Japan and Korea with the Mekong River Basin Countries*, edited by Mitsuhiro Kagami, BRC Research Report No.3, Bangkok Research center □ IDE-JETRO □ Bangkok, Thailand, 2010, P.23.

underlying principles feature prominently in China's continued aid to Cambodia. China has never suspended its goodwill aid to Cambodia and its people, not even when Cambodia's political stability was in a dire situation or China itself was suffering in economic distress. Neither has China used its aid programs to interfere in Cambodia's internal affairs or national governance. It has been more than five decades since the two countries signed their first ever aid agreement in 1955, and China's aid has been highly regarded by both the Cambodia government and people.

2) Aid projects undertaken by China are usually bigger, faster, more efficient and difficult. Compared with traditional Western donors like Japan, South Korea, and Australia, China undertakes more difficult projects and completes them much faster. A typical comment on China's work goes like "China's assistance to the Cambodian government is less complicated and can be realized within a short period of time. This is due mainly to the Chinese government's real commitment to help Cambodia in response to the state of urgency and the country's priority status without conditionality."<sup>13</sup> Take the rehabilitation project of the National Road No.7 as an example. The road is 186.65 km long, of which 39.8 km is to be newly built. Construction work for the road include subgrade, surface, bridges, road safety facilities, afforestation, and mine clearance. The first thing the Chinese project undertaker--Shanghai Construction Group--had to do before it could begin the construction work is remove the mines left over from the civil war along the proposed road. It took almost half a year---from September 2004 to January 2005---for the Group to remove altogether 58,000 mines and unexploded ordnance. The survey crew had to explore in forests roamed by wild animals with billhooks to protect themselves. Haulage vehicles bumped along dirt roads with gullies after gullies, turning over on several occasions. Temperatures could hit as high as 40°C at construction sites in the dry season, making materials like steel too hot to be manhandled. Workers unable to acclimatize fell ill with malaria, typhoid, and dengue. It was under such difficult circumstances that Chinese aid workers completed the project three months in advance. On May 3, 2008, Cambodia Prime Minister Hun Sen hosted the completion ceremony, marking it as historical in that it was the first time for him as the prime minister to attend a ribbon-cutting ceremony celebrating the opening of the longest road and bridge to traffic.<sup>14</sup>

3) China offers a broad variety of aid programs, covering a wide range of sectors with far-reaching social impact.

In general, China's foreign assistance can be divided into eight categories: complete projects; goods and materials; technical cooperation; human resource development cooperation; Chinese medical team working abroad; emergency humanitarian aid;

<sup>13</sup>Chap Sotharitho, "Trade, FDI, and ODA between Cambodia and China/Japan/Korea," in Mitsuhiro Kagami, *Economic Relations of China, Japan and Korea with the Mekong River Basin Countries*, BRC Research Report No.3 (Bangkok: Bangkok Research Center 2010), p. 23.

<sup>14</sup>Liu Hongwu, Huang Meibo, et al., *A Strategic Study of China's Foreign Aid and International Responsibility* (Beijing: China Social Sciences Press 2013), p. 386.

overseas volunteer programs; and debt relief.<sup>15</sup> China's aid to Cambodia covers all the eight categories, but complete projects are preponderant.

In recent years, China's aid has become even more varied. For example, China undertakes to recover and restore Cambodia's most famous cultural gem----Angkor relics. The most well-known projects in this regard are the rehabilitation projects on Ta Keo Temple and on the Chau Say Tevoda Temple of Angkor. While upholding the principle of "restoration to the original," Chinese aid workers also create a so-called style of "demonstrative restoration." Chinese aid crew's performance and achievements have been widely acclaimed by their international peers. What is more important is that the Chinese crew employs local Cambodians as workers on the project, creating job opportunities for local populations and cultivated a number of technicians and workers with cultural restoration skills and experience.

4) It proves efficient to combine economic assistance with trade and investment in poverty reduction.

China's aid serves as a solid foundation for Cambodia's economic development, improves its people's livelihood, productivity, sanitation, and public health, promotes bilateral trade and investment, and intensifies people-to-people exchanges. Bilateral trade has been growing steadily, making China the third largest trading partner of Cambodia. According to Chinese customs statistics, bilateral trade volume reached \$3.76 billion in 2014, a 0.4 percent decrease compared with 2013. China's export to Cambodia of that year was \$3.28 billion, 4 percent less than that of 2013; import from Cambodia reached \$480 million, increasing by 33.5 percent. Between January and April 2015, bilateral trade reached \$1.31 billion, increasing by 14.5 percent over the same period of the previous year, with China exporting \$1.14 billion, an 15.3 percent increase, and importing \$170 million, increasing by 9.6 percent. As of the end of 2013, the stock of Chinese direct investment in Cambodia had reached \$2.85 billion. In 2014, China's non-financial direct investment in Cambodia was \$530 million, increasing by 8.5 percent over the previous year. Between January and April 2015, additional Chinese non-financial direct investment reached \$120 million, decreasing by 28 percent.<sup>16</sup>

With regard to assisting Cambodia in growing its economy and alleviating poverty, China also attaches great importance to experience sharing and capacity building. For example, China transplants its SEZ development model to the Sihanoukville Special Economy

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<sup>15</sup>"China's Foreign Aid 2011," Chinese State Council Information Office, April 21, 2011, [http://www.scio.gov.cn/zfbps/ndhf/2011/Document/896982/896982\\_3.htm](http://www.scio.gov.cn/zfbps/ndhf/2011/Document/896982/896982_3.htm).

<sup>16</sup>"Survey of China-Cambodia Economic and Trade Cooperation," Chinese Ministry of Commerce website, June 11, 2015, <http://yzs.mofcom.gov.cn/article/t/201506/20150601008660.shtml>.

Zone (SSEZ) which is joint established by China and Cambodia. According to Mr. Song Xiaoguo, Chinese economic and commercial counselor at Chinese embassy in Cambodia, 12,000 job opportunities have been created in the special zone.<sup>17</sup> Due to the low level of industrialization, China and Cambodia have been focusing on aligning the long-term development of the special zone with the Cambodia's overall national economic interests. Today, a county near the special zone has turned from a poverty-stricken place into an emerging prosperous country with newly built houses and cement roads. Statistics show that 30 percent of the workers in the special zone come from the county had their incomes have increased considerably since they began work in the zone. At the same time, the development of the special zone has created a lot of business opportunities for nearby villages, who offered rental houses to workers or opened small shops, creating additional sources of incomes. These villagers have already become the first "nouveau riche" in Cambodia. At the same time workers in the special zone have not only increased their income but also learned how to make a living through receiving training courses. Starting in April 2010, arrangements were made for local workers to learn Chinese for free at a nearby temple at night. Local students were recommended to factories to be translators and interpreters. Authorities in the special zone, in partnership with China's Wuxi Institute of Commerce, has launched a training center to offer language and technical training courses for local workers and students from nearby villages, with a view to cultivate modern workers out of farmers. As of now, six rounds of training courses have been offered, turning out altogether 14,000 trainees. Companies in the special zone also make philanthropic commitment, donating \$254,000 to build local schools in 2008 and altogether \$165,000 to Cambodia's Red Cross in five consecutive years to support disadvantaged groups and local economic development. Chinese companies in the special zone also donated rice to fishermen suffering natural disasters and made donations to improve infrastructure, public facilities and hygiene for local communities.<sup>18</sup>

Close economic and trade ties and intensified people-to-people exchanges deepen the bilateral relationship and help promote Cambodia's economic development and social progress, but also create new frictions and problems. As the two sides move closer to each other, economic frictions also arise. Valuing the long-term friendly relations between the two sides, the Chinese government has been aware of the issue and advocated for a new perspective economic interests and morality. Chinese President Xi Jinping urged at the Central Conference on Foreign Affairs at the end of 2014<sup>19</sup> to improve China's foreign assistance by implementing the new concept of interests and morality so as to uphold moral principle while accruing profits carrying out China's aid to Cambodia.

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<sup>17</sup>"Sihanouville Special Economy Zone: Cambodia's Experimental Field," *New Xishan*, June 8, 2015.

<sup>18</sup>"Hongdou Group to Build the Sihanouville SEZ as a contribution to the 'Belt and Road' Initiative," *Taihumingzhuwang*, March 17, 2015, <http://news.thmz.com/col89/folder664/2015/03/2015-03-171451534.html>.

<sup>19</sup>"Central Foreign Affairs Working Conference Opens in Beijing," *People's Daily Online*, November 30, 2014, <http://politics.people.com.cn/n/2014/1130/c1024-26118788.html>.

## Chapter Two A Cambodian Civil Perspective on China' s Aid

Generally speaking, Cambodia society holds a positive view of China' s aid, but negative opinions are not difficult to find. The Cambodian government has long viewed China' s aid favorable while the opinions of the civil society vary to different degrees. Views differ noticeably in various regions of different aid projects among a variety of interest groups and social sectors. It is rather difficult to present an accurate and comprehensive opinion survey on civil society' s views of China' s aid. The authors' original plan was to conduct an opinion poll. But several barriers prevented us. First of all, it was difficult to know whether the respondents' opinions would be representative. Second, the questionnaires had to be very carefully designed to elicit objective and impartial views and translated into local languages. With difficulties in mind, we chose a case-study approach to present some representative opinions of China' s aid projects among the Cambodian civil society. To be more specific, we conducted face-to-face interviews and organized panel discussions to collect different opinions, either criticisms or commendations.

### 2.1 A case study of China' s cultural assistance---restoration of Angkor relics

The restoration project undertaken by the Chinese side is a unique case. It shows that apart from offering assistance for economic growth and social progress, China also provides cultural assistance. China' s aid are not only carried out in a bilateral way. The restoration projects on Angkor relics is the result of multilateral coordination with regard to international aid in Cambodia.

In December 1992, Angkor was put on UNESCO' s world heritage list. The ICC-Angkor (International Coordinating Committee for the Safeguarding and Development of the historic site of Angkor) was created in October 1993 to ensure the coordination of the successive scientific, restoration and conservation related projects, executed by the Royal Cambodian Government and its international partners, China included. Zhang Deqing, then chief of China' s State Administration of Cultural Heritage attended international conferences that discussed action plans and guiding principles for the restoration project. In 1996 the administration sent a working group to the Angkor site and was received by Norodom Sihanouk. In 1997 it was decided that Chau Say Tevoda would be the site for the China to deliver on its aid commitment. the China Institute of Cultural Property(now the Chinese Academy of Cultural Heritage) was commissioned to undertake the project. The period between February 1998 to December 2008 was the first phrase of the who restoration and conservation project at Chau Say Tevoda, during which time the Chinese conservation team was responsible for investigation, design, and construction. It also invited a number of

experts from a variety of fields, such as archaeology, geography, stone material protection, cultural history, architectural art, and conservation technology. The conservation plan was designed based on the fruit of the interdisciplinary studies. The team's work was acclaimed by both APSARA and ICC–Angkor, and commended by international peers.

The restoration project entered the second phase in November 2010 when the conservation team began to restore Ta Keo Temple 500 meters east of Chau Say Tevoda. Compared with Chau Say Tevoda, Ta Keo Temple occupies a larger area and in spite of its endurance over nearly a thousand years, the temple is challenged by a number of potential destructive factors due to its location in a torrid environment of high temperature and high humidity, and due to the physical feature of architectural materials. As a result, although the main structure still remains, other individual buildings on the structure suffered total or partial collapses. Moreover, the base of the main structure is also faced with various hidden hazards in terms of structural safety.<sup>20</sup> The Chinese conservation team has kept a three-dimensional laser scanning record of the temple, conducted comprehensive investigations and surveys in and around the temple site, carried out lab experiments, and compiled a General Program for the Conservation and Restoration of Ta Keo Temple, which has been approved by APSARA and ICC as the guiding rule for the project. The conservation team abides by a “minimal intervention” principle in order not to alter the original shape of the relics. Experiment before implementation and equal value for both research and recovery are also important principles guiding the conservation work. Combining international standard practices with Chinese-style best practices, the conservation team displays a China model in conserving and restoring the Angkor relics.<sup>21</sup> The conservation team has been an important part of international cooperation with respect to the conservation and restoration project at Angkor. Guided by the Angkor Charter—the guidelines for safeguarding the world heritage Angkor site—Chinese experts share and exchange information, experiences, and best practices with ICC and international peers. On November 24, 2010, the Ta Keo Temple Mountain Working Session was held in Siem Reap, co-sponsored by the Chinese Academy of Cultural Heritage, ICC, and UNESCO's office in Cambodia. Technical reports were submitted at the session followed by field research and panel discussions.<sup>22</sup> On March 5, 2013, an exhibition on archaeology and Angkor

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<sup>20</sup>“Conservation Projects for Angkor Wat,” Chinese Academy of Cultural Heritage website, November 16, 2011, <http://english.cach.org.cn/col/col11582/index.html>.

<sup>21</sup>Li Xiaojie, “Achievements and Significance, 20 Years' Anniversary of China's Conservation Project in Angkor Wat,” *World Heritage*, Vol. 3, 2015, pp. 26-29.

<sup>22</sup>“CACH hosts Ta Keo Temple Mountain Working Session,” Chinese Academy of Cultural Heritage, December 29, 2010, <http://www.cach.org.cn/tabid/76/InfoID/482/frtid/78/Default.aspx>.

relics and a forum on Angkor relics protection and research, cosponsored by the Chinese Academy of Cultural Heritage and the École française d'Extrême-Orient (French School of Asian Studies), were opened to exchange and discuss their respective research outcomes and best practices in archaeological, architectural, and historical studies relating to Angkor conservation and restoration.<sup>23</sup> On December 5, 2013, a Chinese delegation headed by Mr. Gu Yucai, vice chief of China's State Administration of Cultural Heritage, attended the third international conference on Angkor protection in Siem Reap, which was devoted to outlining a ten-year blueprint with a view to coordinating international efforts in Angkor protection. Those attending this high-caliber conference included Cambodian dignitaries like Hun Sen, the Cambodian prime minister, Sok An, the vice prime minister, and representatives from national governments of major donors, France, Japan, the United States, Russia, Italy, India, and Hungary, and such as international organizations such as UNESCO, the EU, ASEAN, UNDP, the IMF and so on. On the sidelines of the conference, Sok An, Phoeung Sakuna, the minister of culture and fine arts, and APSARA vice chief met with the Chinese delegation to exchange views on how China could play a larger and more active role in international aid coordination for the conservation and protection of Cambodian cultural relics and on further promoting cultural exchanges and cooperation between China and Cambodia. The Chinese delegation also exchanged views with its French counterpart relating to cultural exchanges and relics conservation.<sup>24</sup> As Yoshiaki Ishizawa, the then president of Japan's Sophia University, put it, the institutions for international aid relating to international cultural cooperation are not only about funds, technologies and skills, and sophisticated equipment. International cooperation boils down to inter-personal exchanges. Its essence is about learning from each other's differences.<sup>25</sup> The authors also hold that international development cooperation is not only about recipient countries benefiting from international aid, but is a mutually beneficial process.

Take the Chinese conservation team at Ta Keo Temple and Chau Say Tevoda as an example. The crew engages with local Cambodians every day, including workers on the sites and employees at the crew's office and residences. We learned from the face-to-face interviews that local Cambodians hold positive views of Chinese experts, thinking that they are friendly to get along with. Local workers, employed at the Chau Say Tevoda during the first phase of the project and worked for aid projects undertaken by other donor

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<sup>23</sup> "Beijing Displays Historic Photos of Angkor Relics," *China Culture Daily*, March 6, 2013.

<sup>24</sup> "Vice Chief of China's State Administration of Cultural Heritage attends Third International Conference on Angkor Protection," *Chinese State Council website*, December 6, 2013, [http://www.gov.cn/gzdt/2013-12/06/content\\_2543500.htm](http://www.gov.cn/gzdt/2013-12/06/content_2543500.htm).

<sup>25</sup> He Ping, "Regional Functional Cooperation and Japan's Cultural Diplomacy---a Case Study of Angkor Relics Conservation and Restoration," *Japan Studies*, Vol. 4, 2014, p. 22.

countries during the interval between the first phase and the second phase (Ta Keo Temple conservation), asked to return to the Chinese conservation team when the second phase began. This shows that the Cambodian crew had developed a sense of belonging while they worked alongside their Chinese counterparts.

## 2.2. Union Group's Dara Sakor Seashore Resort in Cambodia

This development project was a divisive topic in Cambodian society because it involved environmental protection, land development, and resettlement of local residents. It was not an aid project in the strict sense of the word. It came up in our discussions and interviews with local NGOs, showing that it had a strong social impact in local communities. We learned that the donor country's social image in the recipient country is rather complex. Chinese actors' behavior, governmental, corporate, or individual, are all associated with China as the national image in local Cambodian communities. We include the Union Group case in this report because we believe that the problems exposed have not been fully appreciated, let alone effectively addressed.

In 2008 an agreement on the exploration of Cambodia Dara Sakor Seashore Resort was signed between Union Group and the Cambodian government, making the project a program in Cambodia's national development strategy. The property is authorized with a certificate of land area of 36,000 ha, located in the southwest coast near Sihanoukville with a coastline about 90 kilometers long. The Union Group has acquired a land lease for as long as 99 years with the area of structure covering 5,500 m<sup>2</sup>. The property is used to build villas and hotels. Excellent ecological resources are retained within the land, including the world's second largest mangrove forest reserve and vast original forest. The translucent water and comfortable beach will ensure a relaxing enjoyment. Between 2008 when the development agreement was signed and 2012, preparation work had been accomplished, including demolition, resettlement, land survey, road alignment, and basic infrastructure building. The French-style Office Hotel and artery roads had been under construction. The entrance avenue connecting National Road No.48 is now ready to open to traffic; the cargo wharves are already in use. It is estimated that it will take two to five years before other facilities, such as reservoirs, waterworks, power plants, sewage plants, communications centers, 4C-class airports, 5000T-grade ports, and passenger wharves will be completed.

Government information disclosure about the project runs smoothly. However, at the Cambodian civil society level, things are different. In a face-to-face interview with local NGOs, Mr. Suon Bunsak, the secretary-general of the Cambodian Human Rights Action Committee and Mr. Koy Neam, the legal counsel at the Cambodia office of the Asia Foundation, cast their doubts about the projects, thinking that it had negative impacts on the local environment and people's daily life, and that the Cambodian government had made an off-the-table deal with Union Group. Asked to produce more detailed evidence supporting their suspicion, Mr. Suon Bunsak and Mr. Koy Neam acknowledged that there was little such evidence showing that Chinese companies had violated Cambodian laws. Acknowledging that they were concerned about the lack of transparency and repercussions regarding the implementation and progress of the project, they also admitted that China's

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investment projects had, generally speaking, promoted Cambodia's tourism industry and hoped that Chinese companies and entrepreneurs could pay more attention to improving their corporate images by improving project and product quality and shoulder greater social responsibilities while making money in Cambodia.

Mr. Silas Everett, country representative of the Asia Foundation in Cambodia incited a Reuters report about the resort project in 2012. According to the report, Chut Wutty, director of the Natural Resource Protection Group, an environmental watchdog based in the capital, Phnom Penh, said that Botum Sakor National Park had been an unspoiled jungle home for tigers, elephants, bears and gibbons. But it had been fast disappearing. At the seaside village of Poy Jopon, people were preparing to leave. "I'm upset, but there is nothing I can do about it," says Chey Pheap, 42, a grocery store owner. "This is the way society works." He and the remaining villagers will soon be moved to houses some 10 km (six miles) inland. When asked to describe the new area, one of Chey Pheap's neighbors says: "No work, no water, no school, no temple. Just malaria." To local Cambodians, the so-called development were sometimes welcomed, but sometimes detested, especially when they were forced to move away from where their ancestors had lived for generations. To them, economic development at the expense of ancestral traditions and relics were unacceptable. Cheang Sivling, a Chinese-speaking Cambodian manager for Union Group's road-building operations said that a four-lane highway, built at a cost of about \$1.1 million a mile, was part of a system of roads Union Group will run across Botum Sakor. This alarms Mathieu Pellerin, a researcher with the Cambodian human rights group Licadho, who notes that newly built roads give logging operators greater access and could accelerate the destruction of forests. As part of that contract, Union Group deposited \$1 million with the Council for the Development of Cambodia, but pays no fees for the first decade of its lease. Leasing protected areas generates minimal money, insisted Sem Saroeun, director general of finance and administration at the Ministry of Environment. The government charged even deep-pocketed Chinese firms a mere \$1 per hectare per year. "This is a voluntary price and the funds go to the protection and conservation of the environment," he said. New anti-graft laws prevent additional under-the-table payments, he added. "concessions were only granted on land surrounding protected areas. "The core areas are still protected," he explained. But this claim is upended not only by Reuters' trip to fast-shrinking Botum Sakor, but also by satellite images and research by groups.<sup>26</sup>

The authors tried to verify the report and contact Union Group for comment. We noted that spokesman of Union Group had clarified that "forcible demolition and resettlement is an issue involving the Cambodian government and its people." On July 26, 2013, Global Times pointed out the inconsistency between the Reuters exaggerated report and the fact on the ground in Cambodia.<sup>27</sup> Staff at the Cambodia office of Union Group clarified that in order to

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<sup>26</sup> Andrew R.C. Marshall and Prak Chan Thul, "Insight: China Gambles on Cambodia's Shrinking Forests", March 7, 2012, <http://www.reuters.com/article/2012/03/07/us-cambodia-forests-idUSTRE82607N20120307>.

<sup>27</sup> Zhong Jia and Wang Qu "Media Exaggerated Reports of Forced Eviction at Odd with Facts," Global Times, July 26, 2013, <http://world.huanqiu.com/exclusive/2013-07/4173895.html>.

avoid unnecessary disputes and discords, the Group was not responsible for the demolition. Instead, the Cambodian government had its own agency do the work. The government also instituted an inter-ministerial coordinating committee with which the Group work closely to make sure that the project run smoothly. The government had allocated a plot for resettlement and most of the relocated Cambodian had been compensated reasonably. Union Group had built a large number of facilities for the new villages housing the relocated local Cambodians, such as roads, schools, hospitals, and temples. Since the relocated villages were mostly fishermen, the Group also provided funds to dig a channel for the fishermen to have faster access to the sea. Moreover, the Group had also considered building a marketplace for agricultural products. Global Times also cited a Cambodian informant as saying that the Cambodian government had always heeded local villagers' needs and didn't forcibly tear down their houses and that's why there were some villagers still living behind after the majority had left. The government had been trying to persuade these left-behind villagers to move. The new villages were better than their original homes. These left-behinds didn't move either because they were so attached to their roots or because there were incited by local opposition parties or foreign NGOs.

The authors made contact with Union Group and got a reply from its public relations department about the alleged dispute.

According to the agreement between Union Group and the Cambodian royal government, the government is responsible for helping resettle the displaced villagers while the Union Group makes up for the villages lost lands according to the compensation standards prepared by the government. At the request of the government, Union Group also promised to build schools, temples, clinics, marketplaces, roads, and other facilities for the resettled villagers free of any charge. These construction projects have been under way since the resettlement began and is now ongoing. From a legal perspective, resettlement is the government's responsibility, while from a social responsibility perspective, Union Group has a special responsibility for the local communities' welfare. In spite of the disputes and discords, the development projects has had a positive effect on the local population, and most villagers view favorably of the project.

Union Group's Cambodia office has employed 150 Chinese staff and 1000 Cambodian employees. Due to the high mobility of the Cambodian workers, an accurate calculation is almost impossible. But such a large-scale construction project has provided job opportunities for the local communities. Cambodians employees are preponderantly construction workers and support crew

As a sea resort development project, Union Group has paid close attention to environmental protection since the beginning of the project. As agreed by the Group and the royal government, one third of the plot will be preserved land. Union Group has

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conducted environmental impact assessment at every construction site and does not begin construction before it obtains official approval.

The Cambodian government encourages such large-scale foreign investment as Union Group's in the tourism industry. All Group's procedures regarding the development project are in accordance with Cambodian laws and regulations. The Cambodian government will continue its support for Union Group as it has always done so.

Union Group's development project in Cambodia is a typical case in China's foreign aid projects. The agreement on a development project is a pure commercial act. But Cambodia's civil society is not concerned with distinguishing between government responsibilities and corporate responsibilities. In a project with so much social impact, local Cambodians tend to blame and criticize the Chinese company when they should have held the government to account. In a developing country, it is inadvisable to expect the government, whose administration is usually constrained by its limited governance capabilities, to shoulder greater social responsibilities and timely address disputes and discords arising from development projects. Realities teach us that in a friendly country such as Cambodia, it is not enough to keep friendship at the governmental level; relations with civil society and public diplomacy hold special value in bilateral ties. It is reported that Union Group with the help of the American Friends Service Committee is considering establishing a cooperation mechanism with the NGO Forum on Cambodia to share information and hold friendly meetings on a regular basis so that Union Group could keep in touch with Cambodian local NGOs.

### 2.3 Shanghai Construction Group(SCG)'s involvement in China's aid projects

SCG is the one of the largest and most qualified and representative state owned enterprises undertaking overseas Chinese aid projects. SCG undertakes bridge and road construction projects in China's aid programs to Cambodia. By far projects undertaken by SCG, either completed or under way, include five artery roads, namely national roads No.5, No.6, No.7, and No.8, secondary roads, and five super-size bridges. These large-scale projects have improved Cambodia's traffic and road conditions and brought conveniences to ordinary Cambodians. Chinese advantages are manifested in SCG's construction projects in Cambodia.

1) All the projects are completed in a short period of time, noticeably improving local infrastructure conditions. It usually takes three to five years for SCG to complete a Chinese construction project. Comparatively, aid undertakers from the World Bank, Asian Development Bank, Japan, and South Korea usually conduct land survey and feasibility studies before beginning a project, which in some cases may take as long as ten years to complete. For example, it's been years since Japan began to build a section of 60 kilometers of the National Road No.1 connecting Phnom Penh and Ho Chi Minh City and

the project was still under way as of November 2014.

2) Chinese projects are generally completed at lower cost with high quality. Costs of Chinese aid projects are one-third or half lower than the costs of Japanese projects. Take National Road No.7 as an example. The total cost of the project was only \$500 million. It was really an arduous project at that time. There was little time for SCG to conduct land survey and investigation. The project was done according to Chinese engineering standards which under the local weather conditions (heavy and persistent rains) failed to meet the Cambodian needs. As a result, SCG had to repair the road from time to time for almost seven years free of any charge.

3) Equal consultation before and during aid projects. SCG consulted with relevant Cambodian parties not only before the aid projects but also during the implementation stages. Take National Road No.7 as an example. With limited funds, the road was short than originally planned. But at the request of the Cambodian side, SCG tried its best to build 192 kilometers. Though the project was completed in time, it fell short of the original standards was prone to damages in bad weather.

4) Projects undertaken by SCG are mostly large-scale and difficult ones. But SCG has always tried every means to complete them in time, sometimes at the expense of commercial interests. Cambodia's geological, hydrological, soil records are incomplete and unreliable. Cambodian engineering standards are different from Chinese ones. SCG had to overcome great difficulties to collect local hydrological information. And when local soil fell short of engineering standards, SCG had to go to great lengths to fetch soil 50–80 kilometers away from the construction site. SCG completed the bridge (longer than the Hangzhou Bay Bridge) over Mekong River, with pile foundation reaching as deep as 90 meters. A feasibility study by a Japanese company advised against such a project for its sheer scale and difficulty.

5) SCG displayed a strong sense of responsibility as a flagship state owned enterprise undertaking Chinese aid projects. SCG leadership believes that foreign aid is a solemn duty and a high honor and therefore aid projects have to be taken seriously not only out of economic interests but also as a political task. Like all other enterprises undertaking aid projects, SCG derives low profits from aid programs, and sometimes loses money if the project is ill-managed. But SCG leadership thinks that though profits are thin, the lands offered by the Cambodian government are usually free of charge. On the other hand, the Cambodian side are satisfied with China's concessional loans and believes that Chinese projects are reliable and serves both sides' interests.

6) China's high quality services are approved of by Cambodian society. Cambodia has long rainy seasons with great volumes of rainfall, posing a serious challenge to flood prevention and management and bridge maintenance. SCG adopted a refined

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management standard to build and maintain roads and bridges. It also apply management standards used for high-rises to aid projects. The authors have learned from face-to-face interviews that after completing projects, SCG also hand over brochures and video clips to teach the Cambodian side how to maintain the roads and bridges. These practices have never been adopted in any aid projects (either undertaken by Chinese or Western donors) in Cambodia.

7) Indigenizing Chinese expertise in Cambodia. In close partnership with Cambodia's ministry of public works and transport, SCG shares engineering techniques, managerial expertise, and professional skills with Cambodian supervising engineers and technicians and helps train large numbers of local skilled workers and professionals for the Cambodian government. Besides, taking advantage of its friendly relations with local communities, SCG undertakes some local construction projects to maximize the utility of equipment and manpower.

8) Chinese aid undertakers are showing a growing sense of social responsibility. In Cambodia, resettling dislocated local populations is usually difficult because government compensations fall short of real life needs. In some cases, SCG has to serve as a bridge of communication between ordinary Cambodians and the government. Sometimes, SCG has to pay additional compensation to the dislocated Cambodians for their resettlement. SCG always bears corporate social responsibility in mind and respect Cambodian traditions and local customs. It even helps building reservoirs, village roads, schools, and provide stationer commodities for local communities. After the deadly stampede in Phnom Penh in November 2010, SCG leadership offered \$25,000 to the victims' family via China Red Cross and called on employees to make donations too. However, publicity of SCG charity and good-faith deeds has been little know to the Cambodian government, let alone Cambodia's local communities.

SCG's aid projects exert an enormous social impact on Cambodian local communities, significantly improving nationwide traffic conditions in Cambodia. Prek Tamak Bridge over Mekong River, Prek Kdam over over Tonle sap River, National Road No.8 that connects National Roads No.5 and No.6, form a network arteries in central Cambodia linking the north and the south of the country. Far-flung regions have been incorporated into national transportation system, connecting isolated local communities with the outside world. Essential road and port facilities have also been improved. The newly build container port at Phnom Penh has become an internationalized port with advanced equipment and transportation systems. Rich agricultural resources can be fully utilized now that connectivity with neighboring and international markets has been improved, transport costs have been reduced. National Road No.6A and National Road No.6 which are now under construction will link Phnom Penh and Siem Reap, the world heritage site, improve Cambodia's national image, and boost the tourism industry. National Road No.8 runs through Mekong River detention basin. Local communities' daily life had always been

disrupted during rainy seasons. The National Road No.214 project (near completion) will make life and production easy for local communities in Cambodia's northern provinces and promote border trade and economic cooperation among Cambodia, Laos, and Vietnam. Chinese construction projects are of high quality and are widely praised in Cambodia. Adhering to its core professional principle, SCG has increased investment in human resources and equipment, strengthened refined management, striven for best quality projects, and earned approval and acclaim from the Cambodian government and people. As Cambodian Prime Minister Hun Sen puts it, "China's aid imposes no political conditions and Chinese companies are reliable partners because they build high-quality projects and charge reasonably."<sup>28</sup>

Despite SCG's relatively good reputation in Cambodian local communities, there are also complaints and negative news reports. Chinese enterprises are not good at publicity and information disclosure and sharing. They are devoted to ensuring better quality projects but care less about local perceptions of their work. SCG Cambodia office clarifies that has done a lot of voluntary and additional charitable work, such as repairing village branch roads along arteries, restore schools, and donate goods and materials. It is China's tradition of "doing anonymous good deeds" that explains why SCG has said little about its contributions to local communities. Sporadic news reports of the real benefits of the projects are from Chinese media outlets rather than Cambodian media.

Responding to doubts about Chinese projects quality and sustainability, SCG Cambodia office says that with a fast growing Cambodian economy, overloaded trucks have become more frequent in recent years. Trucks carrying rice, corn, log, cassava exceeds limits by 100–400 percent, doing great damages to the roads. Instead of strengthening management, Cambodian road authorities impose fines as a punishment to contain overloading traffic. These practices has undermined road sustainability. On the other hand, negligence, ill management, shortage of maintenance funding, all contribute to shortened road longevity. Worse still, private land ownership, shortage of government funding, and bureaucratic low efficiency have made it more difficult to carry out maintenance work. In densely populated and economically advanced regions, resettlement of dislocated population is specially difficult, retarding construction progress, and minimizing the utility of equipment and personnel. When disputes and discords arise, criticisms and blames are always directed unfairly and nondiscriminatorily at Chinese companies, which tarnishes Chinese corporate image.

SCG's experience shows that communication at the civil society's level is very important and sometimes indispensable, because without effective and time communication and dialogues, misunderstanding and misinterpretation only contributes to negative perceptions and sentiments, undermining the China–Cambodia bilateral relationship.

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## Chapter Three Major challenges in China's aid

China's experience in Cambodia is representative of its stories in other recipient countries. The authors find that all the problems encountered by the Chinese side are not new ones but persistent issues that have not been addressed. There are five major challenges listed below that China should address properly in order for its aid program to be more effective.

**First, more emphasis was placed on government-level coordination and collaboration than on social-level communication and exchanges.**

The total value and projects of China's aid program have increased significantly in recent years with growing social impact on local communities. But a tall tree catches the wind. Likewise, Chinese companies tend to be the subject of dispute and discord for their noticeable presence in Cambodia. There are three reasons that can explain this phenomenon. Firstly, there are over 1000 NGOs in Cambodia, among which more than half are very active. Some NGOs, sponsored by anti-China groups deliberately blacken Chinese companies and aid programs for political reasons. Secondly, Cambodia is a low-income country with a large illiterate and democratic- and nationalist-minded population. Ordinary residents are easily agitated and public opinion is not difficult to manipulate. Thirdly, there has been inadequate communication between Chinese aid providers and Cambodian civil society, and few NGOs that know China very well. Public relations with local media outlets like Cambodian Daily and Cambodian Post also prove inadequate, and as a result, prejudice and biased reports cannot be corrected timely.

The Cambodian civil society cannot distinguish between government responsibility and Chinese corporate obligations. Civil society often blames Chinese companies when they should have held the government to account. However, it is inadvisable to look to a government with limited governance capabilities to take on more social responsibilities and effectively solve disputes and discords. If the Chinese side cares little about building new platforms for dialogues and communication with Cambodian civil society, then China's growing presence will be a liability and the bilateral ties will be undermined.

**Second, drawing on its own development model, China pursues rapid and continuing growth and prioritizes economic interests over social, cultural, and environmental concerns.**

Advantages in China's aid in Cambodia are noticeable: reasonable prices, effective, and

flexible. Speed is the most important feature of China aid. It takes only two to five years for China's aid project to produce economic benefits. However, China's disadvantages are also not difficult to find. Little attention has been paid to aid projects' social, cultural, and environmental impacts. Take the restoration and conservation projects at Chau Say Temple and Ta Keo Temple as an example. Chinese crew is the fast among all the foreign teams working at the two sites. But China's work has been mainly focused on restoration itself. Research, investigation, and survey conducted by the Chinese crew regarding to local cultural relics, geography, hydrology lags far behind of research done by other foreign aid crews. There has been little well-prepared feasibility study or environmental and social impact assessment before launching the projects, leaving the Chinese companies in a relatively weak position in the face of disputes and discords regarding to demolition and resettlement.

China should be fully aware that due to different understandings of development, China's one-sided good faith and efforts might turn out to be offering little that is really needed by the Cambodians. Cambodian local communities perceive development differently. They hold their grievances when infrastructure projects changed their traditional way of life. Economic growth at the expense of ancestral legacy and cultural relics are not desirable. They prefer a medieval way of life to modern conveniences. Economic development can surely promote social progress and alleviate poverty. Undue haste in pursuit of economic growth might meet strong resistance and waste limited economic resources. As far as foreign aid is concerned, ordinary Cambodians' views and perceptions are as important as, if now more so than, the government's needs and requests.

Things change over time and so does the concepts about development. China's aid to developing countries, Cambodia included, has been influenced by new concepts about development in China and international trends regarding development cooperation. Sustainable development has been universally acknowledged as one of the most desirable development model. On the same question of how to achieve economic growth without polluting the environment, how to ensure the synchronic development of society and the economy, and how to harmonize the relationship between human beings and the environment, different nations, due to their differences in geographic location and national conditions, would give diverse answers. Therefore, it is important for China to provide greater proportions of aid for the benefit of ordinary Cambodians and to devote more resources to better aligning the two countries' development ethics and concepts.

Third, as far as aid project management is concerned, China pays more attention to aid payment and delivery than to oversight, transparency, and post-project monitoring.

The Chinese side place high value on the bidding process of the aid projects but care less about oversight and publicity during the construction process and assessment after the projects are completed. For training courses offered by the Chinese as an example. After the personnel who have received the training in China, the Chinese side seldom evaluate the effectiveness of these courses and the Cambodian trainees' performance. Information disclosure and publicity by the Cambodian side regarding Chinese aid projects is inadequate, leading local Cambodians to think that China has played a domineering role in the whole process. In spite of a lot of charitable work for local communities and ordinary citizens, inadequate publicity has resulted in a negative image of Chinese enterprises unwilling to shoulder greater social responsibility. To avoid misunderstanding and address misinformation, the Chinese side should consider making rules and norms on information disclosure regarding its foreign aid. Special funds could be allocated in every aid project for doing publicity and Chinese enterprises undertaking aid projects should be obliged to communicate to local media outlets about the developments of aid projects. After the projects are completed, the Chinese enterprises should be requested to conduct social and environmental impact assessments and encouraged to shoulder more social responsibility and enhance transparent management.

Information disclosure is not only an obligation, but also an essential part of any aid project. Misunderstanding and misinterpretation come from information asymmetry. It is impractical for the donor country to count on the recipient to do publicity, because the latter is neither able nor has adequate means to disclose related information. Therefore, the Chinese side should consider increasing public relations staff and making better use of information and media technologies to make China's aid better appreciated by civil society and ordinary citizens.

Fourth, the Chinese side places high value on economic development cooperation, encourages greater overseas presence of Chinese companies, but care little about transferring services, education, and management. The Chinese side is concerned with hard facility building, but pays little attention to soft resource development.

Providing foreign aid serves China's "going global" strategy. But scarce knowledge about foreign business environment and inadequate domestic legal and financial preparations and intermediary services pose significant challenges to Chinese companies' greater overseas presence.

China has focused on building more hard infrastructure but pay little attention to developing soft resources, such as, governance, administration and high-level official training in the recipient country. China also has little influence on Cambodian think tanks and policy institutes. The authors have learned from face-to-face interviews with two Cambodian think tanks (the Cambodia Strategic Study Group and the Cambodia Development Resource

Institute) that the overwhelming majority of the two institution's staff graduated from Japanese universities or studies in Japan as visiting scholars, and there are not a single researcher that has studies in China. Generally speaking, Chinese influence on education, industrial standards are limited, and training courses offered by China to researchers of Cambodian think tanks are also small in number. In contrast, Japan extensively participates in the Cambodian governments planning of national development, trains a large number of technocrats in Cambodia, including many high government officials, and funds Cambodian youths to study in Japan and elsewhere.

A fundamental questions always comes up during the authors' field trip: what kind of aid can be called "good" aid. Decision on providing aid is made by both the donor government and the recipient government, but the ultimate purpose of aid delivery is for human development and approval. Without the support and approval of the local communities of the recipient country, it is difficult for any aid policy and projects to deliver maximal social and economic benefits. Development concerns the balance of diverse interests. Striking a balance between majority interests and minority ones is an important issue in development cooperation studies. It is almost impossible to make every each party feel satisfied in an aid project. But winning wide support and approval and bringing real benefits to civil society should at least be the minimum requirement. Therefore, China should place more emphasis on human aid in its foreign assistance to Cambodia.

#### **Fifth, China's aid to Cambodia should focus more on soft power building.**

China has been providing foreign assistance for more than half of a century and has to adjust its aid policy according to international trends. As an emerging great power, China's aid should not go beyond the delivery of material benefits to include assistance in terms of institution, culture, and ideas.

The eight principles regarding China's aid was put forward more than five decades ago. "No political condition," "non-interference," and "mutual respect on an equal footing," are prominent Chinese features. In a new age, China's foreign aid needs new concepts, ideas, and global significance. Different recipients have diversified development needs. China needs to establish a more appealing national image in international development cooperation, which will serve China's foreign aid strategy and its national interests with respect to economic cooperation. Investment in economic development does not necessarily generate friendly relations. A bid winner cannot be sure that it can win over people's hearts and minds. As a rising regional power with growing hard power, China should place higher value on building its soft power. In this regard, foreign aid and its effectiveness is an essential indicator of China's soft power. Drawing on a friendly relationship between China and Cambodia, China should work to increase the social impact of its aid projects so that experiences can be accumulated to serve China's grand foreign aid strategy.

## Chapter Four Conclusion and Recommendations

China's aid to Cambodia have contributed significantly to Cambodia's economic development and social progress by remarkably improving its infrastructure conditions. The Cambodian public acknowledges this and views favorably of China's contributions. Of all the disputes and discords regarding China's aid to Cambodia, some can be attributed to the Chinese side, some are caused by the Cambodian side, some are persistent ones, and some pop up in recent years as a result of dramatic social changes. Some of the disputes can soon be eased and addressed, others will persist before a solution that is acceptable to all parties emerges.

As a developing country, China has provided a large sum of funds to assist Cambodia's economic development. It delivers real benefits to Cambodian society which is little known due to inadequate publicity. This has increasingly become an disadvantage for China. China's rising international status as a rapidly growing economic power and non-Western donor has attracted worldwide attention in recent years. Due to differences in ideology, models and concepts with regard to development assistance, there has always been prejudices against and misunderstandings of China's aid to Cambodia. Partial and biased news reports of mainstream media outlets also undermines Chinese companies' international reputation and China's national image as whole. China lacks professional aid workers and all the limited funds have been spent on aid projects. However, the authors have learned from our field trips that a refined model of management should be one of the keys to improve the effectiveness and influence of Chinese aid projects. To illustrate this point, take JICA's Cambodia office as an example. This office has more than 60 full-time staff, divided into a number of specialized project working groups, each of which has a media officer responsible for communication with local media outlets in case there are partial or incorrect news reports of Japan's aid programs. Besides, there are English- and Japanese-language brochures (some have been translated into Khmer) introducing Japanese aid projects in Cambodia. As a result, social impact of Japan's aid project are better than Chinese projects. Following are five recommendations that the authors hope will help Chinese foreign aid deliver better economic results and serve the longevity of China-Cambodia amity.

First, China should not only enhance communication with the Cambodian side at the governmental level, but also devote more assets and energies to exchanges with the citizens and civil society. The long-standing friendship between China and Cambodia has helped the two sides build a common understanding and collaborative relationship regarding many international and regional hot issues. However, the ultimate purpose of China's aid to Cambodia is not only to assist Cambodia in capacity building and economic development, but also to serve the long-lasting amity between the two nations. So we recommend that the Chinese side should not only respond to the government's requests but also heed the Cambodian people's views and needs.

Second, the Chinese side should devote more resources to aid projects for improving ordinary citizens' livelihood. Of course, China's large-scale projects, such as roads, bridges, water works, and power stations bring real benefits to Cambodian society as a whole, they produce little tangible gains for Cambodians as individuals. Ordinary Cambodians might be impressed by the sheer size of the aid projects, but few, if any, of them know that they are undertaken by China, and therefore, fewer Cambodians appreciate China's contributions. Besides, Chinese aid workers have little contact with local communities. Only a few local Cambodians employed to work at project sites know about Chinese aid. Others only care about what real benefits they can get from aid projects and are less concerned with who undertakes those projects. Therefore, we recommend that Chinese increase human-centric aid, including granting scholarships and fellowships, increasing engagement with local communities and families to tell Chinese aid stories that can help ordinary Cambodians better appreciate Chinese aid.

Third, pre-project investigations and surveys and post-project monitoring have to be conducted. In principle, China's foreign aid programs are country-specific and issue-specific. But in implementation, China's aid programs are perceived as only serving China's national interests. Therefore, we recommend that the Chinese side conduct feasibility studies and related assessments to forestall potential risks and challenges. Different economic and social conditions in the recipient countries require refined management models specific to different national conditions. As far as China's aid is concerned, post-project follow-up monitoring deserves special attention. Take aid in human resource development as an example. When training courses are concluded, there should be follow-up exchange programs to evaluate effectiveness and build solidarity among Chinese-trained Cambodian personnel.

Fourth, China should build a network of partnerships with other donors, especially NGOs to reduce the political sensitivity of Chinese aid. Apart from cooperating with the recipient government on legal matters, resettlement arrangements, China should seek cooperation from other development partners, local NGOs and communities in particular, to solicit their opinions and perceptions of Chinese aid programs. Only with adequate communication with and wide approval from local communities can China's projects go smoothly.

Fifth, multilateral development cooperation should be an important element in China's aid policy. Two new development initiatives, namely, the Asian Infrastructure Investment Bank and the BRICS New Development Bank have opened a window of opportunity. As an emerging power, China should be more concerned with how to transfer its institutions, ideas, rules, and ethics to build up its soft power. China's strong appeal lies not only in the scale and speed of its economic growth but also in the rich store of effective development models and institutions.

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