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Examining the Conceptual Frameworks of Aid Effectiveness and Development Effectiveness in the Context of Cambodia’s Agricultural Sector with a Special Reference to Japan’s Official Development Assistance

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A thesis submitted in partial fulfilment of the requirements for the degree of
Doctor of Philosophy
Centre for Development Studies
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Abstract

The Busan Fourth High Level Forum on Aid Effectiveness in 2011 highlighted the shift from the symbolically unequal relationship of foreign aid providers and recipients, to more equal identities between them as development partners. Cambodia is not an exception of such an international trend. In this situation, one of the country’s traditional ‘development partners’, Japan, also emphasises its contribution to Cambodia’s socio-economic development while making it clear that it hopes Japanese private sector will also enjoy economic returns from such a partnership. However, this shift in identity does not guarantee that Cambodia will enjoy both economic growth and its wider population, socio-economic well-being.

This study does not directly participate in the debate concerning development effectiveness as a better approach than aid effectiveness. It is understood in this study that the concept of aid effectiveness continues to exist, like the international aid regime, constantly shifting its own justifications for aid strategies. The primary research information comes from semi-structured interviews and was used to examine the understandings of those concepts at the policy-making level in comparison with their practical application on the ground. The interviews involved Japanese agents, Cambodian counterparts, and participants in Japan’s Official Development Assistance (ODA) projects in Cambodia’s agricultural sector. This study presents concrete examples of difficulties faced by the informants in the practice of Japan’s ODA projects and Cambodia’s development policy in the sector. It then explores two different types of disconnects in aid relations between Japan and Cambodia. One disconnect is between Cambodia’s market-oriented agricultural development policy and Japan’s ODA approach to the sector focusing on small-scale farmers. The other disconnect is between Japan’s market-oriented ODA approach to the Cambodian economy as a whole and its ODA approach to Cambodian agriculture in particular. The primary data will then be presented and analysed to illustrate how these disconnects characterise the aid relationship between the two countries.
Acknowledgement

First of all, I would like to thank my main supervisor Associate Professor Kenneth Jackson who encouraged me in the process of exploring ideas and writing my thesis. He helped me in developing my critical and creative thinking during both my master’s and doctoral programmes at the University of Auckland. I enjoyed the experience of being supervised by him and greatly value his contribution over the years.

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Although I cannot include names, I could not have completed this thesis without the generous supports from my participants. I would like to thank all of them for sharing their experiences and insightful opinions with me.
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## Acronyms and abbreviations

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<th>Description</th>
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<tbody>
<tr>
<td>ABAP</td>
<td>Agro Business and Agro Processing</td>
</tr>
<tr>
<td>ADSF</td>
<td>Agriculture Development and Support Fund</td>
</tr>
<tr>
<td>APPP</td>
<td>Agricultural Productivity Promotion Project in West Tonle Sap</td>
</tr>
<tr>
<td>ASDP</td>
<td>Agriculture Sector Development Programme</td>
</tr>
<tr>
<td>ASSDP</td>
<td>Agriculture Sector Strategic Development Plan</td>
</tr>
<tr>
<td>AusAID</td>
<td>Australian Agency for International Development</td>
</tr>
<tr>
<td>BAPEP</td>
<td>Battambang Agricultural Productivity Enhancement Project</td>
</tr>
<tr>
<td>BRAND</td>
<td>Battambang Rural Area Nurture and Development</td>
</tr>
<tr>
<td>CAVAC</td>
<td>Cambodia Agricultural Value Chain programme</td>
</tr>
<tr>
<td>CDC</td>
<td>Council for the Development of Cambodia</td>
</tr>
<tr>
<td>CDRI</td>
<td>Cambodia Development Resource Institute</td>
</tr>
<tr>
<td>CEDAC</td>
<td>Cambodian Centre for Study and Development in Agriculture</td>
</tr>
<tr>
<td>CPP</td>
<td>Cambodian People’s Party</td>
</tr>
<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
</tr>
<tr>
<td>DCD</td>
<td>Development Co-operation Directorate of OECD</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAIEX2</td>
<td>Freshwater Aquaculture Improvement and Extension Project in Cambodia</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
</tr>
<tr>
<td>FDORMA</td>
<td>Federation of Cambodian Rice Miller Association</td>
</tr>
<tr>
<td>FWUC</td>
<td>Farmer Water User Community</td>
</tr>
<tr>
<td>GPSF</td>
<td>Government Private Sector Forum</td>
</tr>
<tr>
<td>HDI</td>
<td>Human Development Index</td>
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<tr>
<td>HRD</td>
<td>Human Resource Development</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>IFIs</td>
<td>International Financial Institutions</td>
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<tr>
<td>ILO</td>
<td>International Labour Organisation</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>JA</td>
<td>Japan Agricultural co-operatives</td>
</tr>
<tr>
<td>JAC</td>
<td>Japan Alumni of Cambodia</td>
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<tr>
<td>JDS</td>
<td>Japanese Grant Aid for Human Resource Development Scholarship</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<tr>
<td>JICE</td>
<td>Japan International Cooperation Centre</td>
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<tr>
<td>LDI</td>
<td>Land Improvement District</td>
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<tr>
<td>MAFF</td>
<td>Ministry of Agriculture, Forestry and Fisheries</td>
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<tr>
<td>MEXT</td>
<td>Ministry of Education, Culture, Sport, Science and Technology</td>
</tr>
<tr>
<td>MOFA</td>
<td>Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>MOWRAM</td>
<td>Ministry of Water Resource and Meteorology</td>
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<tr>
<td>NCDD</td>
<td>National Committee for Decentralisation and Deconcentration</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental Organisation</td>
</tr>
<tr>
<td>NPRS</td>
<td>National Poverty Reduction Strategy</td>
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<tr>
<td>NSDP</td>
<td>National Strategic Development Plan</td>
</tr>
<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<tr>
<td>OPEC</td>
<td>Organisation of Petroleum Exporting Countries</td>
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<tr>
<td>PDA</td>
<td>Provinical Department of Agriculture, Forestry and Fisheries</td>
</tr>
<tr>
<td>PIS</td>
<td>Participant Information Sheet</td>
</tr>
<tr>
<td>RDB</td>
<td>Rural Development Bank</td>
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<tr>
<td>PRSPs</td>
<td>Poverty Reduction Strategy Papers</td>
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<tr>
<td>RS</td>
<td>Rectangular Strategy</td>
</tr>
<tr>
<td>RUA</td>
<td>Royal University of Agriculture</td>
</tr>
<tr>
<td>SAW</td>
<td>Strategy for Agriculture and Water</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>SAPs</td>
<td>Structural Adjustment Programmes</td>
</tr>
<tr>
<td>SCAP</td>
<td>Supreme Commander for Allied Powers</td>
</tr>
<tr>
<td>SDF</td>
<td>Self-Defence Forces</td>
</tr>
<tr>
<td>SEDP</td>
<td>Socio-Economic Development Plan</td>
</tr>
<tr>
<td>SMEs</td>
<td>Small and Medium Enterprises</td>
</tr>
<tr>
<td>TC</td>
<td>Technical Cooperation</td>
</tr>
<tr>
<td>TSC3</td>
<td>Improvement of Agricultural River Basin Management and Development Project</td>
</tr>
<tr>
<td>UAHPEC</td>
<td>University of Auckland Human Participants Ethics Committee</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNTAC</td>
<td>United Nations Transitional Authority in Cambodia</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>WFP</td>
<td>World Food Programme</td>
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1.1 A brief review of Japan’s foreign aid and its relation with Cambodia

Japan’s foreign aid started when Japan joined the Colombo Plan in 1954. In 1950, the Colombo Plan was established as a result of a Commonwealth conference of foreign ministers to provide technical cooperation to South and South-East Asia. Originally, the founding members of the Plan were India, Pakistan and Ceylon (Sri Lanka), Australia, Canada, New Zealand and the United Kingdom. Soon after the establishment of the membership, the Plan was extended to non-Commonwealth countries, and in 1954, Japan started providing technical cooperation to Asian countries. In 1954, the Japanese government also signed a peace treaty with Burma (Myanmar) and agreement on war reparations. Following this, Japan started providing war reparations to 12 other Asian countries. These reparations were in line with the commitments made in the 1951 San Francisco Peace Treaty between Japan and a number of nations including the United States and the United Kingdom. Instead of providing direct compensatory payment to those countries which Japan victimised during the war, the Japanese government paid Japanese companies to provide equipment for important social and economic infrastructure, for example, power plants, dams, water supply, and sewerage systems. While this was provided as war reparations, the Japanese government pursued a strategy for establishing productive relations with those Asian countries. The Japanese Ministry of International Trade and Industry (now called the Ministry of Economy, Trade and Industry) publications of the time show that the Japanese government regarded recipients of war reparations to be valuable sources of natural resources and potential markets for Japanese products.

Cambodia was one of the countries invaded by Japan during the Second World War. As a result, the Japanese government made an agreement with the Cambodian government in 1954 to provide economic and technical cooperation (Imagawa 2000:255-257). Through this

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2 The People’s Republic of China was not invited to be a party to the San Francisco Peace Treaty due to the disagreement between the United Kingdom and the United States over which “China” should be represented at the treaty conference. Söderberg (1996:34) explains that Japan’s war reparation was not provided to the People’s Republic of China due to “the communist take-over and Japan’s alliance with the USA”.
3 Keizaikyo-ryoku no genjo to mondaiten (The Current Situation and Issue of Economic Cooperation) (1969)
cooperation, Japan constructed agricultural technical centres, animal husbandry centres, and agricultural community medical care centres in Cambodia. The construction of these centres was completed in 1964, and the Japanese government started sending the necessary materials and Japanese experts to maintain those centres. Furthermore, in 1954, the Japanese government started hosting Cambodians as trainees and university students to run the centres. According to the then Japanese Ministry of International Trade and Industry\(^4\), by 1974, Japan had hosted 453 Cambodian trainees and 28 students in the fields of agriculture, animal husbandry, and education. Between 1954 and 1974, the Japanese government also sent 320 Japanese experts in different fields such as agriculture, animal husbandry, electricity, and telecommunications to Cambodia. These cooperation activities were suspended in 1975 due to the escalation of civil conflict in Cambodia.

In the interim, Japan, in 1964, joined the Organisation for Economic Co-operation and Development (OECD). The OECD was formed in 1948 for the reconstruction of Europe after the Second World War, but its goals were extended to include the stimulation of economic progress and trade in the world. In 1969, the OECD introduced the concept of Official Development Assistance (ODA) to replace the term foreign aid. In response, Japan also called its foreign aid ODA. Japan’s ODA expanded in scale from the second half of the 1960s due to the strong growth of the country’s economy. In the 1970s, Japan diversified its ODA to include developing countries outside Asia. In addition to economic infrastructure, Japan, during this period, established a distinct Human Resource Development (HRD) sector as part of its ODA. During the 1980s Japan’s ODA kept growing in magnitude and coverage, and in 1989, Japan became the largest provider of ODA in the world. At present, this HRD sector covers Japan’s technical cooperation activities such as dispatch of Japanese experts and acceptance of trainees and students from aid-receiving countries.

During the period of Japan’s ODA expansion and development, Cambodia experienced the Khmer Rouge genocide, invasion, and civil war. In 1992, the United Nations Transitional Authority in Cambodia (UNTAC) was deployed to Cambodia to help manage the domestic political situation through peace-keeping operations. Japan participated in this international intervention by sending a contingent of its Self-Defence Forces (SDF), the first time the Japanese government had dispatched the SDF to another nation on an official mission since its formation in 1954. As a contribution to Cambodia’s long process of revival, Japan also

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\(^4\) Keizaikyo-ryoku no genjo to mondaiten (The Current Situation and Issue of Economic Cooperation) 1960-1999
started providing technical cooperation as well as economic infrastructure to the country. However, unlike its economic and technical cooperation to Cambodia before 1975, Japan’s ODA places emphasis on the role of the market economy for Cambodia’s development. This market economy is strongly linked with foreign direct investment and trade.

In 1992, as well as in the present, more than 80 percent of the population of Cambodia makes their living by agriculture (Cambodian Ministry of Agriculture, Forestry and Fisheries, 2011). It is in this context that Japan understands that one of the reasons why poverty remains in Cambodia is low growth rate of agricultural productivity. Japan puts an importance on technical cooperation in relation to the diversification and productivity enhancement of agricultural products as well as improvement of seeds, fertilisers and water management. Japan provides trainee-hosting and external degree programmes and sends Japanese experts in different fields to Cambodia. The biggest component of Japanese aid activities to Cambodia is dedicated the public service sector. Nonetheless, the agricultural sector is one of the priority sectors of Japan’s ODA.

Japan’s ODA provides training-based aid to Cambodian government employees in the agricultural sector. This is to increase the number of Cambodians who design and implement Cambodia’s agricultural development policy in coordination with the market economy. At the same time, Japan’s ODA provides technical cooperation to Cambodian agricultural extension workers at the provincial level. This aid targets the improvement of small-scale farmers’ livelihoods through productivity enhancement. This productivity is expected to contribute to both increases of self-sufficiency in food and income of farm households. Japan’s technical cooperation in Cambodia’s agricultural sector is also incorporated into the market economy by assisting small-scale farmers to form agricultural cooperatives in order to gain better access to markets and develop their businesses. This trend can be seen specifically in the case of rice production. Cambodian rice has become an important commodity for farmers to gain income and for the Cambodian government to boost the country’s GDP growth though rice export.

This context explains that Japan’s ODA for rice production in Cambodia has an element of an aid for poverty reduction within the context of mechanism of Cambodia as a market economy. Japan has a long history of cultivating rice as the country’s staple food and has developed agricultural technologies. In its trainee-hosting and external degree programmes, the Japanese government has introduced those technologies to Cambodian government
employees. In Cambodia, Japan also implemented ODA projects to improve irrigation systems applying Japanese technologies. Given this situation, it is worth considering the difference in the political and economic environments surrounding small-scale farmers in Cambodia and Japan. Even if Japanese agricultural technologies are applied in Cambodian agriculture, the actual use of those technologies may crucially depend on the political, social, and economic environments surrounding small-scale farmers in the country.

1.2 Need for the study

Japan was assisted in its economic recovery from the Second World War by foreign aid from the United States. This post war experience influenced the Japanese government thinking on foreign policy and marks Japan as a nation which has experienced both being an aid recipient and provider. In this way, the experience of Japan’s post war recovery and economic development has been demonstrated by the government to aid recipient countries as an example of a pathway of development. In the agricultural sector, for example, government employees from aid-receiving countries are welcomed to Japan as part of the trainee-hosting programme. Those government employees (trainees) attend lectures and learn about the history of Japan’s economic and agricultural development. The trainees also visit Japanese farmers, agricultural co-operatives, and agricultural machinery companies. What is not discussed in the training courses are differences in political and economic environments surrounding the agricultural sector between Japan and aid-receiving countries respectively. This point is not given sufficient consideration not only in the case of the trainee-hosting programme specifically, but also terms of the effectiveness of Japan’s ODA for the agricultural sector in general.

The agricultural sector in Japan has a unique political and economic background which is different in a significant way from the situation in other countries, except perhaps South Korea and Taiwan (Francks 2000). The Japanese government provides ODA projects to agriculture-based economies to reduce poverty, and its aim is to improve living conditions of small-scale farmers. What the present study considers is how Japan’s ODA projects function in aid-receiving countries given such differences. For example, small-scale farmers in Japan receive economic support and protections from the government (Francks 2000: 47) and many...
of those farmers politically support the leading political party, the Liberal Democratic Party.\(^5\) On the other hand, the relationship between rural population and the state is based on patronage in Cambodia, or more specifically, in a system in which “a formal bureaucracy occupied and governed by hierarchical patronage based on Khmer patrimonial modes” (Craig and Kimchoeun 2011: 239). The level of rural support from “the party-led mass patronage”, such as building schools and irrigations, also varies significantly “both across districts and among communes within the same district” according to their potential and characteristics to support the leading political party, the Cambodian People’s Party (Craig and Kimchoeun 2011: 236). While the Japanese government also took a protectionist policy regarding agriculture in its foreign policy especially at the beginning of its post-war economic growth, Cambodia’s agriculture has been exposed to the global market since the government liberalised its economy in the early 1990s. Without looking at these differences in political and economic backgrounds between Japan and aid-receiving countries, it is difficult to examine how Japan’s ODA for the agricultural sector functions in those countries.

What this study emphasises is that the examination of these differences, which reside in the background, can enhance the understanding of Japan’s aid effectiveness beyond the conventional evaluative framework. In other words, an omission of these differences in understanding Japan’s aid effectiveness may lead to misleading conclusions, including that advanced agricultural technologies are always useful for small-scale farmers and desires of recipients. These background issues are part of the discussion of how a mismatch between Japan’s ODA policy and desires of aid recipients emerges. Not considering these background issues can lead to analyses of aid effectiveness in which evaluations are too dependent on, for example, productivity, market, and technology metrics. The main concern of this study is the mismatch between Japan’s agricultural aid objectives and the desires of aid recipients, which partly derives from underdiscussed political and economic limitations faced by small-scale farmers. The Japanese Ministry of Foreign Affairs (2012)\(^6\) states that the ultimate beneficiaries of Japan’s ODA in Cambodia’s agricultural sector are small-scale farmers. This study provides insights into the complicated relationship between the policy and the actual implementation of aid so as to provide a more comprehensive understanding of Japan’s aid effectiveness. The information from interviews and other sources of information, both primary and secondary, are important elements for achieving this.

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\(^5\) The party has been Japan’s leading political party since 1955 except some periods: August 1993 – June 1994, September 2009 – December 2012.

\(^6\) Country Assistance Policy for Cambodia
1.3 Research aim

The aim of this study is to explore the following two issues: how Japan’s ODA projects actually function in Cambodia’s agricultural sector; and how agricultural development is defined in Cambodia’s market economy. The focal point of this study poses difficulties regarding the separation of the relationship between the idea of inclusive agricultural development proposed at the policy-making level, and the actual situation faced by farmers and those who are involved in the implementation of Japan’s ODA in Cambodia’s agricultural sector. This study provides a bigger picture to look at the effectiveness of Japan’s ODA in agriculture beyond the conventional evaluation framework of aid effectiveness. In other words, the effectiveness of aid in agriculture cannot be fully examined without considering any limitations to actual practice in the local context. This conceptual framework of Japan’s aid effectiveness is extended to examine how Japan’s aid programmes objectives and Cambodia’s development objective may or may not align with as small-scale farmers’ expectations. Therefore, the focus of this study is the mismatch among different actors in the context of Japan’s ODA in Cambodia’s agricultural sector. The rest of the study will provide the theoretical and analytical frameworks of this approach to the topic, and details from the primary and secondary data, to show how the mismatch exists in the Cambodian context. A specific approach and methods are designed and utilised to test if the mismatch exists among those actors, and if so, for what reasons. The mismatch is found to exist for a multiplicity of reasons related to the interviewer in the interviews and found in other materials researched.

There are two key concepts to be examined within this research aim. One is “development effectiveness” from the point of view of the Cambodian government, and the other is “aid effectiveness” from the perspective of the Japanese government. From the view point of the Cambodian government, the former concept has been associated with an idea of how to efficiently utilise available resources to realise national development. Those resources include ones from the private sector and civil societies. Foreign aid is regarded as a catalyst for such development. In the case of Japan’s ODA, the latter concept is understood not only in terms of the improvement of people’s social and economic environments in aid-receiving countries but also how much economic return Japan will gain from the use of ODA. The following chapters will provide additional detail and discussion of these two concepts as well as arguments relevant to the topic of this study in the research literature. Such discussion will be integrated with an exploration of how the concepts of development effectiveness and aid
effectiveness function at the policy-making level and in practice in Cambodia’s agricultural sector.

The examination of these two concepts also involves an exploration of the concepts of poverty and development. In general, poverty and development are seen to be two things which are often in opposition to each other. However, this study suggests that poverty and development are two concepts which interact with each other in some contexts rather than exist in opposition to each other. In other words, poverty or causes of poverty identified at the policy-making level for specific groups of people, such as small-scale farmers, would be part of survival or activities from a perspective of those people. Similarly, development or options for development understood at the policy-making level for specific groups of people may not deal with the structure of poverty in a society or country. This study argues that the policies of government, foreign aid agencies, and the private sector cannot effectively address the mismatch without examining local socio-economic and political limitations in Cambodia.

The research literature also points to additional issues to be considered. For example, Bennett (2009: 12) states that what poverty means depends on “who is doing the defining and who they are defining”. From a development perspective, Rao (1996: A-50) and Peet and Hartwick (2009: 290) argue that development is a condition that individuals have certainty or clear vision of their survival and improvement of their living conditions in the future. It is essential to consider that the manner in which people understand development determines what poverty means to them, and on the other hand, how they understand poverty determines how they understand development in the context of their attempt to make coherent sense of their experiences in everyday lives. Recognising this contingent understanding of poverty and development is a fundamental part of the examination of the concepts of development effectiveness and aid effectiveness in this study.
1.4 Research questions

The central question for this study is:

- How do the concepts of development effectiveness and aid effectiveness together include or exclude small-scale farmers in Cambodia from benefit-sharing in a market economy?

To explore this question, this study also addresses the following sub-questions:

- What are the differences in political and economic environments around small-scale farmers between Japan and Cambodia?
- What are the understood relationships between a market economy, agricultural development, and poverty reduction by those who are involved in activities of Japan’s ODA in Cambodia’s agricultural sector?
- How do those people understand the impact of those projects on small-scale farmers?

In addition to these questions, the concept of unequal power relations contributes to the analysis of the context of this study, but it is not the main thrust. Foreign aid programs, including Japan’s ODA in Cambodia’s agricultural sector, are not designed with political power relations in mind. The core objective of Japan’s aid programmes in general is related to market structure, a philosophy based on Western market models. Related to this, information regarding market structure of Cambodia’s agricultural sector is also used to illustrate disconnects in Japan’s ODA as understood by different actors in the context of Cambodian agriculture. There are interesting aspects of power relationships and their impacts in Cambodia, which could be investigated in future work, but are not central to this study except as broader context.

1.5 Methods of data collection

This study places importance on the observations of those who were involved in the implementation of Japan’s ODA projects and the impact of those projects on small-scale farmers. These observations are an important part of this study and will be used to analyse the gap between the conceptual understandings of development effectiveness and aid
effectiveness at the policy-making level and the actual practice of those concepts in the field. The primary data of this study was collected through semi-structured interviews. For this data collection, participants were selected from among those who were involved in Japan’s three technical cooperation projects in Cambodia’s agricultural sector and trainee-hosting and external-degree programmes. These projects and programmes are operated by Japan International Cooperation Agency (JICA). JICA is an independent government agency, and it implements Japan’s bilateral assistance for the government. Bilateral assistance is a type of ODA and is composed of Technical Cooperation, ODA Loans, and Grant Aid. Another type of ODA is multilateral assistance. The bilateral assistance is transferred between two governments while the multilateral assistance is pooled from different sources and dispersed by multilateral institutions such as the World Bank to developing countries.

Participants in the interviews are those who are involved in Japan’s ODA projects and programmes in different ways as agents, counterparts, and participants. Some interviews also involved those who worked closely with those projects even though they were not agents or counterparts of those projects. This study collected information about how those participants understood the function and impact of those ODA projects on small-scale farmers. The information from different participants, when taken together, will enable the researcher to identify how the concepts of effectiveness of development and foreign aid are different at the policy-making level and in practice given the characteristics of political and economic conditions both in Cambodia and Japan.

1.6 Description of the key terms

Official Development Assistance (ODA)

The term ODA and its definition were set by the Development Assistance Committee (DAC) of the OECD in 1969. According to Hulmut (1994: 21), the 1969 DAC Chairman’s Report published for the first time figures on “‘ODA as a percentage of GNP’, with detailed explanation of the various ‘Flow’ concepts and their rationale”. Since then, the grant element concept has been employed by OECD member countries to measure the concessionality or “softness” of financial terms of a loan. The lower the interest rate and the longer the maturity
period, the higher the grant element, which means it is more beneficial to the borrower. The grant element for a grant is 100%.

In 1972, DAC agreed on firmer definition of ODA, which is still valid, as follows:

ODA consists of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, or by their executive agencies, each transaction of which meets the following test: a) it is administered with the promotion of the economic development and welfare of developing countries as its main objective, and b) it is concessional in character and contains a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent).

This is the shared idea among 34 OECD member countries including Japan. At the same time, it is important to note that ODA donors have their own reasons for providing ODA to specific countries.

Aid Effectiveness

The OECD defines effectiveness of foreign aid as follows:

The extent to which the development intervention’s objectives were achieved, or are expected to be achieved, taking into account their relative importance. Note: Also used as an aggregate measure of (or judgment about) the merit or worth of an activity, i.e. the extent to which an intervention has attained, or is expected to attain, its major relevant objectives efficiently in a sustainable fashion and with a positive institutional development impact. (2002: 20-21)

In relation to this definition, it is important to refer to the definition of ‘efficiency’ by OECD. According to OECD, efficiency is “a measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results” (2002: 21).

The Japanese Ministry of Foreign Affairs (MOFA) published an updated Japan’s ODA Charter in 2003 after its first ODA Charter in 1999. According to the new ODA charter, “the objectives of Japan’s ODA are to contribute to the peace and development of the international community, and thereby to help ensure Japan’s own security and prosperity” (2003: 1). This statement shows that the effectiveness of Japan’s ODA is connected to benefit for both Japan and the aid-receiving countries. This means that the improvement of social and economic

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8 See Glossary of Key Terms in Evaluation and Results Based Management (OECD, 2002).
situation in aid-receiving counties alone is not sufficient in Japan’s ODA conceptualization to merit the aid being regarded as “effective”.

**Development effectiveness**

The concept of development effectiveness was adopted at the Fourth High Level Forum on Aid Effectiveness in Busan, 2011 as an additional guidance to evaluating aid effectiveness in terms of the better use of available natural and human resources in aid-receiving countries. In the previous high level forums on aid effectiveness in Paris (2005) and Accra (2008), strong emphasis was placed on cost efficiency. From a Cambodian perspective, relevant actions to be taken for the effective use of foreign aid were identified in those two forums and focused on “process and the ‘mechanics of aid’ related to partnering arrangements, harmonising processes and identifying means to align and coordinate efforts around national development priorities” (the Royal Government of Cambodia 2011: iii). In response to the focus on the mechanism on the evaluation of aid effectiveness, development effectiveness places more emphasis on results achieved using aid inputs for national development from a perspective of aid-receiving countries. To link those actions to actual results, development effectiveness is strongly related to the coordination of all available resources from governments, foreign aid, private sector, and non-state actors. Foreign aid is regarded as a catalyst of the effective use of those resources rather than as simply coming from the main development partner of aid-receiving countries.

**Agricultural development and rural development**

Agricultural development and rural development are often mentioned as concepts which are interdependent. This is partly because the majority of the population in rural areas make a living by agriculture in many countries. In general, the concept of rural development is broader than the concept of agricultural development. While productivity enhancement and diversification of agricultural products are often used as the index to measure agricultural development, there are more indexes to measure rural development such as off-farm income.

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9 The Cambodia Development Effectiveness Report 2011
of people, access to education and medical services, and gender equality. For example, JICA\textsuperscript{10} (2005: 6) describes agricultural development and rural development as follows:

Agricultural development “refers to development whose main purpose is bio-production and an increase in bio-production, involving living things and production environments and considering people, land and capital as production resources or means of production. Agricultural development includes not only activities directly involved in the production of agricultural goods but also a wide range of other activities. Among them are research and development of technology, improvement of agricultural promotion systems and infrastructures, market distribution, agriculture-related laws and systems, agricultural policy as well as production and supply of food.

“Rural development”, in addition to agriculture as a primary means of earning a living for rural residents as well as agriculture-related industries, refers to the development of rural areas that includes healthcare and sanitation, education, environment, social infrastructure improvement and empowerment of community members.

The distinction between agricultural development and rural development also can be seen from a perspective that agricultural development, specifically large-scale agriculture, does not necessarily contribute to rural development in terms of community resilience and wellbeing. Unlike rural development, agricultural development tends to be measured from the narrow economic perspective such as productivity, farm size, consumer demand, and competitiveness in the food processing sector. In terms of Japan’s ODA in Cambodia’s agricultural sector, its objective indicates that Japan’s ODA puts more weight on agricultural development than rural development in the sector at the moment, even though agricultural development would impact upon rural development. In its Country Assistance Policy for Cambodia 2012, the Japanese Ministry of Foreign Affairs states:

Recognizing the importance of promoting the agriculture sector, which is the country’s main industry absorbing a large part of the working population, and assisting the livelihood of underprivileged farmers, in order to improve the productivity and quality of rice as the Cambodia’s main agricultural product, Japan supports the rehabilitation and development of irrigation facilities, and the improvement of irrigation skills and rice production skills in the western and southern parts of Cambodia. In addition, Japan supports the improvement and diversification of the farming industry in order to improve the livelihood of underprivileged farmers. Besides, Japan also pays attention to the countermeasures on transboundary animal diseases upon implementing the projects in this sector.

This aid objective shows that Japan’s ODA in Cambodia’s agricultural sector is about the farming sector first and foremost. Given this ODA objective, this study does not focus on rural development in its examination of policy and practice of Japan’s ODA in the sector,

\textsuperscript{10} Approaches for Systematic Planning of Development Projects: Agricultural and Rural Development

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even though some of the outcomes of Japan’s ODA activities in agriculture affect livelihoods in Cambodia. The Sustainable Livelihoods Approach (SLA) could be used for a study focused on rural development, however, the focus of this study is the mismatch among different actors in the context of Japan’s ODA in Cambodia’s agricultural sector. This is why there is a relative little reference to the SLA. The focus of this study is how the outcomes of Japan’s aid operations may or may not be the same as what farmers might have wanted.

**Poverty**

JICA\textsuperscript{11} (2005: 6) states that “‘the poor’ in referring to the goal for cooperation, means people below the poverty line, or a specific level set by each country in accordance with prevailing conditions and the income needed for purchasing the basic necessities for life or spending”. While there are many definitions of poverty, this study refers to the above measurement of poverty in relation to the type of agricultural aid considered suitable for Cambodia by JICA from a poverty reduction perspective. There are alternative definition of poverty which relate to rural poverty set by JICA. The indicators for measuring poverty from a rural development perspective include, for example, household consumption, family property structure, promotion of small and medium-sized enterprise, consumption by gender, and influence on political decision making process (JICA 2005: 218-219). However, this study concentrates on agricultural aid policy, and it uses the definition of poverty relating to agriculture. JICA’s poverty definition relating to agriculture is not specific to the details of mechanisms of measure. In this regard, a principle alternative of this definition might be the poverty line and some details such as purchasing power parity (PPP) dollars provided by the World Bank (2008: 4-5). The World Bank\textsuperscript{12} (2008) defines suitable types of agricultural development for agriculture-based, transforming, and urbanised countries from a poverty reduction perspective.

The understandings of poverty talked about by the majority of interview participants of this study was also associated with the lack of food, access to natural resources, and money. However, it is also worth noting that there are difficulties in any poverty measurement. Poverty as a concept provides background information to this study in order to look at the coherence and mismatch in Japan’s ODA policy and practice. JICA (2005: 6) also defines poverty as “a condition in which human beings are deprived of an opportunity to develop

\textsuperscript{11} Approaches for Systematic Planning of Development Projects: Agricultural and Rural Development
\textsuperscript{12} Agriculture for Development 2008
their potential capacity to spend a basic life as human beings and are excluded from the social and development process”. This definition is considered in this study when it explores the relationship between the concepts of development and poverty.

### 1.7 Structure of the thesis

Chapter Two

This chapter reviews the characteristics of Japan’s political and economic ODA use. This review shows how Japan has established the unique identity of being an ODA provider that works within a Western framework of ODA but implements its policy in a different way from the policy of Western major aid agencies. The chapter also highlights Japan’s aid approach to the agricultural sector as well as the difference in political and economic environments of the agricultural sector between Japan and Japanese aid-receiving countries.

Chapter Three

Official reports of the Cambodian government and major foreign aid providers demonstrate that the Cambodian economy needs to be linked with the international market to effectively realise national development. This chapter reviews studies which examine such trends in development policy. The foci of those studies are political ideologies in development, economic perspectives on agricultural development, and trends of the use of aid by major foreign aid providers including Japan. This review of the literature enhances understanding of how the aid approaches of major aid providers are argued to be effective at the policy-making level, and what the impacts of those aid approaches on the local population in agriculture-based countries would be in different contexts.

Chapter Four

This chapter describes how the market economy has influenced Cambodia’s agricultural sector in terms of the scale and means of production. There are many factors such as private investments, foreign aid, and local patronage which integrate Cambodia’s agricultural sector into the international market. The chapter reviews documents on national development and agricultural development policies published by the Cambodian government as well as academic studies on those policies. This review describes how the Cambodian government
has implemented its policy of agricultural development by accepting external factors related to the international market.

Chapter Five

This chapter explains the methodological approach to data collection of this study. It also explains how the focus of this study evolved after the first data collection. The reasons for the use of interviews in the data collection process and the involvement of specific groups of people in interviews are provided.

Chapter Six and Seven

These chapters present and analyse the interview information by reference to the insights garnered in terms of the following categories: Japan’s ODA policy, the practice of Japan’s ODA in the field, Cambodia’s agricultural policy, market economy, and small-scale farmers in Cambodia. Chapter six presents the first two categories and Chapter seven presents the last three categories of the data. Taken together, the information from different interview participants provides evidence that the effectiveness of development and foreign aid is understood differently in the field than it is at the conceptual and policy-making levels.

Chapter Eight

The first section of the chapter provides a discussion on the primary and secondary research data in line with the research questions of this study. The original theoretical framework informed by the research literature is extended throughout the discussion. The discussion is developed around the actual practice of development policies by the Cambodian and Japanese governments in Cambodia’s agricultural sector related to development effectiveness and aid effectiveness. In the concluding section, the function of Japan’s ODA for Cambodia’s agricultural sector is considered in the context of the bigger picture of Japan’s ODA approach to the Cambodian economy as well as other aid-receiving countries in general.
Chapter Two: Overview of Japan’s aid approach

This chapter reviews the characteristics of Japan’s ODA, and how Japan has established a unique identity of being an ODA provider that works within a Western framework of ODA but implements its policy in a different way from the policy of Western major aid providers. The chapter also highlights Japan’s aid approach to the agricultural sector, as well as the difference in political and economic environments of the agricultural sector between Japan and Cambodia. The aim of this chapter is to illustrate how Japan’s unique historical background as an ODA provider influences its ODA policy and implementation in general, as well as in agriculture in particular. The chapter is divided into two parts. The first part, consisting of four sections, reviews how Japan has pragmatically used ODA while it adhering to dominant ideologies in the Western aid framework in its foreign relations. The second part, comprised of three sections, reviews Japan’s own experience of agricultural adjustment in industrialisation and how it differs from the model of agricultural development which major Western aid providers have promoted in aid-receiving countries.

2.1 Redefining aid relations

The Japanese Ministry of Foreign Affairs (MOFA) emphasises Japan’s “close historical, geographical, and economic ties”13 with Asian countries through ODA provision even though the origin of Japan’s post-war relationship with East Asian countries14 only goes back as far as 1954 when Japan started to provide war reparation to those countries. Japan began to use its relationship with other Asian countries as a means of exporting Japanese products when it provided war reparation to those countries. In 1958, in addition to its war reparation, the Japanese government began to provide financial loans to other countries, beginning with India. Although this took place before the completion of the payment of war reparations to Asian countries15, the loan to India marked an important transition in Japan’s post-war

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14 The Japanese government categorises the following 11 countries as East Asian countries: Vietnam, Cambodia, Laos, Indonesia, Mongolia, Myanmar, East Timor, Malaysia, the Philippines, Thailand, and China (Japan’s ODA White Paper 2011).
15 According to MOFA, Japan completed its war reparations in 1976 (http://www.mofa.go.jp/policy/oda/summary/1994/1.html). There are also different views about the completion
development. MOFA, for example, describes the loan as “the first of its kind marking a starting point of Japan's economic cooperation in earnest”\(^{16}\). By providing financial loans, Japan’s identification thus shifted from a payer of war reparations to a provider of economic assistance. Jerve and Hansen (2008: 6) indicate the importance of this shift in the way in which Japan identifies its relationship with Asian countries: “aid is more than filling gaps; it is a relationship creating its own dynamics”. In this sense, Japan’s self-definition as a provider of economic assistance can be seen as part of a creative redefinition of its relationship with the former recipients of its war reparations.

An important aspect of this redefinition is the lack of distinction made by Japan between official funds and private funds (Raffer and Singer quoted in Jerve and Hansen 2008: 15), or commercial funds and non-commercial funds, in its economic assistance. This is why Japan’s ODA is “not just aid, but also trade, investment, finance and science and technology” (Jerve and Hansen 2008: 15). The Japanese government attempts to “utilise the capacity of Japan’s private sector” through its ODA (Shimomura 2008: 186). Supporting this approach, Shimomura (2008: 179) states that Japan’s ODA should assist low-income countries to strengthen their capacity to acquire foreign exchange through exports in cases where those countries do not have sufficient domestic resources to improve their inhabitants’ living standard. The government thus stresses that both Japan and its ODA recipients can enjoy the benefits of market economies. The underpinning assumption of this understanding is that the existence of the open market economy in aid-receiving countries is a necessary condition for successful coordination between the public and private sectors in Japan’s economic cooperation (Watanabe and Miura 2003: 129). This implies that the term ‘development’ ultimately refers to how Japan and its aid recipient interact with each other in the context of a Japanese understanding of ODA provision. Even though the contexts vary from war reparations to trade, those interactions between Japan and aid-receiving countries are always described by the Japanese government as benefiting both sides in terms of the enhancement of economic growth.

2.2 Commercial and political use of Japan’s ODA

While Japan experienced rapid post-war economic growth and has become one of the major ODA providers in the world, the country has been pressured by other aid providers, particularly the United States on many major diplomatic issues. The imbalance between Japan’s international economic and political power has influenced the way in which Japan uses ODA. Between 1965 and 1966, the Japanese economy achieved a budget surplus for the first time in its post-war development. By 1968, Japan had become the second largest economic power in the world after the United States. As a result, the Japanese government increased the amount of its financial loans to East Asian countries. Imports of natural resources from other countries also contributed to Japan’s economic growth. Both then and now, Japan is crucially dependent on imports of natural resources. The oil crisis in 1973 highlighted this vulnerability. In 1973, the Organisation of Petroleum Exporting Countries (OPEC) put an oil embargo on the United States and its allies who had, at least morally, supported Israel during the Yom Kippur War (Söderberg 1996:34). Prior to this oil shock, Japan’s ODA was mostly provided to East Asian countries for commercial purposes such as the acquisition of raw materials and access to markets. In the wake of the oil crisis, the Japanese government started to distribute ODA to countries outside Asia such as, the Middle East, Latin America, and Africa, while maintaining its alliance with the United States.

In the late 1970s, Japan’s surplus of trade with the United States became noticeable, and the country was strongly criticised by the United States which, at that time, was the largest importer of Japanese goods. To avoid this criticism, Japan increased the amount of its ODA in order to demonstrate its contribution to international development. This shows how the Japanese government adjusted the use of ODA in order to maintain its economic relationship with the United States and to enhance its voice as an ODA provider in international politics. In addition, there was further pressure from the United States regarding Japan’s use of ODA in the context of Cold War strategy. Western ODA providers were strongly motivated to use their ODA to support less advanced capitalist economies in order to counter the influence of communist ideology and the power of the Soviet Union in global politics. As a contribution to international security, and under the political pressure from the United Nations, the Japanese government followed Western patterns in terms of the provision of ODA to other nations (Koppel and Orr 1993: 2). Therefore, during the Cold War, the Japanese government
was influenced by international pressure in terms of its economic aid contribution to less advanced capitalist economies, and ultimately this supported the Western democratic, market based economic system.

After the end of the Cold War in 1989, the focus of ODA in the international community shifted to supporting low-income countries, particularly former socialist countries, to introduce market economies for the purpose of expansion of trade and international capital movements. Following this Western trend, Japan also provided ODA to countries that were transitioning to a market economy. The political pressure applied by Western ODA providers to Japan’s ODA escalated in the wake of the Gulf War in 1991. The Japanese government, constitutionally unable to provide troops for Operation Desert Storm, provided a significant amount of foreign aid to support the allied forces, led by the United States, against Iraq. It also announced four conditions for each recipient country it deemed to be essential for the provision of ODA:

1. A country’s trends of military expenditure,
2. Its attitude to the development and production of weapons of mass destruction and missiles,
3. Its export and import of arms, and
4. Its efforts towards promoting democratisation and the introduction of a market economy, and the country’s situation in regard to the securing of basic human rights and freedoms

Reflecting these four ODA conditions, the Japanese government issued Japan’s ODA Charter in 1992. Even though there were ODA documents published by individual ministries, this ODA Charter was the first document to be published as a comprehensive policy by the Japanese government. Even though the above examples suggest that Japan’s use of ODA has come under pressure by other aid providers on many major diplomatic issues, Takamine (2006: 16-17) argues that “Japan’s ODA policies are not formulated by a centralised or single rational actor, but rather by policy-making bargaining (or politics) among different domestic actors with competing perceptions of national, organisational and personal interests”. In his study on Japan’s ODA to China, Takamine (2006: 16) emphasises that “It is primarily the shift in the balance of aid policy-making power among these different actors [such as bureaucrats, politicians, and business elites] that brings about changes in Japanese ODA.

policy and the goal of that policy” (Takamine 2006: 17). The contributing factor to Japan articulating the above four conditions was the situation where China was rapidly increasing its military expenditure since the beginning of the 1990s, while taking ODA from Japan for infrastructure (Takamine 2006: 64). In its ODA provision, the Japanese government began to use the four conditions “as a critical diplomatic instrument to check China’s military development and disruptive military behaviour in the East Asian region” (Takamine: 2006: 64).

On the other hand, it is interesting to note that even though the Japanese government announced its ODA conditions as above, it did not apply those restrictions strictly in the case of Southeast Asian countries in consideration of its existing trade relationship with them. Prior to the announcement of Japan’s ODA Charter, the country had already established trade and investment relationships with those Asian countries through ODA, and it placed strong emphasis on maintaining and securing those relationships (Sudo 2002: 68). Thus, while Japan demonstrated its political commitment to international cooperation to Western ODA providers, it still implemented its ODA in consideration of political, security, and economic reasons.

In 2003, the Japanese government issued the second revision of its ODA Charter. While the new ODA Charter retains the same principles as the original ODA Charter, it places a stronger emphasis on reducing economic disparities between countries. The new ODA Charter also stresses positive impacts of economic development driven by external factors, such as foreign aid and foreign direct investment on the reduction of economic disparity between countries. This is based on a belief that Japan’s ODA has contributed to the rapid economic growth of East Asian countries such as South Korea and Singapore and that their economic development eventually contributed to poverty reduction (Sunaga 2004: 20-21). In the mid-1980s, Japan introduced a basic human needs perspective in its ODA in order to demonstrate the country’s adherence to the internationally accepted standard of ODA provision (Brooks and Orr, 1985 cited in Leheny and Warren 2010: 7). At the same time, Japan’s economic motivations in terms of the use of ODA have been remained strong. Essentially, the driving logic of Japan’s ODA has been that economic growth is a necessary condition for poverty reduction in aid-receiving countries.

The linkage between economic growth and poverty reduction above also reflects the government’s reaction to the domestic opinion about Japan’s ODA provision. Japanese
citizens have differing viewpoints relating to the use of ODA. These viewpoints are dependent on political affiliation, business association or level of humanitarian interest. The source of ODA is public taxation, and some Japanese expect to see visible economic and political benefits from Japan’s ODA-mediated international relationships. Some Japanese however insist that ODA should be used only for humanitarian activities. In this situation, the differences of public opinion concerning ODA policy in Japan are “too great to be reconciled” (Sunaga 2004: 7). Given this disagreement among the population, the Japanese government explains the role of its ODA as follows.

As nations deepen their interdependence, Japan, which enjoys the benefits of international trade and is heavily dependent on the outside world for resources, energy and food, will proactively contribute to the stability and development of developing countries through its ODA (Japan’s ODA Charter 2003: 1).

This explanation is specifically linked with the cases of economic growth in East Asian countries. For instance, MOFA claims that Japan’s ODA has contributed to the improvement of the environment for foreign direct investment and the private sector in those countries.\(^\text{18}\)

Japan’s bilateral ODA to the People’s Republic of China (hereafter China) provides an example of how Japan’s ODA is trade-oriented in the market economy. Japan started providing ODA to China soon after the normalisation of ties between the countries in 1972. A large part of which was used for building economic infrastructure such as roads, railways, ports and power plants (He and Söderberg 2008: 157). In 2007, the Japanese and Chinese governments agreed to stop new Japanese ODA loans to China in response to China’s continuous surplus in its account balance since 1994 and growing amount of foreign exchange reserves. Japan’s justification for providing ODA to China up to the present is that China needs support to establish a market economy “harmonised with the international rules” in order to realise “sustainable economic growth” and to “increase prospects for the economic activities of Japanese companies”.\(^\text{19}\)

In addition, JICA explains that Japan contributes to the mitigation of rapidly growing social disparities in China and the worsening environmental problems caused by air and water pollution by providing technical cooperation. From JICA’s viewpoint, this technical cooperation is also “useful for Japanese private enterprises with high-end technology” in


\(^{19}\) JICA Annual Report 2011 (40)
order to extend their market. These statements above show that ODA is regarded by JICA as an important means to support Japanese private entrepreneurs. In fact, Japan provides the biggest share of its ODA-funded technical cooperation to China (9.9 percent in 2010). From the Chinese side, Japan is responsible for the damage it caused to China during the Second World War. In the 1978 Peace Treaty, China forfeited its right to war reparation in exchange for significant ODA assistance. Irrespective of the legal and moral issues, Japan, in the use of ODA, has attempted to maintain a friendly relationship with China which Japan recognises as its “largest trading partner with the world’s second highest total nominal GDP in 2010”. Leheny and Warren (2010: 16) state that Japan’s ODA to China is the best possible justification of Japan’s emphasis on pro-poor strategies. The political and economic relationship between China and Japan is unique, and it is not appropriate to conclude that Japan applies the same ODA approach to all other aid-receiving countries. However, Japan’s ODA approach to China clearly shows the fundamental ideas underpinning Japan’s ODA policy-making.

2.3 ODA to promote ‘self-help’

The Japanese government has explained that it provides ODA to other countries in order to assist their self-help (Japan’s ODA Charter). This self-help ideology is based on the idea that ODA recipients will have the motivation to effectively use loans and successfully complete their projects by being placed under the burden of having to pay interest and return the capital (Nishigaki and Shimomura 2000: 198). This self-help approach encourages people in aid-receiving countries to responsibly improve their constrained circumstances. This characterises Japan’s ODA, while the Western ODA ideology is based on the idea that privileged people should help less privileged people (Nishigaki and Shimomura 2000: 173). Söderberg (1996) also finds cultural difference in ODA ideology between Western countries and Japan. Cultures in Western countries are based on Christianity, and there is a tradition in those countries to offer voluntary help to people in trouble. According to her, Japan is the only country not dominated by Christian values among the major ODA providers, and this is part of the reason why Japan’s ODA policy is strongly based on the business perspective.

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20 Japan’s ODA White Paper 2011
In terms of Japan’s technical cooperation through JICA, China is the sixth biggest recipient in 2010 (5.1 percent of the total), JICA Annual Report 2011.

21 JICA Annual Report 2011 (40)
(Söderberg 1996: 32-33). The origin of the self-help ideology of Japan’s ODA can be also explained by Japan’s “latecomer perspective” in the post-war development (Ohno 2010: 80). The driving force of Japan’s economic growth has been underpinned by its desire to catch up with Western countries, and this latecomer perspective can be seen in the Japanese understanding that “aid is not charity or moral obligation to other people. Aid should support the self-help efforts of developing countries and contribute to fostering their national pride” (Ohno 2010: 81). In relation to these arguments, it can be interpreted that Japan’s ODA philosophy is based on the idea that only people who make efforts to help themselves achieve economic growth can move out of constrained circumstances. While this understanding of aid for self-help highlights the uniqueness of Japan’s ODA, there is also a understood linkage between the concept of self-help in Japan’s ODA, and the notion of good governance. For example, Sunaga (2004: 13) explains:

The donor community has increasingly recognised that a number of poor countries, particularly in Africa, have remained poor in spite of intensive efforts by donors...Among the worse cases are so-called ‘failed states’ or ‘failing states’ which barely maintain state-level functioning. It seems unrealistic to urge such countries to rely wholly on self-help efforts, with donor countries funneling aid resources that these countries either cannot effectively administer or apply to their development needs.

From this perspective, the main concept of Japan’s ODA philosophy, self-help, is linked to the concept of good governance, which is currently a principle concern within the Western aid framework. These interpretations of self-help and good governance promote an understanding that Japan’s ODA is not charity or a moral obligation to other people, but aid for good governance is necessary to provide a basis for the self-help efforts of aid-receiving countries. Thus, while the non-Western aspect of Japan’s ODA is emphasised within the idea of self-help, this uniqueness is also incorporated into the Western aid philosophy. This linkage between Japan’s ODA and the concept of good governance will be further illustrated later in this chapter.

As mentioned before, the Japanese government emphasises that Japan is a non-Western ODA provider. This self-definition can be seen in how the Japanese government demonstrates the contribution of its ODA to economic growth in East Asian countries and the members of ASEAN (Association of Southeast Asian Nations). Except for Myanmar and East Timor, recipients of Japan’s ODA loans in East Asia have started paying the interest and returning the capital to Japan. In 2010, the repayment on Japan’s prior ODA loans to
Indonesia, Mongolia, Malaysia, the Philippines, Thailand, and China was more than the gross disbursement of outgoing ODA loans to those countries in the same year\(^\text{22}\). This positive perspective of Japan’s ODA loans and economic growth in those countries is underpinned by a background that Japan was a recipient of foreign aid after the Second World War. In 1946, Japan initially received food as foreign aid from the United States. In order to assist Japan’s economic rehabilitation through the importation of materials necessary for economic infrastructure, the United States, in 1949, changed the form of its aid to financial loans. Japan used those loans to develop its railroads, electric communication, and maritime services. After the American foreign aid ended in 1951, Japan received foreign aid from the World Bank between 1953 and 1966 in the form of loans and completed its repayment in 1990 (Shirai 2005: 270-271). This foreign aid from the World Bank was also used to implement economic infrastructure in Japan. The deployment of foreign aid assisted infrastructure played an important role in Japan’s economic growth and post-war recovery. These experiences have influenced the establishment of Japan’s self-help ideology in the use of ODA.

MOFA made this point clear when it published a document named “The Philosophies of Economic Cooperation: Why Official Development Assistance?” in 1980. In this document, MOFA stated that Japan’s aid philosophy was based on its own experience and conditions as a nation with a peace constitution, and is also an economic power that is highly dependent on other countries, and has also accomplished modernisation as non-Western nation\(^\text{23}\). In relation to Japan’s recent ODA policy, it is appropriate to conclude that the Japanese government has retained the aid philosophy above. Sunaga notes that Japan still maintains its peace constitution\(^\text{24}\), and the government’s option to project offensive military power in particular overseas is crucially limited compared with other major ODA providers. It is worth noting that one crucial distinction of Japan’s self defence force from military forces in other major ODA-providing countries is that it does not have an ability to destroy other nations, only to defend Japan and engage in peace keeping operations. This is part of the reason why Japan’s ODA contains strategic dimensions driven by economic incentives (Sunaga 2004: 1).

Japan has always been under political pressure in its use of ODA from the West, and this

\(^{22}\) Source: Japan’s ODA White Paper 2011


\(^{24}\) Japan’s peace constitution was drawn up and enacted in 1947 under the allied occupation that followed the Second World War and was intended to replace Japan’s previous militaristic and absolute monarchy system with a form of liberal democracy.
situation has made Japan’s ODA approach unique. Japan has demonstrated this uniqueness from a positive perspective. However, some scholars point out the limitations of Japan’s ODA approach and imply that there is a need for a continuous study of Japan’s ODA. Those critiques are mainly related to the gap between Japan’s ODA policy and realities in its practice.

2.4 Concept of Human resource development and regional economic integration

In relation to its understanding of the concept of self-help as the most important philosophical underpinning of Japan’s ODA, the Japanese Ministry of Foreign Affairs emphasises the importance of aid for “human resource development, institution building including development of legal systems, and economic and social infrastructure building” (ODA Charter, 2003: 2). In accordance with this statement, Japan’s official reports of ODA frequently mention the term human resource development (HRD). However, its definition is not clear in Japan’s ODA. The Japan International Cooperation Agency (JICA)\(^{25}\) acknowledges, for example, that “As human resources development is an issue that involves a number of different factors, no roadmap specifically tailored towards human resources development has been drawn up”. The Japanese government’s use of this term is based on the idea that people’s knowledge and skill attainment is important for sustainable economic growth in aid-receiving countries. HRD has been used in Japan’s ODA reports as a concept to justify the importance of Japan’s ODA specifically related to educational and technical support for aid-receiving countries. MOFA emphasises that the combination of trained people and improved economic infrastructure as a result of Japan’s ODA has attracted foreign direct investments to Japan’s ODA recipient countries, specifically those in East Asia. From the economic perspective, JICA also states that the aim of Japan’s HRD aid is to increase the number of individuals who can plan and implement national development policies in aid-receiving countries in accordance with a market economy.

\(^{25}\) JICA Research Institute, *Regional Integration and Development Aid* (2007: 117)
As an ODA project, Japan has established nine JICA Japan Centres for Human Resource Development (Japan Centres) in eight countries in the Indochina region and Central Asia\textsuperscript{26}. The aim of the Japan Centres is to provide training for business personnel and a network for “private enterprises, government bodies, students, and the general public” in countries transitioning to a market economy\textsuperscript{27}. The first Japan Centre was established in 2000. By 2011, the training provided by the Japan Centres in eight countries has resulted in more than 65,000 persons receiving “practical training covering business management, including Japanese-style management as well as business skills and factory-floor diagnosis and leadership\textsuperscript{28}”. Within the target region of the Japan Centres, the Japanese government has since 2007 placed special emphasis on the Mekong river basin countries, Cambodia, Laos, Myanmar, Thailand, and Vietnam, to support regional economic and industrial development. As a specific project for this regional development, Japan initiated the Mekong-Japan Action Plan 63 in 2009. At the establishment of the plan, the Japanese government announced that it will devote more than US$ 5.5 billion over three years in ODA to the plan. In addition, the government promised to provide ¥ 600 billion (about US$ 6,793 million)\textsuperscript{29} to the Mekong region countries by 2015 at the fourth annual Mekong-Japan Summit in Tokyo 2012\textsuperscript{30}. The Japanese government has dispatched expert teams to those countries and those expert teams “hold seminars to develop the areas identified as the core nodes (hubs of industrial and logistical network)” in the Mekong region\textsuperscript{31}. Furthermore, Japan provides training to customs officers in those countries to ensure efficient customs procedures to strengthen oversight of illegal activities in the border regions (Makishita 2010: 320). By providing joint training programmes to foster entrepreneurship in Cambodia, Laos, and Vietnam, the Japan Centres also contributed to the implementation of the Mekong-Japan Action Plan 63. This relationship between Japan Centres and the Mekong region development project shows that the concept of HRD in Japan’s ODA has been strongly linked to business partnership between Japan and aid-receiving countries.

\textsuperscript{26} Those eight countries are Viet Nam, Laos, Cambodia, Mongolia, Kazakhstan, Uzbekistan, the Kyrgyz Republic and Ukraine (JICA Homepage \url{http://japancenter.jica.go.jp/index_e.html}). (Last accessed 08/02/2013)

\textsuperscript{27} \url{http://japancenter.jica.go.jp/index_e.html}

\textsuperscript{28} \url{http://www.jica.go.jp/english/operations/schemes/tech/projects/j_center/index.html} (Last accessed 04/04/2012)

\textsuperscript{29} Converted using an online currency converter \url{http://www.xe.com/ucc/} (17/01/2013)

\textsuperscript{30} Source: The Japan Times Online \url{http://www.japantimes.co.jp/text/nn20120422a2.html} (Last accessed 17/01/2013)

\textsuperscript{31} The Ministry of Foreign Affairs \url{http://www.mofa.go.jp/region/asia-paci/mekong/summit0911/action.html} (Last accessed 08/02/2013)
Japan has a strong incentive in its use of HRD aid to promote regional economic growth in the Mekong region and the country’s closer economic integration into the region. This economic integration includes conclusions of free trade agreements and investment agreements in the region. These HRD aid activities provide examples of Japan’s ODA paradigm of ‘pro-poor growth’, which serves “as convenient bridge between the growth and poverty reduction” concepts (Yanagihara 2010: 104). HRD is a concept, and it has not been clearly articulated in Japan’s ODA. Rather, the interpretation of HRD in Japan’s ODA has been left to individuals; aid activities for HRD are acceptable from a business-oriented perspective as well as from the poverty-reduction perspective. This means that a pure business-oriented ODA project could be acceptable as long as it refers to HRD and poverty reduction. Even though the concept of HRD is also used in the context of poverty reduction efforts in Japan’s ODA reports, JICA\footnote{JICA Kokusaikyoryoku Jinzaijitsumu Handbook (2008)} (2008: 55) clearly explains that the aim of Japan’s HRD aid is to increase the number of individuals who can cooperate with a market economy in aid-receiving countries. This explanation shows that HRD is linked more directly to economic growth than poverty reduction as such. The idea of self-help in Japan’s ODA policy asserts that providing assistance to people who make efforts to help themselves achieve economic growth and move out of constrained circumstances, and thus contribute to economic growth, is the best way to decrease poverty in the long term. However, it is worth considering that poverty reduction does not necessarily follow economic growth in some occasions. A country is more likely to achieve poverty reduction with economic growth, but it does not mean that poverty reduction automatically follows economic growth.

From the perspective of aid-receiving governments, there is a shared understanding that a low-income country cannot afford to provide social services to its population before realizing “growth at the macro-economic level” (Ishikawa 2002: 32). It is, however, worth considering the possibility that low-income countries could increase the availability of social services “without having to wait” to get rich “first”, as those services are “very labour intensive, and thus are relatively inexpensive” as wage rates are relatively low (Sen 1999: 48-9). In such cases, a nation’s economy need not necessarily grow rapidly, but balanced economic growth with sufficient focus being placed on the provision of labour-intensive social services must be in place. This theoretical proposition also assumes that if the number of labour-intensive jobs increases in a low-income country, triggered in part by the demand for social services, commodity prices in the country will not rapidly increase since those labour intensive jobs do
not require high wages compared with capital intensive jobs. In this case, more people can have jobs and can afford to buy commodities including food. In foreign aid relations, poverty-reducing economic growth is not necessarily realised in a country even if both aid-providing and receiving governments share the same notions of development, such as good governance.

While the above examples of Japan’s ODA for HRD are strongly linked to the expansion of Japanese private businesses in aid-receiving countries, there are also some examples of Japan’s ODA projects which put the priority on assisting business activities of those who live under constrained circumstances in a market economy. JICA calls this type of ODA project “social investment,” though which aid agencies provide assistance for management and expansion of market to potential local small- and medium sized enterprises in aid-receiving countries. JICA explains that this type of aid can provide additional value and support the development of the private sector in aid-receiving countries, thus resulting in reduction of poverty (JICA 2013: 6). The main theme in this social investment project is “the realisation of effective poverty reduction and sustainable society and economy through the market mechanism” (JICA 2013: 13). In the case of Cambodia, for example, JICA has recently completed a preparation study for an ODA project for branding Cambodian wild honey, which is much in demand and currently produced by those who live in constrained circumstances in the country (JICA 2013: 28). Most of Cambodians who gather wild honey make their living by farming and fishing, and the above ODA project is expected to contribute to the increased amount of their additional income. This type of ODA activity shows that Japan’s ODA in the market mechanism is not always designed in principle to bring economic return to the Japanese economy.

2.5 Domestic politics and agricultural development in Japan

As described before in this chapter, Japan has pragmatically used its ODA in the context of the global market while it has followed the dominant ideologies of the Western aid framework. As will be reviewed in the next chapter, the notion of good governance has also been the core of the Western aid framework and shared by the Japanese government in its use of ODA. By sharing this notion, the government also promotes the idea that economic growth

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33 Cambodia: a preparation study on social investment project for acceleration of BPO business
and poverty reduction are linked to each other. Yet, Japan’s own experience shows that the relationship between these two dynamics is not that simple. In relation to the application of Japan’s own experience to aid-receiving countries, it is useful to briefly review Japan’s agricultural policy during its period of pre war and post war industrialization. The transformation from an agriculture-based economy to an industrialized economy in Japan started after the Meiji Restoration in 1868. In this transformation, there were several crucial events such as the enforcement of The Land Tax Reform in 1873, the Matsukata Deflation in 1882, the Rice Riots in 1918, the rise of tenancy disputes and the Great Depression in 1929, which impoverished the farming population by creating inequalities in the relationship between farmers and landlords. For example, Japanese farmers in the pre-war period experienced a serious impoverishment due to a new fixed land cash tax. Many small-scale farmers “were often unable to pay the tax in years of bad harvest or low rice prices” and were “compelled to borrow money from wealthier farmers or landlords, and many of them lost their land through foreclosure” (Hayami, 1988: 25). There were also other contributing factors to their economic and social circumstances including the opening of Japan’s market to Western advanced capitalist economies and expansion of capitalist system in the country (Takamura, 1980 as cited in Kage, 2007: 56). By 1945, these conditions contributed to the situation that “70 percent of farm families were either outright tenants, or rented smaller portions of land to supplement their own holdings” (Hanneman, 2001: 93).

Soon after the Second World War, land reform was implemented by the Japanese government under the direction of the occupying Supreme Commander of the Allied Powers (SCAP), dominated by the United States, with an urgent focus on increasing agricultural production given the food scarcity due to wartime economic breakdown. This land reform strengthened the rights of landless farmers against landlords in terms of rents and land prices (Honma and Hayami, 2007: 6-7). During the same period, SCAP dismantled the zaibatsu, the ‘huge financial combines whose grip on the economy and links with government were believed to have fuelled Japanese military aggression’ (Hanneman, 2001: 93). SCAP intended to reform Japan into “a stable, but militarily weak agrarian nation” (Hanneman 2001: 94). For these purposes, and also to transform Japan into a democracy via economic reform, SCAP facilitated unionization of labourers and the passing of the Labour Standards Act in 1947 by the Diet in Japan, which affected “some 40 per cent of the industrial work force, organized in 35,000 separate unions” (Hanneman 2001: 94). However, these occupation plans of SCAP dramatically changed during the Cold War era. In the face of the
rise of the Chinese Communist Party, SCAP, together with the Japanese government, “began to shift toward building Japan into a strong Asian ally against the spread of communism” (Hanneman 2001: 94). This change of situation allowed the conservative Yoshida administration to implement oppressive domestic policies against union movements and banned strikes with support from SCAP.

While the union movements were banned in the industry sector, the government found advantages in using farmers’ organizations in the agricultural sector in order to maintain domestic political stability and the bureaucratic guidance system. This institutionalization of farmers’ organizations was implemented due to the significant number of small-scale farmers in the country. This specific type of farmers’ organisation under the bureaucratically-oriented system in Japan came into its own by “the inter-war or war-time period, when the other organs of the developmental state were being established” (Francks 2000: 47). During the Second World War, for example, the supply of fertilizer and other agricultural inputs was rationed through the Nogyo Kyodo Kamiai (NOKYO) – Japan’s association of agricultural cooperatives, which was established during the US occupation (Hayami 1988: 120). In the agricultural sector, largely pre-existing forms of village-based farmers’ organizations “could be organized into hierarchical structure parallelizing local government which could ‘face both ways’, mobilising and supporting farmers, but also acting as the government’s agent in its intervention in agricultural markets” (Francks 2000: 47). Francks (2000: 47-48) further explains that:

This form of state interaction with the agricultural sector could be argued to provide the key to the coexistence of agricultural growth and exploitation in the early stages of industrialization – co-operatives and agricultural associations provided credit, technical advice, access to fertilizer and other kinds of input to even the smallest farm households, but they also ensured that all households were effectively taxed.

In this political economic setting, farmers also enjoyed receiving economic support from the government such as high price support of rice by the government channelled through NOKYO (Hayami 1988: 120).

In the 1950s, the reestablishment of economic infrastructure started with full-scale reindustrialisation in Japan. This was assisted by the US demand for war materiel such as steel, copper, and other heavy industries (Hanneman 2001: 95-96). This growth of the

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34 This Food Control Law was abolished in 1994. Since then, rice prices have been basically decided in the market mechanism.
industrial sector coupled with increasing imports of food and feed resulted in “the rapid shift in comparative advantage from agriculture to industry” and drove farmers to “organized political lobbying for protection” aiming to “shift a part of the agricultural adjustment cost to non-farm population” (Hayami, 1988: 12-15). Consumers’ resistance to agricultural protection reduced as their income rose in the process of economic development and the effect of rising food prices on the cost of their living diminished (Hayami 1988: 15-16). The development of manufacturing and processing services in agriculture also justified the increasing prices of food in Japan. Development of manufacturing and processing services in agriculture also justified the increasing prices of food in Japan. From the policy making perspective, one of the important reasons for implementing agricultural protection was to maintain political stability within the country, ‘on which industrialization had been based’ (Francks, 2000: 47). In relation to the political motivations for concern about agriculture in Japan, it is also worth noting the relationship between the scale of protection from the government to farm households, and the number of votes the government could receive in support of politicians from those who received protection (Hayami, 1988: 129-130). The historical backgrounds of Japan’s post war industrialization illustrate how the relationship between farmers and the government has been unique in the country.

Even though a large number of young people in farm households moved to urban areas during the post war industrialization, highly mechanized agricultural methods, realized due to Japan’s concurrent and rapid industrialization, enabled farm households to sustain their agricultural activities with a smaller number of family members. It is also worth noting that family members of small-scale farm households in rural areas started to have enough access to employment in the manufacture industry. In such a situation, small-scale farm households increased their income without suffering from significant income disparities with workers in urban areas during the industrialization process. In its process of industrialisation, Japan’s self-sufficiency of food gradually declined, and a large part of domestic food consumption in Japan (39 percent in calorie base, 2010)\(^{35}\) comes from imports. In terms of the country’s staple food, rice, however, Japan has maintained sufficient domestic production (98 percent in the self-sufficiency rate in calorie base, 2010)\(^{36}\). The achievement in self-sufficiency in rice production was strongly related to the country’s political economy.

\(^{35}\) Source: The Ministry of Agriculture, Forestry and Fisheries of Japan, 2011

\(^{36}\) Ibid.
The element of “a bureaucratic developmental state” has remained in Japan’s agricultural sector (Francks, 1998: 1), and the alliance between the private sector and the government constituted a key element in agricultural adjustment during the country’s industrialization period. However, as mentioned before, farmers also had political and economic linkage with politicians. Politicians and the agricultural sector have become strongly linked in Japan, and these associations have been supported by an electoral system that has privileged the votes of rural constituents over urban constituents. In fact, as of 2012, more than 90 percent of farmers who received individual income support allowance from the government still deposit this allowance into their accounts in the JA (Japan Agricultural co-operatives) Bank. The JA is a well-known lobbying organization for LDP. This situation implies that the strong political and economic linkage between the agricultural sector and the government has partially contributed to the maintained power of LDP. Moreover, the political economic environment of Japanese agriculture is strongly related to “the political clout of the ‘iron triangle’ consisting of NKYO, JMAFF [Ministry of Agriculture, Forestry and Fisheries] and ruling LDP”, which “stands ready to fight against any move towards liberalization” (Hayami 1988: 125-127). As mentioned before, NOKYO functions as a political tool for the government to intervene into agricultural markets. At the same time, by referring to the works of several scholars, Hayami (1988: 126) concludes that “the NOKYO organization as a whole is today a major seeker of ‘institutional rent’ arising from government regulation and control”.

Leheny and Warren (2010: 26) argue that the adaptation of the developmental state logic in Japan’s ODA does not sufficiently explain how Japan understands its own extraordinarily complex growth experience. By the developmental state logic model, Leheny and Warren specifically refers to the definition and understanding pioneered by Johnson (1982: 273) who explains that the Japanese economic system rests on very general laws and “actual details are left to the interpretation of bureaucrats so that the effects can be narrowly targeted”. Johnson (1982: 273) further explains that “large areas of economic activity are carried by neither general laws nor detailed cabinet or ministerial orders, but are left to administrative guidance…Administrative guidance is a perfectly logical extension of the capitalist developmental state, with its emphasis on effectiveness rather than legality”.

From a similar perspective as Leheny and Warren, Hirata (2002: 166) also argues that the developmental state model “overstresses bureaucratic autonomy and neglects” the role of non

37 The Asahi Shimbun Digital (http://www.asahi.com) (Last accessed 22 September 2012)
governmental organisations (NGOs) in aid policy making. Furthermore, there are different influential groups in Japan’s ODA policy making within the bureaucracy as well as outside the bureaucracy system such as the private sector. While the Ministry of Foreign Affairs (MOFA) takes an important role in ODA policy making, there are also other influential ministries in the decision-making process especially in the cases of Japan’s ODA to Vietnam and Cambodia (Hirata, 1998). Those ministries are the Ministry of Finance, the Ministry of International Trade and Industry (now called the Ministry of Economy, Trade and Industry) (Hirata, 1998: 312). It is also interesting to note that there are conflicts between those ministries. For example, the MOFA uses political pressure from the United States in the international aid community “as a bargaining instrument in its battle with the Ministry of Finance over budgets for its ODA programme” (Takamine, 2006: 11).

In addition to these points illustrated in the literature of Japan’s ODA, Takamine (2002: 198) points out that the electoral reform of the powerful Lower House of the Diet in 1994 enhanced competition between candidates from different political parties and led parliamentarians from the leading political party, the Liberal Democratic Party (LDP), to ‘become involved in foreign and and foreign aid policies associated with major public debates’ to win elections. In this process, there was a power shift in the decision-making of ODA from bureaucrats in the Ministry of Foreign Affairs to the LDP. In addition, the LDP, with the strong support of the most powerful business leaders, actively privatized state-owned enterprises under the control of central ministries and extended economic deregulation during the 1980s and 1990s (Takamine, 2002: 202). However, this does not mean that the element of bureaucratically managed decision-making system, specifically in ODA policy through the Ministry of Foreign Affairs (MOFA), disappeared in Japan. Rather, this element was somewhat enhanced when ‘LDP parliamentarians who became ministers or vice-ministers of MOFA inevitably learned about the policymaking operations of the ministry, and developed personal connections with MOFA officials’ (Takamine, 2002: 200). These arguments show that there are different types of influential groups within as well as outside the bureaucracy in Japan’s ODA policy making. This shared understanding in the research literature is incorporated into this study to examine the case of Japan’s ODA decision making regarding Cambodia’s agricultural sector. Japan’s experience of political economy in agriculture is different from the development model of good governance. It is appropriate for this study to detail an understanding of this difference, which can provide a basis to examine the policy
making and implementation of Japan’s agricultural aid in Cambodia as Japan’s ODA shares the notion of good governance.

2.6 JICA topical study on agricultural and rural development

As mentioned above, there is a gap between Japan’s own historical experience of political economy in agriculture and the good governance model which the Japanese government promotes in aid-receiving countries. While this gap exists, JICA has articulated an understanding of the role of ODA in agricultural development in aid-receiving countries. JICA published a topical report of agricultural and rural development in 2005. The report describes the key important issues for agricultural development as follows:

1) Development of small-scale irrigation systems (construction of irrigation systems and development of water user associations);
2) Capacity building for agricultural extension workers (e.g. improvement of cultivation techniques, enhancement of variety of crops and vegetables and agro-forestry);
3) Empowerment of community-based activities for farming (e.g. organisation of shipping and distribution cooperatives and rice banks);

In terms of capacity building of agricultural extension workers, JICA insists that its projects should be focused on “improvement of existing techniques to the extent that farmers can handle them and generate income by increasing their productivity” (JICA 2005: 183). It is expected that this approach will facilitate ownership of the projects by local farmers. In terms of community-based activities for farming, the focus is on the improvement of farmers’ associations and improved access to markets. JICA places importance on the role of the government’s support to community-based activities. This support includes the provision of official registration of farmers’ associations so those associations can have better access to and stronger voice in markets than individual farmers. These aid activities require technical cooperation specifically training for agricultural extension workers. Even though the share of technical cooperation of Japan’s ODA in the agricultural sector is smaller than the shares of
grant aid and ODA loans\textsuperscript{38}, the projects related to capacity building for extension workers and farmers’ associations require in practice a long-term commitment by the people involved.

In its approach to agricultural development in aid-receiving countries, JICA emphasises that Japan’s ODA runs counter to the international trend led by the World Bank and the International Monetary Fund (IMF). Some agriculture-based countries, specifically those in South Africa, have experienced drastically worsening profitability in agricultural production. This is a result of the falling domestic prices of agricultural products attributable to the opening of those markets under the “conditionality” relating to the Structural Adjustment Policies of the World Bank and IMF (JICA 2005: 1). Conditionality is the concept that points to the attachment of policy conditions to development loans, debt relief, and grant aid by the international financial institutions. Conditionality often requires aid-receiving countries to implement economic policy reforms such as trade liberalisation and the privatisation of public services as a necessary condition of receiving international aid.

This conditionality has allowed high-income countries to export subsidised grains to agriculture-based economies and has led to the accelerated reduction of international prices. In response, agriculture-based economies have needed to implement economic policy reforms which have shifted the focus of agriculture from self-sufficient agriculture to commercial agriculture in an effort to cope with the impact of the international market. Negative impacts of this economic reform have become apparent, such as the increase in the number of small-scale farmers in impoverished conditions losing their farm land to become tenant farmers or farm labourers working under large farm owners (JICA 2005: 3). This perspective shows that JICA denies the top-down approach, where exposure of agricultural sectors in aid-receiving countries to the global market is assumed to help small-scale farmers in those countries improve their living conditions.

This denial of the top-down approach, however, does not mean that JICA negates the role of privatisation and commercialisation of agriculture in a market economy. JICA promotes three main objectives in its support for aid-receiving countries: sustainable agricultural production, a stable food supply, and the promotion of rural development (JICA 2005: xii-xiii). These three objectives are however addressed within a framework of a market economy.

\textsuperscript{38} The breakdown of Japan’s ODA in 2010 by sector shows that the share of the agricultural sector is 2.6 percent in ODA loans, 9.7 percent in grant aid, and 2.0 percent in technical cooperation (JICA Annual Report 2011 and Japan’s ODA White Paper 2012).
In this framework, it is understood that privatisation and commercialisation of agriculture in a market economy helps aid-receiving countries meet the three objectives. The priority of Japan’s ODA to the agricultural sector is to realise self-sustainability of main crops such as rice and wheat in aid-receiving countries. This is the point JICA emphasizes as a difference between major Western (European and North American) ODA approach and Japan’s ODA approach to the agricultural sector. In the US aid approach to the agricultural sector, for example, it uses subsidies to export its surplus agricultural produce to aid-receiving countries, and aid-receiving countries are regarded as the market of the United States (JICA 2005, 87-88).

Instead of increasing the amount of available food in aid-receiving countries through increasing imports, Japan’s ODA assists the establishment of a comprehensive system involving policy-makers and small-scale farmers to realise self reliance in food production in those countries. In Japan’s ODA approach, the timing and scale of commercialisation of agricultural products, including food processing and trade, should be decided at the policy-making level in accordance with the progress in agricultural productivity in a given aid-receiving country. This is based on the idea that the rapid development of a market economy system in those countries tends to cause a collapse of the state funded system for agriculture. JICA states that Western ODA donors commercialise the agricultural sector in aid-receiving countries to support the agricultural sector in their own countries.

Even though JICA points out the negative impact of specific types of agricultural aid provided by major Western aid-providing governments to farmers in aid-receiving countries, JICA also states that it is necessary for aid-receiving countries to “make efforts to improve the export system and strengthen export competitiveness” if they intend to “acquire foreign currency and stimulate economic growth through export promotion” (JICA 2005: 15). It continues,

In developing countries where the primary industry plays a dominant role, promoting exports of agricultural products is an effective means of spurring economic growth and gaining precious foreign currency. Generally speaking, however, agricultural products of developing countries lack competitiveness in price and quality. Since donors like the United States and European countries have been pushing their own exports to developing countries with massive export subsidies, cooperation in export-promotion efforts of developing countries has never been a major theme of aid. But as globalization progresses in the world today and the free trade system is promoted under the World Trade Organization (WTO), developing countries face the need to
work out their own export-promotion policies in line with their agricultural development strategies. (JICA 2005: 34)

Based on this understanding, the Japanese government and JICA decide to use ODA resource for the above purpose when they think appropriate.

On the other hand, it needs to be noted that JICA acknowledges the possibility that Japan’s ODA activities for poverty reduction in the sector can be limited if there is a need to protect economic benefit of Japanese farmers from competition in the global market.

When formulating and carrying out cooperation projects in the agricultural sector, it is important to identify appropriate areas of need from the point of view of the recipient country while considering their impact on our domestic industry. Japan may offer, for instance, assistance to improve the recipient country’s general administrative services, which does not have direct impacts on Japan’s own agriculture instead of cooperation in those area that may cause difficulties (depending on the type of product and technology). (JICA, 2005: xvi)

This statement describes that the protection of the Japanese farmers, and the Japanese economy in a broader sense, is the first priority in its use of ODA in the agricultural sector in aid-receiving countries. This implies that Japan will not assist agricultural activities in aid-receiving countries if it has a potential to increase the rival of Japanese farmers in the Japanese domestic market through imports even if that assistance may contribute to the increased income of farmers who live in a constrained circumstance. Therefore, even if Japan’s ODA contributes to the improved economic conditions of farmers in aid-receiving countries, that aid is not effective from the perspective of the Japanese government and JICA if it increases rivals of the Japanese farmers.

2.7 Japan’s ODA to Cambodian economy and agriculture

In relation to the characteristics of Japan’s ODA described in this chapter, this section briefly introduces the relationship between Japan’s ODA and Cambodia’s economy as well as agricultural sector. More details of this relationship will be provided in the following chapters. First, it is worth noting that the Japanese government as well as JICA promote the notion of good governance as a core element of assisting Cambodia’s development. As will be mentioned in the next chapter, the notion of good governance is currently a principal concern within the Western aid framework. In the 1992 report of the World Bank named “Governance
and Development”, for example, good governance is defined as “the manner in which power is exercised in the management of a country’s economic and social resources for development” (cited in IFAD\textsuperscript{39} 1999: 1). The notion of good governance is also put at the centre of Cambodia’s national development plan. While Japan’s ODA adopted the notion of good governance by following major Western aid providers, it has established a comprehensive understanding of good governance in Japan’s ODA policy. In JICA’s report entitled \textit{Participatory Development and Good Governance Report of the Asia Study Committee}\textsuperscript{40}, good governance is described as follows:

The meaning of “good” in good governance is two-fold: the values of respect for the will of the people and promotion of the people’s capabilities that signify the good of achieving self-reliant and sustainable development and social justice; and the functional aspect of effective, efficient government’s working to achieve these goals. (JICA Research Institute, 1995)

Based on this understanding, JICA divides the concept of good governance into “the ideal orientation of the state” and “the ideal functioning of government” in pursuing the above-stated goals. Constituent elements of these two parts of good governance are also defined by JICA (see Box 2.1).

\textsuperscript{39} International Fund for Agricultural Development (IFAD), \textit{Good Governance: An Overview}

\textsuperscript{40} http://jica-ri.jica.go.jp/IFIC_and_JBICI-Studies/english/publications/reports/study/topical/part/part_5.html

(Last accessed 27 November 2013)
**Box 2.1**

**Good governance in Japan’s ODA**

Conceptual elements of a state aspiring toward greater democracy

- **Legitimacy:** Is the people’s will is reflected in the process of the exercise of power by the state? In other words, is democracy respected? Is the government elected and does it have the confidence of the people? Does the rule of law duly control sovereignty and power? Are procedures for dissenting or lodging objectives established and functioning?
- **Accountability:** Has arbitrary use of state power been rendered impossible? Is there disclosure of information about the exercise of power? Are powers and duties of officials clearly spelled out?
- **Securing human rights:** Are the people’s basic human rights respected? Are the rights of women and minorities respected? Are efforts being made to promote people’s well-being?
- **Local autonomy and devolution:** Are local autonomy and devolution of power institutionally respected?
- **Civilian control over excessive military expenditures:** Is civilian control over the military sector working effectively toward the goals of appropriate arms management and disarmament? In other words, are military expenditures kept in reasonable proportion with the development budget?

Ideal government function as a basis for participatory development

- **Legislation and institutions:** the state’s basic laws and institutions securing social, economic, and political freedom
- **Administrative competence and transparency:** ability and efficiency of planning and implementation, streamlining of organisation, establishment of administrative discipline and models, disclosure of information
- **Decentralisation:** regional decentralisation and deconcentration within ministries
- **Creation of a proper market environment:** improvement of market mechanisms, promotion of small businesses and other segments of the private sector, deregulation, government’s macroeconomic control ability, etc.

In comparison to JICA’s understanding of good governance, the World Bank clearly separates the economic dimension from the political dimension in its analysis of the concept of good governance. In other words, the World Bank is exclusively concerned the expected contribution of the concept of good governance to social, economic development and poverty reduction (IFAD 1999: 1-2). Based on this expectation, the bank describes the essence of good governance as being “predictable, open and enlightened policy, together with a bureaucracy imbued with a professional ethos and an executive arm of government accountable for its actions” (IFAD 1999: 1). This comparison of the understandings of good governance between JICA and the World Bank highlights that, for the World Bank, all elements of good governance are expected to contribute to making an economic environment predictable in aid-receiving countries, while JICA does not explicitly put weight on the economic dimension of good governance. In relation to this difference, it is interesting to refer to the role of good governance described in Cambodia’s national development plan. In its description of the concept of good governance, the Cambodian government mentions:

Political stability, internal security, adherence to rule of law, transparency, predictability and accountability of public institutions are vital for orderly economic and social progress and to ensure that public gains are not eroded by disruptive elements. (National Strategic Development Plan Update 2009-2013, 2009: 12)

In this description of the concept, the difference in the understandings of the main contribution of good governance between JICA and the World Bank is not apparent. Given the conceptual aspect of good governance, it is difficult to examine whether aid projects implemented by aid agencies are coherent with their understandings of good governance. It is also difficult to examine the actual impact of good governance ideologies employed by aid providers on aid-receiving countries. However, the understanding of good governance influences the mode of thinking of each aid agency. The Japanese government emphasises its non-Western aspect as an ODA provider in a positive sense. Given the unique historical background of Japan’s ODA, as described earlier in this chapter, this study seeks to gain empirical data for detailed information of how the uniqueness of Japan’s ODA is reflected in the actual implementation of aid in the context of Cambodia’s agricultural sector.

The Cambodian government (2013)\textsuperscript{41} notes that the poverty rate fell from 22.89 percent in 2009 to 21.1 percent in 2010 and 19.8 percent in 2011. Japan has provided Cambodia more grant aid (54.4 percent in 2010) than technical cooperation (35.2 percent in 2010) and ODA

\textsuperscript{41} The Cambodian Ministry of Planning (MoP) Poverty in Cambodia – A New Approach: Redefining the Poverty Line
loans (10.4 percent in 2010). In the use of grant aid, Japan supports Cambodia’s development activities in the fields of health, education and food relief as well as by providing infrastructure such as roads, bridges and water supply. In regard to technical cooperation, Japan has focused on good governance, improving social infrastructure such as the legal and education systems, and agriculture and health by both institutional and human resource development. In terms of ODA loans, Japan recently implemented the following infrastructure improvement projects: the “Sihanoukville Port Urgent Rehabilitation Project” in 1999, the “Sihanoukville Port Expansion Project” and “Greater Mekong Telecommunication Backbone Network Project” in 2004, and the “Sihanoukville Port Special Economic Zone Development Project” in 2005. Japan’s ODA loans support these projects in order to establish export industries through the development of the private sector and the promotion of private investment, Japanese private investments in particular, in Cambodia. All of these ODA activities in Cambodia show that Japan has simultaneously supported Cambodia’s poverty reduction and export-oriented growth by assisting the development of economic infrastructure and the improvement of public policies.

The Japanese government has strategically provided ODA to Cambodia since it is one of the Mekong region countries which Japan regards as an important business partner (MOFA 2009). It is for this reason that Japan promotes an “international framework for regional development cooperation” in the Mekong region and insists that there is consistency between Japan’s policy on Mekong region development and support for economic and social development in Cambodia. While the Japanese government supports the infrastructural and institutional development of Cambodia’s export industries, it recognises Cambodia’s agricultural sector as an important means to reduce poverty in the country.

In terms of Cambodia’s agricultural policy, the Cambodian government launched a rice export policy called the Rice Policy in 2012 aiming at exporting one million tons of milled rice by 2015. Under the criterion of good governance, which is understood to be the key for Cambodia’s development by Japan, there is no major contradiction between the Rice Policy and Japan’s ODA policy. The Cambodian government explains that Cambodia’s small-scale farmers will increase their income by participating in the country’s export-led growth and that they will also contribute to that growth. This expectation would be plausible from the

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42 Japan’s ODA White Paper 2011
World Bank’s perspective on good governance. The World Bank’s definition of good governance is reflected in its understanding of the role of state in agricultural development. The bank (2008: 8) explains that “The state – through enhanced capacity and new forms of governance – corrects market failures, regulates competition, and engages strategically in public-private partnership to promote competitiveness in the agribusiness sector and support the greater inclusion of smallholders and rural workers”.

In the case of Japan, the country experienced concurrent development of industry and agricultural sectors after the end of the Second World War partly due to high agricultural protection exercised by the government in both domestic and international market, which was often criticised by other advanced capitalist countries. This high agricultural protection would not be an ideal condition from the World Bank’s preference for economic predictability given its understanding of good governance. This contrast between the good governance viewpoint and Japan’s agricultural protectionist policy is partly reflected in the JICA’s critique of the aid approach to the agricultural sector of major Western aid-providing governments. In this sense, the Japanese government has also been under pressure from other countries, especially the United States, through the promotion of the notion of good governance and the need to open its agriculture to the global market.

In relation to the World Bank’s understanding of the role of agricultural development for industrialisation, Hayami (1988) provides a useful theoretical proposition to examine the World Bank’s assumption in the case of aid-receiving countries:

The industrial growth rate tends to be higher for countries that begin systematic technology borrowing in later years, because the gap between the frontier technology in advanced industrial countries and the technology used in developing countries has become larger in more recent years. The rapid growth in agricultural protection in Japan during the 1960s and in Korea (and Taiwan) during the 1970s seems to reflect a general tendency that the loss of comparative advantage in agriculture is especially rapid and, therefore, the potential cost of interindustrial adjustment to be shouldered by farm producers becomes very large at the NICs [Newly Industrialized Countries] stage of economic development based on industrial technology borrowing. (Hayami, 1988: 12)

This theoretical proposition explains how the role of agricultural development in newly industrialised countries would be different from what the World Bank assumes it to be. In relation to Japan’s own experience of agricultural policy during industrialisation, it is important to note that the Japanese government implemented the protectionist policy on

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specific agricultural products like rice to support small-scale farm households’ income as the industrialisation process proceeded (Hayami, 1988; Francks 2000). In the case of Cambodia, local farmers are exposed to international demand of food more directly than farmers in Japan. It also needs to be considered that while Japan promotes specific models of agricultural development in Cambodia, there are some significant differences between Japan’s own experience of agricultural adjustment in the industrialisation and the role of the agricultural sector expected by the central government in Cambodia’s current industrialisation process.

2.8 Conclusion

This chapter reviewed how Japan’s ODA has adheres to the dominant ideologies of the Western aid framework given political and economic pressure from other ODA providers, especially the United States. The research literature also shows that the Japan’s ODA has been pragmatically implemented and that the Japanese government has emphasised the non-Western aspect of its ODA in a positive sense. In Cambodia, Japan’s ODA has been implemented by reference to the model of good governance, which is at the core of the Western aid framework. In this chapter, the historical background of Japan’s industrialisation and agricultural adjustment was reviewed. This background is worth consideration for examining how Japan’s own experience of industrialisation and agricultural development is reflected in its aid policy making and implementation in Cambodia. In its comprehensive study on aid approach to the agricultural sector, JICA criticises specific types of Western aid implementations, while the same study also shows that the core objectives of Japan’s aid programmes in general are related to concerns over market structure that do not deviate greatly from the philosophy of Western market models. Nevertheless, the research literature shows that Japan’s ODA is generally pragmatic, as compared to major Western aid providers who tend to be more ideological than pragmatic. In the agricultural sector, JICA basically employs the Western market models in its aid approach to the agricultural sector. In the literature of Japan’s ODA, however, the information and findings about the relationship between Japan’s domestic issues in agriculture and ODA policy in agriculture is still limited and does not allow the examination of the pragmatic aspects of Japan’s ODA in agriculture. There are a number of official reports on the progress of Japan’s ODA in the agricultural sector, but actual assessment of what kinds of factors influence the decision making and actual implementation of aid projects is difficult without empirical data.
Chapter Three: Literature review on foreign aid and agricultural development

This chapter details the specific economic perspectives and political conceptions which inform the fundamental reasons why major foreign aid providers, including Japan, provide aid in specific ways to supplement their political and economic interests. This chapter provides insights into how some scholars critically examine the use of foreign aid in relation to the actual impact of such aid on aid-receiving countries. Critical examinations of the use of foreign aid in the agricultural sector are also highlighted. Studies which dominate a more comprehensive understanding of development, including that of individuals’ concepts of values in different political, economic, and social environments, are also reviewed. These studies provide a different perspective in comparison to the use of foreign aid by major aid providers. After reviewing these works the various insights they provide will be applied to the construction of a theoretical framework which will be used to investigate the use and function of Japan’s ODA in Cambodia’s agricultural sector specifically.

3.1 Aid effectiveness associated with neoliberal ideology

Theories of development, which have influenced the foreign aid policy of major aid providers, can be broadly grouped in three categories: neoliberalism, developmentalism, and postmodernism. Research in development economics rapidly expanded after the Second World War and theories coming from this research provided low-income countries economic models that they could utilise to catch up with industrialised countries. The role of government intervention in economic development and examples of state-driven development were described in those theories. By referring to an understanding of the sociological theory of modernisation, Peet and Hartwick (2009: 131) also explain that there was a commonly supported sociological theory by scholars in the United States during the post Second World War period and the era of Cold War that “progress means replicating the experience of the West”. These sociological and economic theories were used by core

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45 By referring to the academic works of specific scholars such as Escobar, Sachs, and Rist, some scholars use the term post-development linked to the perspective of poststructurism rather than postmodernism (see Müller 2006, Rapley 2004, for example).
Western capitalist countries, specifically the United States, to justify and explain the role of foreign aid for economic development in other countries. The overriding objective of the provision of such aid was to keep other countries politically aligned with the West (Noguchi 2005: 2).

On the other hand, post-modernists have argued that Truman’s Point Four Programme in 1949 was the origin of the developmentalism programme of “creating copies of Western European modernity in the Third World” with the aid of capital and technology under US hegemony (Sachs 1992, Escobar 1995, cited in Noguchi 2005: 3-4). The Point Four Programme was a technical assistance programme in which the term development was used for the first time in a way in which core capitalist countries were described as advanced industrial economies in contrast with other countries. With the end of the Cold War, the core capitalist countries lost the strategic motivation to provide development aid to counter the threat of communist and socialist ideology promoted by the Soviet Union. Instead, these core capitalist countries accelerated financial liberalisation in aid-receiving countries in order to structure economic conditions in a way that was favourable to speculative short-term capital movement (Noguchi 2005: 2). According to Peet (1999: 54), the use of this type of aid policy was already considered by the World Bank in the early 1980s. In this way, the neoliberal ideology was employed by advanced capitalist countries to access and utilise resources in different countries in the global market. After the end of the Cold War, the neoliberal perspective became influential in the international aid network in the early 1990s as an alternative to developmentalism. From a Marxist perspective, Harvey (2005: 65) provides a useful explanation of the basic idea of neoliberal policy:

Privatisation and deregulation combined with competition, it is claimed, eliminate bureaucratic red tape, increase efficiency and productivity, improve quality, and reduce costs, both directly to the consumer through cheaper commodities and services and indirectly through reduction of the tax burden.

This idea has been employed by major foreign aid agencies and could be characterised as neoliberal aid policy. The neoliberal policy places importance on the integration of isolated markets through financial and trade liberalisation and the introduction of common systems related to the efficient distribution of limited resources (Sato 2004: 69).

The ideology of neoliberalism provides an alternative policy option to developmentalism which is based on “the initiative role of the state’s industrial policy including the bureaucratic system which plans and carries out policy in the process of economic development” (Noguchi
Post-modernism however emerged as a direct critique of the creation of developmental states in the Third World through foreign aid dispersal and also took issue with the US hegemony underpinned by neoliberalism. In terms of the difference in political standpoint between neoliberalism and post-modernism, the former intends to remove the border between markets in different countries protected by state-led development policy in foreign aid-receiving countries. Governments of developmental states needed to adjust their economic policies to favour open markets in favour of foreign investors. From the post-modern viewpoint, the idea of integrating markets in different countries and regions into one international market ultimately supplements the power of the United States and its large multinational corporations. The integration of different economies into common systems in an international market would cause new problems relating to, for example, differences in historical and cultural backgrounds and socioeconomic structure in weaker economies. One of the major problems of such integration from the post-modern perspective is that the existing unequal political, economic and social power relations among individuals in different countries could be consolidated or exacerbated when exposed to larger scale market forces and ultimately reinforces US hegemony.

While the ideologies of developmentalism, neoliberalism, and post-modernism have different understandings of development in domestic and international markets, there seem to be some commonalities among them. One of them is that specific groups of people tend to remain powerful in the government and private sector even if the political ideology changes in a country. In this sense, an aid-providing country may implement aid projects based on post-modern perspective while it employs a neoliberal ideology in its own domestic politics. Or on the other hand an aid-providing country which has a deep-rooted political ideology of developmentalism may implement aid projects based on a neoliberal perspective as long as the provider gains benefits from the global market underpinned by the neoliberal ideology. In other words, there may not always be coherence between political ideologies of aid-providing and receiving countries as long as their external relations through foreign aid do not change the existing political economic power structure in each country respectively.

In today’s world, most countries must deal with the influence of the global market whichever political ideology they employ in their domestic and international policies. In this complicated situation, the concept of aid effectiveness tends to be framed in a way that privileges the neoliberal ideology dominant in global political thinking. In relation to this point, Bienefeld, Chetvernina and Lakunina (2004) provide a useful explanation of how a
country’s economic decision-making could be influenced by the assumption of economic returns from the global market. By referring to the case of Russia, they (2004: 120) argue that:

The recipe for economic change in Russia seemed very simple to the neoliberal reformists... It needed capital and new technology, which were abundantly available in the global economy, and a new sense of market-driven discipline to increase economic efficiency. The task was to bring all of these factors of production together to produce potentially spectacular rewards. This union would be a marriage made in heaven. But to unlock this golden future, the region’s resources, including its human resources, would have to become responsive to market forces. And the new national markets needed for this purpose required close integration with international market from the outset, if they were to attract foreign capital on a sufficient scale.

This relationship between market forces and economic reform in Russia suggests that market forces could even create a new sense of responsibility in individuals to participate in international market if the neoliberal ideology was employed by government. It also might be the case that the neoliberal ideology creates anxiety for governments and individuals that propel them to innovate and develop due to the fear that they would be left out of the potential of economic development gains available from the global market.

Bienefeld, Chetvernina and Lakunina do not refer to foreign aid. However, their explanation provides insights into why the role of foreign aid projects tends to be linked to the promotion of the market economy, private investment, and trade in regional and global markets. Foreign aid providers, including Japan, implement aid projects to improve the economic conditions of aid-receiving countries. Through the efficient utilisation of natural and human resources stimulated by market forces, aid providers argue that aid-receiving countries can gain economic returns by establishing export industry and attracting foreign investments. One important question needed to be addressed is that how foreign aid projects, including ones in the agricultural sector, can contribute to the reduction of economic disparity between countries if those projects are operated within the mechanism of market forces and competitions.

Despite numerous critiques of neoliberal ideologies from the post-modernist perspective (Noguchi 2005: 3), Bush (2007) notes that neoliberal policies have become very influential in the field of foreign aid and in the creation of new concepts of development by aid providers. Bush (2007: 4) critically asserts that foreign aid agencies tend to link new language such as “opportunity, empowerment and security (World Bank 2000)” with the global market. According to Bush, the focus of such a linkage is “the efficiency of markets, economic
liberalization and the importance of social and human capital, where education and the knowledge economy are intended to provide the umbrella under which the forces of globalisation operate”. This viewpoint provides insights into how governments and foreign aid providers would attempt to link development with productivity enhancement, income increase, and poverty reduction in a market economy. However, given the record of neoliberal influenced economic policies in general, and aid policies specifically, it is plausible that any effort by governments and aid agencies to provide people skill training in the rural and agricultural sector for “empowerment and security” within the framework of them engaging with global economic forces may not necessarily assist those people to achieve the development outcomes intended.

Neoliberal ideology has been used by foreign aid agencies to promote the idea of reducing economic disparity within the structure of the global market. The concept of good governance has also provided an umbrella to this framework of aid by arguing that democracy and free competition among individuals complement each other. In the case of Cambodia, for example, it is understood by both the government and foreign aid providers that good governance is the key to realise national development and that there are four necessary elements of such a development (Royal Government of Cambodia 2008: 10)\(^{46}\). Those elements are identified as follows:

1) Peace, political stability, security and social order;
2) Cambodia’s integration into the region and the world;
3) Partnership in development with all stakeholders, including the private sector, donor community and civil society; and
4) Favourable macro-economic and financial environment

While the third element mentions the partnership of all stakeholders interested in Cambodia’s development, the second element is about putting the country into regional and global markets in which most of the stakeholders actually compete with each other to increase benefit. In this sense, it appears that the concepts of “peace, political stability, security, and social order” referred to in the first element are shaped by the need to maintain the functioning of the global market, one underpinned by neoliberal ideology. It is still open to question whether all of the four elements above are compatible issues of priority and trade off.

\(^{46}\) The Rectangular Strategy for Growth, Employment, Equity and Efficiency Phase II
In the case of Japan’s ODA in Cambodia, the Japanese Ministry of Foreign Affairs (MOFA)\textsuperscript{47} explains to both Cambodian and Japanese domestic audiences how Japan’s ODA has contributed to Cambodia’s development in accordance with the above mentioned four elements of good governance:

Japanese Government has been providing development assistance for hard and soft infrastructure and promoting public and private partnership in Cambodia. This cooperation and the “Agreement between Japan and the Kingdom of Cambodia for the Liberalisation, Promotion and Protection of Investment” in effect since 2008 have assisted Cambodia to develop basic structure for investment leading to an increasing number of Japanese investors in recent years.

This claim demonstrates clearly that private investment is seen to be essential for Cambodia’s development and that promotion and protection of those investments by the Cambodian government is necessary. One of the main incentives for Japanese investors to expand their businesses in Cambodia is the cheap labour cost. The cost of labour in Cambodia is lower than other Asian countries except Bangladesh and Myanmar (Karikomi 2012:3)\textsuperscript{48}. The minimum wage is only US$45 per month for an unskilled labourer (Sotharith 2010: 37). The biggest source of FDI in Cambodia is China (US$8.8 billion 1994-2011) followed by South Korea (US$4.03 billion 1994-2011) (Karikomi 2012: 1). In comparison, the cumulative amount of Japanese FDI in Cambodia between 1994 and 2011 is only 5.9 percent (US$520 million) of the cumulative amount of Chinese FDI during the same period. Nonetheless, the number of Japanese private companies, which mainly target sewing products manufacturing and shoe manufacturing businesses in Cambodia, has been increasing (Karikomi 2012: 2).

As another example of such an understanding of the “effective use” of Japan’s ODA, an online information site maintained by MOFA and JICA for international cooperation expert recruitment emphasises the importance of the private sector and the international market to Japanese people who intend to work in the field of international development cooperation. The information site is called PARTNER. On a news letter issued on 19/06/2012, PARTNER stated that:

The demand for economic growth and sustainable social development and poverty reduction in developing countries has increased. In this situation, public-private partnership, the BOP (bottom of the pyramid) business, and the role of the private sector in international cooperation have become more important than ever. In addition, Japan has been facing a sluggish economic situation and structural challenges

\textsuperscript{47} Country Assistance Policy for Cambodia 2012

\textsuperscript{48} Mizuho Research Institute Ltd. Kasokusuru Nihonno Cambodia Toushi (Accelerating Japanese investment in Cambodia)
including the dwindling birth rate and aging population. On the other hand, economies in developing countries have maintained high growth showing their potential for a dramatic growth in the future. Given this situation, it is important for Japan to include those markets in the Japanese economy as an engine of its development.49

This example expresses the fundamental assumptions contained within the government’s understanding of aid effectiveness. What is emphasised in the statement above is that aid is “effective” only if it realises both socio-economic development in aid-receiving countries and economic development in Japan through participation in the global market. One issue however is that whether aid activities linked to the global market actually meet the expectations of those who live under constrained circumstances in aid-receiving countries.

3.2 Good governance and aid

At the same time as the neoliberal perspective became influential in foreign aid policy of major aid providers, the criterion of ‘good governance’ was created by those providers and International Financial Institutions (IFIs), the World Bank in particular, as a general guideline to allocate aid to other countries. Doornbos (2001: 93-94) explains that the word governance only had a dictionary existence in respect of “the governance of an estate or a philanthropic foundation” before the good governance discourse was used in the international aid network around 1989-1990. More specifically, while the academic discourse was oriented towards better understanding of “the institutional linkages between state and society in different contexts”, “the donor-directed and policy-oriented discourse on governance has rather been focused on state-market relations” (Doornbos 2001: 96). He further describes how aid providers strategically use the good governance discourse as follows:

But then, all at once, the notion of ‘good governance’ was there, now to refer to the way in which whole countries, or cities or provinces for that matter, were being ‘governed’, or to be governed. Contextually rather than intrinsically, it soon transpired that any references that were made through it is somehow pertained to states and other entities in the South, rather than in Europe or North America from where the concept was being (re-)launched. Moreover, with the adjective ‘good’ added to it, it became unmistakably clear that the concept of ‘good governance’ could be used to invite judgement about how the country, city or agency concerned was being ‘governed’: it enabled the raising of evaluative questions about proper procedures, transparency, the quality of process of decision-making, and other such matters [Doornbos 1995].

49 Source: [http://partner.jica.go.jp/](http://partner.jica.go.jp/) (Last accessed 08/02/2013)
This analysis of the notion of good governance provides a useful perspective to consider why the good governance criterion still have been demonstrated as the core of socio-economic development in aid-receiving countries by aid agencies who promote state-market mechanisms in those countries. In relation to this view point, Hewitt (2009: 30) explains that the origin of the strategic use of the notion of good governance goes back to the time when the British Empire started to use the term “good government” in the mid 1930s in order to control its colonies. In his comparative analysis of the creation and use of the notion of good governance by the British colonial authorities in the early twentieth century and the World Bank from the early 1990s onwards, Hewitt (2009: 40) explains how they intended to “depoliticise” the term as follows:

In seeking the grasp the link between market reform, political institution building and the successful development of capitalism, the World Bank, like the British, sought to invoke good governance as the missing link capable of establishing a virtuous circle, in which capitalism and democracy become mutually self-reinforcing within a global market. (Hewitt 2009: 40)

While this understanding shows a similarity in the strategic use of the concept between the British Emperor and the Bank, Hewitt (2009: 40) also acknowledges that compared with the former, IFIs such as the World Bank and IMF have more “hegemonic ability to direct private capital flows and to pitch its influence against states that can be disciplined not by gun boats but by capital flight”.

Given these analyses and the fact that the good governance criterion has been understood as the core of aid policy and implementation in the international aid network, it is important to review under what type of condition the good governance discourse emerged as a guideline for aid agencies. After the Second World War, Western colonial powers started to use their aid for political reasons. For example, Führer Helmut, Director of the Development Co-operation Directorate (DCD) of OECD from 1975 to 1993, explains the origin of ODA as follows:

The historical beginnings of official development assistance are the development activities of the colonial powers in their overseas territories, the institutions and programmes for economic co-operation created under United Nations auspices after the Second World War, the United States Point Four Programme and a large scale support for economic stability in the countries on the periphery of the Communist block of that era. (1994: 4)\(^\text{50}\)

For this type of aid, its main role was considered to fill the resource gap in those overseas territories such as the investment-saving gap, the foreign aid exchange gap, and the fiscal gap (Nissanke 2008: 22). In the early 1980s, there was a change in aid delivery structure towards policy-based programme aid with an understanding that “donors should actively influence the policy and conduct of recipient countries through ‘aid’ leverage” (Nissanke 2008: 23). This type of condition is known as the Structural Adjustment Programmes (SAPs) in which IFIs set political and economic requirements needing to be met by each aid-receiving government. In order to receive new loans from these institutions, aid-receiving governments needed to follow SAPs. However, this type of “one-size-fits-all” aid approaches to different countries were criticised by a number of academics (Fraser 2005: 317). By the mid-1990s, some problems relating to the provider-recipient relationship became evident. Those problems include the fact that “countries only implement what they are planning to undertake anyway, and domestic political-economy factors determine the extent of the implementation of conditions” (Dijkstra 2011: 5112-5113). Given this situation, the principle of aid allocation was shifted in the aid network from ex-ante conditionality to ex-post conditionality in which it was suggested that aid providers should pay more attention to “the attained level of policy, rather than promises of change” (Collier and Dollar 2004: F258 cited in Nissanke 2008: 25).

In relation to this shift in the principle of aid allocation, it is important to note that the criterion of good governance emerged in the international aid network during the same period of the shift. At the beginning, major aid providers referred to “the ‘good governance’ notion as a way of trying to induce changes in the institutional environment in recipient countries” (Doornbos 2001: 93). These facts explain that the construction of the ex-post conditionality aid framework was linked to the concept of good governance.

In relation to the performance-based ex-post conditionality, the Comprehensive Development Framework and Poverty Reduction Strategy Papers (PRSPs) were approved in 1999 by the World Bank and IMF to replace SAPs. The literature on foreign aid suggests the terms ‘ownership’ and ‘participation’ were promoted for the first time in the field of foreign aid when the World Bank and IMF started using PRSPs. Those terms were associated with new plans of development designed by aid recipient governments with participation of civil society and jointly accepted by those governments and aid-providing countries (Fraser 2005: 317). It was also during this period that “the debt sustainability analysis” was

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51 In the broadest definition of civil society, Bush (2007: 184) explains that it “refers to public space independent of the state where many different forms of associational life exist.”

Scholars have ultimately argued however that PRSPs have not changed fundamental power relations between aid-providing and receiving governments, between North and South, and entrenched power relations between citizens and states (Craig and Porter 2003: 54, Fraser 2005: 318, Whitfield 2005: 644). Craig and Porter (2003: 54) rather describe PRSPs as a “re-morphing of neoliberal approaches” supplemented by the good governance criterion.

In terms of the use of PRSPs in Asia in general, the Asian Financial Crisis in 1997 provided IFIs and foreign aid agencies a reason to justify the importance of the strategy paper. ADB provides an example of such a justification:

In its appendix of the same report, ADB adds that,

PRS urges ADB to promote in its operations four crosscutting concerns – environmental sustainability, gender equality, good governance, and private sector development (ADB 2004: 41-42)

Even though this report does not directly mention the PRSPs promoted by the World Bank and IMF, its concern for good governance and private sector development implies that the PRS identified by the ADB is also aligned with neoliberal ideology and thus with PRSPs. This particular example shows a linkage between the PRSPs and good governance and neoliberal ideology. Noguchi’s (2005) study provides background information of how this linkage was emphasised by aid agencies in Asia. In the 1980s, the rapid industrialisation in East Asian countries such as South Korea and Taiwan was regarded as the outcome of the policy of openness underpinned by neoliberal policy in general. However, it gradually became clear that those countries “had powerful governments that coordinated private corporation activities” (Noguchi 2005: 1). In this context, their miraculous economic growth was regarded as the outcome of developmentalism. In the face of the Asian Financial Crisis, however, IFIs and major aid providers regarded developmental state or developmentalism as an unsuccessful development model. Thus the crisis provided those aid providers an

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opportunity to emphasise the role of neoliberal policy and the good governance criterion in aid-receiving countries.

The concept of good governance is seen by major aid providers as a core feature of a promotion of efficient economic growth and improvement of people’s living conditions in aid-receiving countries. However, there has been criticism that aid providers, pursuing their own agendas, use the good governance model to control development patterns in aid-receiving countries. By and large, this criticism can be attributed to the question of whether it is ‘right’ or ‘proper’ to make aid conditional on good governance (Doornbos 2001: 94) since the concept of good governance varies according to context. Thus, the question as to whether foreign aid is helpful or not depends both on how aid providers understand the characteristics of governance in aid-receiving countries and which development activities they assist. From this point of view, it is interesting to note that the World Bank (2008) acknowledges the difficulties in applying the universal notion of governance to different countries:

Human beings, acting either alone or in groups small and large, are not as amendable as are pure numbers. And they cannot be put aside. In other words, in the real world, reforms will not succeed, and they will certainly not be sustained, without the correct alignment of citizens, stakeholders, and voice (cited in Ear, 2009: 1).

Even though the Bank acknowledges the significance of understanding different contexts in different places regarding governance, the driving force for reforms in the above understanding of governance under real world conditions is not explicit. In other words, the above understanding of the need for reforms can still be linked to the mechanism of the global market. In relation to this point, Peet and Hartwick (2009: 165) provide a useful understanding of neoimperialism as “‘Neo’ means new and different, and ‘imperialism’ has long meant geopolitical expansion of national power”. In this sense, Peet and Hartwick (2009: 165-166) continues:

Contemporary U.S. neoimperialism has the confidence to control others in the long term by setting the ideals that people strive for rather than controlling bodies through violent intimidation… Neoimperialism takes the form of the expansion of American ideals like freedom, democracy, equality of opportunity, and consumption. American neoimperialism means spreading certain consumption habits, lifestyle patterns, media orientations, electoral ambitions, and all the ‘good’ things that people everywhere have already shown that they urgently and deeply want.

This understanding of US neoimperialism provides an analytical perspective to see how the concepts of freedom, democracy, and equality of opportunity, which also consist of the notion of good governance in the aid community, are constructed in accordance with the
global economy when those concepts are linked to consumption. Aid agencies acknowledge difficulties in applying the universal notion of governance in aid-receiving countries and invest in making the good governance procedures within aid projects efficient. While a large amount of inputs have been put into aid implementation procedures by aid agencies by reference to the notions of good governance and aid effectiveness, this study focuses on the potential mismatches between aid programmes objectives that references such notions and concept and actual expectations of aid recipients in the context of local socio-economic limitations.

Major international institutions responsible for foreign aid such as United Nations Development Programme (UNDP) and Organisation for Economic Co-operation and Development (OECD) have explored the concept of good governance. The World Bank (2011)\(^{53}\) describes the concept of good governance applied by major aid institutions by identifying five factors: “Public sector management, competitive private sector, structure of government, civil society participation and voice, and political accountability”. Foreign aid agencies which adopt this concept appreciate the role of foreign direct investments as one of the important economic engines for national development of aid-receiving countries. In the case of Japan’s ODA in particular, the Ministry of Foreign Affairs of Japan (2007)\(^{54}\) frames good governance in Japan’s ODA policy by citing a 2006 statement by the at the time Foreign Minister Taro Aso:

There is ‘value oriented diplomacy’, which involves placing emphasis on the ‘universal values’ such as democracy, freedom, human rights, the rule of law, and the market economy as we advance our diplomatic endeavours.

This statement is an example of how the criterion of good governance shared among the major foreign aid providers is argued to be a common good which applies to everyone in the world. The concept of good governance promoted by major foreign aid agencies promotes both democracy and private investment as important elements of sustainable socio-economic development in aid-receiving countries. In relation to this point, Chua’s (2003) study provides a useful explanation why this combination of democracy and promotion of private investments is misleading. She states that:


\(^{54}\) http://www.mofa.go.jp/policy/oda/sector/governance/action.html (Last accessed 08/02/2013)
It is striking to note that at no point of history did any Western nation ever implemented laissez-faire capitalism and overnight universal suffrage at the same time – the precise formula of free market democracy currently being pressed on developing countries around the world. (Chua 2003: 14)

Chua does not directly mention foreign aid, but her analysis does illustrate how major aid providers have defined and promoted democracy in aid-receiving countries in the framework of the global market. In this sense, the use of good governance notions by aid providers tends to provide convenient reasons for them to interfere with the decision-making in aid-receiving countries.

This type of promotion of democracy and market economy is also understood to be incompatible in low-income countries by some scholars. For example, Kosack and Tobin (2006: 205) state that low-income countries need democracy and aid, not foreign direct investment. They (2006) examine 77 countries using the regression analysis method and conclude that foreign direct investments prevent human development in low-income countries. By human development, Kosack and Tobin (2006: 207) refer to “a process of enlarging people’s choices” defined by the United Nations Development Programme in 1990. On the other hand, Ear (2009) argues that in countries like Cambodia, where local patronage has a strong influence on the domestic political economy, foreign direct investments can create a relatively patronage free economic environment. According to Ear (2013: 61) one such example is the Cambodia’s garment sector, which “has been able to generate some collective action by lobbying, [thus] enjoying better conditions for doing so than other business sectors”. Behind this, “Cambodia became the first country in which ILO monitoring of labor standards was made mandatory” (Ear 2013: 59). The creation of this type of economic environment was possible partly because the garment sector “is overwhelmingly foreign, so key actors have fewer preexisting ties that would facilitate individual deals” (Ear 2013: 61), therefore limiting the development of internal client-patron relationships. In addition, the Cambodian government enjoyed “gaining rents from the quota regime” linked to US trade preferences (Ear 2013: 60). However, Ear (2009: 9) also acknowledges that Cambodia’s garment sector struggles if there is a recession in the US market.

In relation to the positive relationship found in the study of Kosack and Tobin between democracy and aid in low-income countries, Ear’s (2009: 6) study provides similar findings as Feyzioglu et al (1998) that foreign aid tends to reduce the political will of aid-receiving governments to tax. In the Cambodian case, foreign aid has provided “a back-up flow of cash,
particularly into the service sector,” (Ear 2009: 6), which has reduced domestic pressure for accountability for tax revenues. From this perspective, Ear (2013: 12) argues that “without taxation, the link between government accountability and popular election is broken…It is by weakening accountability that foreign aid most harms governance, by increasing the incentive for corruption and diluting political will”. At the same time, Ear (2013: 39-40) acknowledges that one of his studies, which involved forty three professionals working on development in Cambodia as informants, shows findings of the positive impact of aid in general on political stability, voice and accountability, and a negative impact on government effectiveness, regulatory quality, rule of law, and control of corruption. The findings from different studies above suggest that the understood relationship between foreign aid, foreign direct investment, and democracy or types of governance in aid-receiving countries differ to some extent.

In relation to different patterns of governance, Kimura (2003: 194) states that the development patterns and the role of government in Southeast Asian countries are fundamentally different from those of advanced economies such as Japan and Korea where indigenous firms were protected during the process of each of the country’s industrialisation. Even though the patterns of development are different between aid-providing and receiving countries, aid providers explain that recipient countries can share benefits in the international market economy with them. Yet, if aid providers have their political and economic interests in mind when providing aid, the implementation of development policies for the recipient governments becomes complicated. In this case, the ‘good governance’ model becomes a tool for major aid providers to produce somewhat self-serving aid outcomes.

In their comparative study of aid-providing countries, Sawada and Yamada (2003: 65) found that in the late 1990s aid allocation by Japan, the Netherlands, the United Kingdom, Canada, Norway, and Sweden was “consistent with the theory of poverty targeting”. However, their study also shows that among those aid providers, only Canada seriously considered the issue of political rights in recipient countries in the allocation of aid. This finding shows that more allocation of aid to countries with greater incidence of poverty is not necessarily helpful for those who suffer from political, economic, and social inequality in a country. In this case, provision of more foreign aid to countries with greater poverty may result mostly in benefitting more those who already have political and economic power than others.
3.3 Human capital and technical cooperation

Economic formulas have been developed by scholars to explain the role of human capital in national development including rural and agricultural development. The idea of human capital is linked to the role of education and skill training in development at the individual and national levels. This linkage between human capital and socio-economic development also provides an explanation for why foreign aid agencies implement technical cooperation projects for human capital development or capacity building in aid-receiving countries. It is also common that the main targets of those projects are government employees in aid-receiving countries. Those aid projects are associated with productivity enhancement, job creation, income enhancement, and creativity as well as competition in a market economy.

Paprock (2006: 17) notes that definition of human capital in the development literature “focuses on the economic behaviour of individuals, specifically the way their accumulation of knowledge and skills enables them to increase their productivity and earnings – and in so doing, to increase the productivity and wealth of the societies they live in”. It is important to note here that the concept of human capital with its emphasis on an individual’s economic activities and knowledge accumulation is only a partial explanation of the complicated situations of people’s lives and societies in different countries. Myint (1973) states that the effort of investing in human capital will not simply result in productivity enhancement in an economy as a whole unless economic policy addresses people’s employment needs in the rural and agricultural sector. Myint implies that while the idea of human capital emphasises the importance of investing in education for the efficient enhancement of individuals’ productivity, this effort needs to be accompanied by an appropriate supply of job opportunities. At the same time, it is also necessary to consider how people are motivated to connect their knowledge and skills to their activities within specific political, economic, and social environments. This point also applies to the context of the agricultural sector in the face of global market economy.

Some studies, such as Rivera and Alex (2008), note that there is an expected role for human capital in the rural and agricultural sector to provide food to the domestic and global markets. However, there is no guarantee for those people with knowledge and skills in the

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sector that they will be able to actually enjoy benefits from their agricultural activities in certain economic environments. From a human resource development perspective in the agricultural sector, Rivera and Alex (2008) describe the positive relationship between knowledge and agricultural productivity. They (2008: 378) find the challenge of human resource development in agriculture is to “connect formal education, in-service training, and non-formal outreach, and integrate new knowledge with indigenous learning from producers in the field”. At the same time, they emphasise the strong link between human resource development and the modernisation of the agricultural workforce along with productivity enhancement. The core insight of this argument relates to the need to prevent world food prices from increasing and to support “global efforts to reduce poverty” (2008: 354).

Furthermore, Rivera and Alex (2008:374) claim that “greater commercialization of agricultural systems and increasing trade liberalization dictate the need for better capacity on the part of the agriculture workforce” to reduce poverty. The focus of their study is on enhancing productivity and strengthening the competitive advantage of the agricultural products in order to meet the demands of globalisation. In order to meet these goals, they emphasise “the importance of the entrepreneurial spirit” (Rivera and Alex 2008: 377) of educated workers in agriculture.

As far as this argument is concerned, there is disagreement among scholars. For example, Bush (2007: 165) claims that agricultural aid programmes policy-makers tend to focus on the “debate about food security/insecurity” in order to avoid questions related to inequalities in the capitalist system and the global market economy. In the case of African countries, Bush points out that foreign aid agencies have explained that the key to reducing poverty among farmers is entrepreneurship. Furthermore, aid agencies commonly insist that those farmers “need incentives to provide not only for the wellbeing of their family and kin but also for rural markets” (Bush 2007: 167). From this point of view, it seems to be appropriate to say that there is a limit to the use of the human capital development approach to explain the role of technical cooperation in the agricultural sector linked to a market economy or the global market. It must also be noted that economic conditions significantly vary among different countries and regions. Unlike the defined role of human resource development and agricultural development in the global economy by Rivera and Alex (2008), what Bush implies is that the structure of the global market economy is the problem for agricultural development from the perspective of those who make a living by agricultural activities, not simply a lack of skills and training. These arguments show a conflict in the literature of
development between the food availability decline approach in the global market and family level food security in aid-receiving countries.

In technical corporation projects, it is not easy to examine the relationship between aid providers and recipients. Unlike aid projects for physical infrastructure, technical cooperation could bring various invisible outcomes such as changes in the worldview of aid recipients. In his study of technical assistance and capacity building, Gray (1997) emphasises the importance of indigenous capacity for policy analysis in aid-receiving countries. This is apparently crucially important to “avoid serious mistakes such as those that led the communist world and many developing countries into sharp economic decline” (Grey 1997: 417). However, it needs to be asked if the embrace of communist policy has anything to do with economic decline in some aid-receiving countries. Arguably, neoliberalism has supplanted communist ideology as a device for imposing foreign aid according to the market principle in the interest of global elites. The statement rather shows the similar situation that the role of foreign aid was justified with the neoliberal ideology during the Cold War as mentioned before in this chapter.

In comparison with Gray’s claim above, it is worth referring to Powell’s finding that human resource development programmes by foreign aid agencies and the government in Mexico came to favour economic modernisation and focused on providing skills training to “upper and middle level technicians” rather than to those who were actually looking for jobs (2003: 24-25). This is a further reflection of the idea that aid-providing countries may export their political ideologies to aid-receiving countries through technical cooperation or capacity building projects. Those political stances would also in turn determine how aid providers understand aid effectiveness. Powell (2003: 14) states that “there has been a failure to conceptualise why some countries are more economically successful than others and to account for the role played by human resource development in the process”. This statement implies that the same development policy and practice cannot always be replicated in different countries.

Godfrey et al. (2002: 356) argue that the role of technical assistance is to build the capacity of aid recipients to replace their need for aid with alternative resources. Some might ask how far this idea is realistic in today’s world. The answer would be negative if foreign aid functions within the mechanism of the international market economy. This is because the general post-Cold War approach of major aid providers, including Japan, favours aid projects
that financially rely on the private sector and generally function in favour of private investors. The term ‘development’ is also often theoretically related to concepts of productivity enhancement, social-economic development or poverty reduction, but in relation to the actual practice of foreign aid, there are many complicated situations given different interests of those who are involved in aid projects.

At the international level, it is appropriate to say that development is partly about how different countries or agencies interact with each other in seeking improvement in line with their own assumptions and goals. The relationship between aid providers and recipients is not equal in various ways in these interactions. They interact with each other seeking improvements in a cooperating manner or a competing manner. The word “development” tends to have a positive image, an image of something agreed on by everyone and good for everyone. Development is however a contested concept and many scholars have made efforts to define it in an appropriate way. Ultimately it would appear however that individuals are the only ones who can define what development means to them, it would be difficult to say that others can evaluate progress of someone else’s development without making problematic assumptions. This difficulty in creating a universal definition of development may have made it easy for theories of human capital or the ideology of neoliberalism to provide aid-providing and receiving governments convincing or “comfortable” definitions of development with assumptions of capacity building and economic growth.

3.4 Aid for agriculture-based and transforming countries

It is useful to look at how agricultural development is explained from an economic perspective in the literature of development to further consider how the effectiveness of aid projects in the agricultural sector understood by aid providers. There is also a need to consider that there is not always a clear difference in the types of aid projects for agricultural development between ones in the traditional agriculture-based economy and the transforming economy. A transforming economy is defined by the World Bank (2008: 1) as a country shifting from an agriculture-based to urbanised economy. Even though it may not be always transferable to all aid agencies, the World Bank’s model of aid for agricultural development is useful to refer to since the Bank has been one of the largest foreign aid and an influence on other aid agencies.
The World Bank (2008: 1) states that with “the right policies and supportive investments at local, national, and global level”, agriculture in an international market offers new opportunities to impoverished people globally to move out of absolute poverty. This perspective on the relationship between investments and international market is also reflected in how the World Bank places emphasis on the role of privatisation of the agriculture in aid-receiving countries. For example, in its report on Agricultural Project, the Bank explains the foci of the project as “1) privatization of rural lands; 2) privatization and rehabilitation of select rural infrastructure; and c) improvement of human resources skills for entrepreneurship in rural areas; d) introduction of new farming technologies consistent with transformed private agriculture”. It is also interesting to compare the World Bank’s understanding of agricultural protection in aid relations with JICA’s critique of the Western agricultural aid approach. It was noted in Chapter Two that JICA criticises major Western aid-providing countries and agencies, including the World Bank, for their practice of using subsidies to export their surplus agricultural produce to aid-receiving countries, thereby making those recipient countries excessively dependent on global market trends. On the other hand, the Bank states that “Agricultural protection in donor countries can undermine the assistance available to agriculture in developing countries, creating a governance challenge that donor countries face – that is, policy incoherence” (2008: 257). As described in Chapter Two, Japan’s agricultural protectionist policy has been criticised by advanced Western capitalist countries. Given this situation, it is appropriate to assume that donor countries in the above quote specifically refers to Japan.

Based on a view of the development stages of economies in aid-receiving countries, the Bank (2008) determines the roles of different types of economic and technical cooperation for their agricultural sector in aid-receiving countries. The Bank (2007: 3) defines that an agriculture-based country is a country in which the agricultural sector employs more than 65 percent of the labour force and generates more than 29 percent of GDP. By this definition, Cambodia is an agriculture-based country, in which 71 percent of the population is employed in agriculture and agriculture contributes 35.6 percent of GDP in 2012 (ADB). In terms of agriculture-based countries, most of which are in Sub Saharan Africa, the main focus of the World Bank’s aid is food shortage. According to the Bank, agriculture contributes on average

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56 The World Bank, World Development Report 2008: Agriculture for Development
58 The World Bank, World Development Report 2008: Agriculture for Development
59 ADB Key Indicators for Asia and the Pacific 2013
only 7 percent to GDP growth, but more than 80 percent of the poor lives in rural areas in transforming countries. In transforming countries, mostly in East and South Asia, the Middle East, and North Africa, the aid focus in the agricultural sector is on extreme rural poverty and rapidly growing income disparity between people in rural areas and urban areas. In the Cambodian context, the informal economy accounts for 80 percent of GDP and close to 90 percent of employment, which is mostly concentrated in agriculture (ILO 2006: 28). The Cambodian government has however employed a development approach which is linked to the private sector and trade in a market economy as will be described in Chapter Four. In this context, it can be said that the country has been moving from an agriculture-based economy to an industrialised economy at the policy-making level.

In transforming economies, the World Bank places equal importance on the role of the private sector as well as the public sector for the purpose of increasing people’s incomes in both the agricultural and industry sectors. From this view point, the Bank assists small-scale farmers in rural areas to “join producer organisations and contract with exporters and supermarkets” or to “work as labourers for large-scale farmers who meet the scale economies required to supply modern food markets” (WB 2008: 1). In this cooperation, the World Bank (2008: 8) states that “an emerging vision of agriculture for development redefines the roles of producers, the private sector, and the state”. This shows that in the Bank’s aid approach the scale of economies in a country’s development comes first and the role for farmers is defined according to economic scale requirements. However, economies of scale cannot always be used to determine the role of workers in the agricultural sector. This may be why, by referring to Storm (1992), Radhakrishna (2002: 243) emphasises that “an increase in non-agricultural production would lead to an immediate increase in demand for intermediate and final agricultural goods, whereas supply-side adjustments involving re-allocation of resources and net additional investment for capacity expansion take a much longer period”.

Commercialisation of agricultural production is also regarded by major aid agencies as an essential means of increasing the income of small-scale farm households in aid-receiving countries. The importance of agro-processing is also emphasised by the World Bank and the

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60 Informal Economy: Poverty, Employment in Cambodia, Mongolia, and Thailand
61 The World Bank (2009: 5) shows that the agricultural sector in Cambodia accounts for 29 percent in terms of GDP and 59 percent in terms of employment as of 2007. The Japanese Ministry of Foreign Affairs (2012) also shows that the agriculture, forestry, and fishery sectors together account for 30 percent of GDP and 60 percent of the work force. The World Bank acknowledges that a large number of agriculture-related jobs exist in Cambodia in the form of informal economy outside the information of GDP and employment provided by the Bank.
Cambodian government as a “key for Cambodia’s survival in the global economy” (Ear, 2009: 11). As such a trend, the Asian Development Bank (ADB) also links commercialisation of agriculture to economic growth and poverty reduction in Cambodia. In 2003, ADB approved loans totalling US$ 31.9 million for the Agriculture Sector Development Programme (ASDP) in Cambodia. In its report on that programme, ADB (2009: 1) mentions as follows:

Under the Second Socioeconomic Development Plan (SEDPII, 2001–2005), the Government looked forward to transforming agriculture into a driving force for improved economic growth and poverty reduction within a market-oriented policy framework by promoting agricultural commercialisation and diversification.

The ADB essentially notes that the Cambodian government has its own model of agricultural development linked to commercialisation of agriculture in a market economy. Then ADB (2009: 2) continues:

Aimed at promoting the sustainable growth of market-based agriculture and raising agricultural productivity, ASDP was designed to be implemented within the SEDPII framework to (i) help smallholders increase their productivity and diversify into higher-value products; (ii) improve the market environment for private, agro-based enterprise growth; and (iii) strengthen institutional capacity for competitive agricultural commercialization.

In this statement, it is clear that ADB is promoting competitive agricultural commercialisation in Cambodia, in which the majority of the population relies on agricultural activities for their survival. This aid approach of ADB to Cambodia’s agricultural sector shows that both the Cambodian government and ADB apply a development policy which is understood suitable for transforming economies by the World Bank. In this case, however, it would be essential to consider the fact that “millions of rural Cambodians are subsistent or semi-subsistent smallholder farmers” (Ngo and Chan, 2010: viii) and as mentioned before the informal economy accounts for 80 percent of GDP and close to 90 percent of employment, which is mostly concentrated in agriculture. In this situation, it is appropriate to assume that the majority of the population is not ready to compete in a market economy linked to the global market.

In the case of transforming economies, the World Bank (2008: 1) identifies three key factors for the agricultural sector to mitigate income disparity between rural and urban areas. These factors are high value agriculture, decentralisation of nonfarm economic activity to

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ADB, Cambodia: Agriculture Sector Development Programme 2009
rural areas, and assistance to move people out of agriculture. This development perspective, specifically the last factor, is supported by the study of Wang, Korte, and Sun (2008: 855) which claims that “economic development is a process of the reallocation of surplus labour from agriculture to industry where they can become productive members of the workforce”. They further explain that “the revolutionary changes in agriculture are an essential condition for successful take-off” (2008: 852) and human resource development should lead “the transition from an agricultural culture to an industrial culture” (2008: 857). While the World Bank and Wang, Korte, and Sun propose that farmers need to enhance their productivity in a market economy, it is important to consider who actually enjoys the benefit from that enhanced agricultural productivity and increased income in the economy.

The World Bank (2008) is clear when it argues that people in transforming economies need to move out of agriculture to reduce poverty. However, Huber (1985) explains how governments in transforming economies may contribute to the prevalence of limited non-agriculture opportunities for those who are in the agricultural sector, which would seemingly improve their living conditions in a traditional economy. Huber (1985) argues that even if people in the rural and agricultural sector invest in their education, their ability to obtain formally registered jobs with high wages in such economies does not totally depend on the individuals’ human capital and decisions. There are often influences from governments which would seem to keep a certain proportion of the population outside the urban formal sector. According to Huber, the government contributes to the diversification and sustainment of population outside registered formal jobs. In other words, people’s affluence in the formal sector partly depends on the existence of labourers in the informal sector. In this case, there would be a fixed role for the population in the rural and agricultural sector in an economy. Foreign aid for agricultural and rural development in transforming economies would not necessarily result in a balanced or equitable development between rural and urban sectors if governments of those economies put a strong emphasis on the affluence of the urban sector while encouraging a degree of diversification between the different sectors.

While agricultural and rural development is regarded as a contributing factor for industrialisation of an economy in some studies, other studies point to the role of industrialisation on agricultural and rural development. For example, Radhakrishna (2002: 244) emphasises the importance of small and medium-scale industries in rural areas, which “produce consumer goods to meet the needs of the lower strata of society”. Radhakrishna (2002: 249) insists that rural industrialisation is important to “trigger off labour-intensive
growth in rural areas” linked to a diversification of agricultural jobs such as “dairying, animal husbandry, fisheries, floriculture, horticulture and other areas” (2002: 249). What Radhakrishna suggests is that labour-intensive industrialisation linked to the agricultural sector in rural areas is important to provide the population job opportunities to increase their income. At the same time, it is worth considering the risks of agricultural modernisation in low-income countries. By referring to Rama (1992), McMichael and Raynolds (1994: 332) also state that “the growth of new agro-industrial exports brings fewer jobs and no necessary boost to local commodity markets”. While Radhakrishna (2002) connect industrialisation and labour-intensive growth in rural area, some studies suggest that it is always important to consider the risks of export-led growth of the agricultural sector.

In summary, according to the understandings of some scholars and major foreign aid providers, there is a period in which the role of agricultural development shifts from increasing self-sufficiency in food to increasing people’s income and providing surplus for capital for the industrial and other sectors. Foreign aid for an agriculture-based country is strongly linked to agricultural development for survival of people in such cases. In terms of aid for transitioning countries, its focus is to narrow the income gap between rural and urban areas to maintain social and economic equality between individuals in a country. This is because, in general, people in rural areas rely on agricultural activities for their livelihoods while people in urban areas are engaged with more capital-intensive jobs with which they can earn more income than agriculture-based jobs. In academic studies, scholars have different understandings of the relationship between industrialisation and agriculture. While some scholars insist that agriculture should contribute to efficient industrialisation of an economy, others argue that on the other hand industrialisation could contribute to poverty reduction by creating new jobs in the agricultural sector. In transforming economies, foreign aid for poverty reduction include activities related to the privatisation and commercialisation of agriculture as well as the increase of non-farm job opportunities in rural areas. In this type of aid, a linkage between agriculture and market is emphasised, and the role of aid for the agricultural sector tends to be understood in relation to the mechanism of the market economy. This is also the point, as Bush (2007) and other scholars warn, that a country’s agricultural policy becomes favourable and vulnerable to external demands of food. This leads to additional questions being raised regarding the fact that those demands depend on the unequal power structure embedded within the global market.
As mentioned above, one oft-forgotten aspect is that the government of an agriculture-based country may employ a development policy which is more appropriate for transforming countries. In other words, governments of agriculture-based countries may employ agricultural development policy linked to commoditisation of agricultural products in favour of the international market. In this case, foreign aid projects which aim to improve living conditions of those who rely on agriculture for their survival may not always be sustainable. Even if foreign aid agencies prioritise self-sufficiency in food in their aid approaches to agriculture-based countries, the type of policy-making approach in aid-receiving countries has a significant impact upon actual living conditions of those who rely on agricultural activities for their survival.

Foreign aid for the agricultural sector is often linked to the commoditisation of agriculture and the international market by major aid providers. Some scholars examine how such aid would influence those who rely on agricultural activities for their living conditions. While some of them are critical about the linkage between aid, agriculture, and the global market, others argue that aid can help the agricultural sector in aid-receiving countries in mutually beneficial interactions with the global market. Foreign aid projects linked to the global market assume subsistent farmers gain economic benefit in the future by participating in the market. One difficulty in agreeing with this type of aid would be that development is linked to assumptions of economic benefit in the future while there are different political, economic, and social limitations in different countries. From this point of view, Peet and Hartwick (2009: 290) provide a useful perspective that “work is satisfying when its purpose of making further life possible is directly known”. It is more realistic to consider that directly known possibility of improving the quality of life would be more important and reliable than assumptions of economic benefit in the competitive global market for those who live in constrained circumstances. From an agriculture perspective, for example, Rao (1996: A-50) provides a clear perspective:

Human development occurs through a process in which households invest adequately – or are assisted to do so – to enable all the members in the family, including women and children, to achieve good health and education and productive assets and skills. Rao (1996: A-50) continues that,

For a household on the periphery, the first and foremost prerequisite for joining this process is that it should have dependable assurance of continuing access to food and employment so that it is left free to mobilise its energy and enterprise to work for a better tomorrow.
Together with the statement of Peet and Hartwick above, Rao’s perspective suggests that those who live in constrained circumstances need a clear vision for survival and improvement of their living conditions rather than assumptions of economic return from a competitive market economy or more broadly the global market. In other words, improvement, for some people, may be the situations where they enjoy certainty or a clear vision of how they will first survive, and then improve their living conditions in the future. Even though Rao does not mention foreign aid, the importance of the directly known possibility of improved quality of life by individuals is worth considering in the understanding of aid effectiveness in the agricultural sector.

In the practice of foreign aid, however, there are often conflicts between ideas of development and the reality of how economies in aid-receiving countries are influenced by those who already have political, economic or social power. This is why Rao (1996: A-53) explains, “the impact of agricultural growth on the rural poor does not occur in a simple and direct manner. The impact operates through a complicated network of relationships”. There are many things, such as increase in agricultural production, which affect farmers’ living conditions. There are also negative impacts of agricultural development on small-scale farmers. The complicated network of relationships between agricultural growth and farmers’ living conditions is thus not simply about ‘more aid results in more improved living conditions of small-scale farmers’. As talked about in the later chapters (Chapter Six and Chapter Seven), this particular context can be seen, for example, when JICA assists small-scale farmers to improve the quality of rice seeds, but this practice is not taken up and subsequently practiced by farmers. Reasons for this lack of uptake by farmers are complicated. The primary research information of this study will provide clear detailed points of mismatches between Japan’s aid approach and small-scale farmers’ expectations, as well as between the Cambodian government’s development approach and farmers’ actual needs.

3.5 Effectiveness of Japan’s ODA

In the literature on foreign aid, there are a number of arguments on both the intended and unintended consequences of aid programmes in aid-receiving countries as reviewed in this chapter. Some of those arguments are not necessarily directly related to the concept of aid effectiveness. Like Leheny and Warren (2010: 4), some authors in the literature on foreign
aid do not intend to focus on arguing how aid can be ‘effective’. It is acknowledged that there are different research aims in the literature on foreign aid. Even though research aims vary between authors in the research literature, theoretical propositions in that literature contribute to establish an analytical framework for examining how the effectiveness of aid is actually understood in Japan’s ODA. This takes us beyond the key evaluative items given in the conventional framework of aid effectiveness, and shows how other factors influence the implementation of Japan’s aid projects in the Cambodian context.

In terms of the understanding of aid effectiveness in the academic literature, Ear (2013: 16) explains that “Peter Boone was the first to consider, empirically, a country’s political system in determining aid effectiveness. He found that aid neither significantly increases investment nor benefits the poor as measured by improvements in human development indicators – but it does increase the size of government”. In relation to the dominant perspectives in the aid effectiveness debate in the international aid community, Nissanke (2008b: 19) explains how the types of aid allocation shifted from “‘incentives-based’ aid allocation on promises for policy change” (the ex-ante conditionality) to “‘selectivity-based’ on retrospective assessments of performance” (ex-post conditionality). As mentioned earlier in this chapter, in the early 1980s, the International Financial Institutions started to use the Structural Adjustment Programmes through which budget supports were allocated conditional upon aid-receiving governments promising to undertake structural reforms. By the mid 1990s, however, it came to be understood by major aid agencies that, through the use of incentive-based aid allocation, it “was not effective to ‘tie the hand of recipient governments to donors’ reform agenda’ ” (Nissanke 2008b: 18). As Easterly (2003 cited in Nissanke 2008b: 19) argues, one of the major problems with this type of aid allocation is that “donor agencies have kept ‘moving money’ and ‘pushing loans’ under constant pressure for improving their own performance indicator, assessed in terms of aid disbursements”. What was proposed as a solution to this situation in the aid effectiveness debate was to create model aid recipients by engineering aid allocation. More specifically, by referring to Collier (1998), Nissanke (2008b: 19) explains that there was a understanding in the international aid community that aid allocation and debt relief based on the ex-post selectivity approach “would induce non-reforming governments to change their policies through the pressures of emulation, and would result in enhanced overall aid effectiveness”.

This understanding of aid effectiveness shows a similar logic to how the role of aid is understood in Japan’s ODA in that it promotes self-help efforts of people in aid-receiving
countries. As mentioned in Chapter Two, the self-help ideology in Japan’s ODA is based on the idea that aid recipients will have the motivation to effectively use loans and successfully complete their projects and realise economic growth when they are placed under the burden of having to pay interest and return the capital. Even though this self-help ideology is recognised as a unique aspect of Japan’s ODA in the official reports as well as in the literature of Japanese aid, the logic implied in this understanding of aid effectiveness does not significantly differ between Japan and major Western aid agencies. This point provides this study a motive to examine in detail how the role of aid is explained, and how the understandings of aid effectiveness is actually constructed in Japan’s ODA. Without investigating this point, it is difficult to gain insights into the mismatch between Japan’s aid policy and practice, as well as between the objective of Japan’s aid programmes and the expectations of aid recipients in the Cambodian context.

While the shift of focus in the aid effectiveness debate has been recognised in relation to the types of aid allocation, JICA acknowledges that there is a new shift of focus from aid effectiveness to development effectiveness in the international aid community. More details on the concept of development effectiveness in the Cambodian context will be reviewed in the next chapter. In relation to the focus of this study, it is interesting to note that the idea of aid effectiveness is considered as a narrow framework for understanding the dynamics of aid relations in the aid discourse. For example, as a contributor to a joint project by JICA, the Korea International Cooperation Agency, and the Brookings Institution Wolfensohn Development Centre in the United States, Murotani (2011) states that “The share of the aid provided by the traditional donors in financial outflows to the developing world is on decline while that of the new players is increasing…it’s essential to consider them as one of the key factors in the discussion of ‘development effectiveness’ beyond aid effectiveness”. While this shift of the conceptual framework is presented as a new vision for aid in the above joint project, the present study does not take the same position in understanding the nature of the concept of aid effectiveness. In other words, this study does not directly participate in the debate concerning development effectiveness as a better approach than aid effectiveness. It is concerned with mismatches and disconnects between aid providers and recipients, and therefore must consider what actually matters in the Japanese understanding of aid.

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effectiveness. For this purpose, this study resonates with Nissanke’s (2008b: 24) argument that “aid flows are so heterogeneous in many aspects, that aid effectiveness cannot be meaningfully examined at a simple aggregate level without taking into account this considerable heterogeneity of aid flows in their delivery modalities and sources”. Thus, it is understood in this study that the concept of aid effectiveness continues to exist, like the international aid regime, constantly shifting its own justifications for aid strategies.

Some Marxist scholars such as Noguchi (2005) and Bush (2007) argue that the development of a capitalist economy creates conflicts among people in a society and that financial and trade liberalisation in different countries makes such conflicts more serious. This argument is useful when assessing how Japan has promoted a market economy underpinned by neoliberal ideology as well as the good governance criterion in aid-receiving countries while it provides ODA projects focusing on the improvement of small-scale farmers’ living conditions in those countries’ agricultural sector. In the official reports of JICA, the understanding of the concept of aid effectiveness is basically constructed around five key topics. These topics are 1) capacity development approach, 2) the impact of JICA projects by applying econometric analysis to empirical data, 3) the impact of the general budget support, 4) the effectiveness of training programmes, and 5) agency enhancement process and factors. Among these, the fourth topic specifically provides a concrete example of how aid should be delivered to be effective in Japan’s ODA. For the effectiveness of training programmes, JICA examines “how training participants as well as dispatching organisations have been mobilising knowledge gained in Japan in detecting their organisational deficiencies and institutionalising solutions thereof”. Given these key indicators of aid effectiveness, and Japan’s historical background as an ODA provider, as reviewed in Chapter Two of this study, it is useful to examine how Japan’s unique historical experience has influenced the understanding of aid effectiveness in Japan’s ODA beside the main stream understandings in the international aid community.

While Japan has applied some neoliberal policies to its domestic economy, and has emphasised the importance of decentralisation and the efficient distribution of economic benefits among the population, the political and economic power rooted in developmentalism has remained influential in the country. Harvey (2005: 10) describes that after the Second

World War, under the close supervision of the United States, Japan “built a nominally
democratic but in practice highly bureaucratic state apparatus”. Japan has also applied the
neoliberal perspective in its ODA policy and encouraged aid-receiving countries to realise
decentralisation and adopt a market economy. On the other hand, Japan’s ODA in
Cambodia’s agricultural sector is more based on non market-oriented aid approach unlike its
neoliberal aid approach to Cambodia’s market economy as a whole. It was introduced in
Chapter Two how JICA criticises the Western aid approach to the agricultural sector linked to
the use of hegemonic power by major Western aid-providing countries such as the United
States in the global market to export surplus food in their countries to aid-receiving countries.
This critique is based on the similar viewpoint to post-modernism or viewpoint against
neoliberal aid policy. JICA explains the importance of separating the agricultural sector in
aid-receiving countries from the hegemonic power of major aid providers in the global
market. However, as mentioned before, JICA does not deny the positive linkage between a
market economy and farmers in aid-receiving countries. In a way, post-modern perspective
has been employed by JICA to explain that Japan’s aid approach to farmers in aid-receiving
countries is more suitable than the aid approach of major Western aid providers.

However, it is still open to question if Japan’s ODA is able to assist those farmers to
improve their productivity and living conditions without reinforcing the existing economic
and social power relations within an aid-receiving country. This question is not limited to the
matter of how Japan’s ODA approaches the agricultural sector in particular in an aid-
receiving country, but it can be looked at how Japan’s ODA approaches the economy of the
same country as a whole. From this perspective, there is a contrast between Japan’s ODA
approaches to Cambodia’s agricultural sector and market economy as a whole at the
theoretical level. This contrast does not appear as a problem at the policy-making level of
Japan’s ODA to Cambodia. It is difficult to examine how this contrast influences the practice
of Japan’s ODA in the field without empirical data. Noguchi (2005: 4) explains that both
proponents of neoliberalism and post-modernism consider state-driven development policy
(developmentalism) unsuccessful, although for different reasons. This explanation sheds light
on the complicated characteristics of Japan as an ODA provider; while it has retained the
elements of a bureaucratic developmental state, it has adopted neoliberal and post-modern
policies in the use of ODA. The unique and complicated characteristics of Japan as an ODA
provider are also reflected in how aid is understood to be effective in Japan’s ODA. As
addressed in the research aim of this study, the examination of this relationship between
Japan’s historical background as well as its current domestic political and economic situation contributes to a more comprehensive understanding of Japan’s aid effectiveness beyond the conventional evaluative framework.

From his modern Marxist economist perspective, Noguchi (2005) points out that an argument on whether different countries or regions should be integrated into one international market or should be left as they are with their own market regulations does not solve problems attributable to inequalities in a capitalist system. In the neoliberal aid policy, aid providers assist aid recipient countries in preparing for their participation in the international market through decentralisation and the establishment of soft and hard economic infrastructure. In the case of Japan’s ODA to Cambodia, the preparation of economic infrastructure is strongly linked to the promotion and protection of Japanese private investment in the country. With this aid approach, aid providers including Japan have also emphasised that democracy and a market economy play important roles in both economic growth and poverty reduction in aid-receiving countries.

Such an aid approach is also reflected by Japan’s ODA for the agricultural sector. This point is directly related to the aim of this study, which is to describe how Japan’s ODA for Cambodia’s agricultural sector functions given the complications of political and economic environments surrounding small-scale farmers, and in particular are significantly different socio-economically in comparison with each other. In terms of the agricultural sector in Japan, a sufficient degree of economic protection was provided by the government to farmers in order to maintain political bond between the government and farmers. Agricultural development within Japan is understood from a developmentalism perspective by the government.

In relation to Cambodia’s agricultural sector, it needs to be noted that Japan’s ODA projects are implemented by reference to concepts of good governance which is ideologically based on neoliberalism and therefore contrary to the type of developmentalism seen in Japan. Given this contrast, it is useful to refer to JICA reports on three technical cooperation projects in Cambodia’s agricultural sector. As will be detailed in Chapter Five, these three aid projects are a source of primary information for this study. These reports illustrate the general guidelines applied to those projects in terms of how aid effectiveness should be measured.

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For the overall evaluation of each aid project, JICA uses five key items: 1) relevance, 2) effectiveness, 3) efficiency, 4) impact, and 5) sustainability. The relevance in each project is explained in order to explain the role of the project in the Cambodian context. JICA refers to the relevance between the aid project and the national development policy of the Cambodian government, as well as between the aid project and the aid policy of the Japanese government. The relevance of each project is treated as a catalyst of other evaluative items in each aid project. The relevance asserted for each aid project is linked to the conceptual understanding of aid effectiveness in Japan’s ODA. In the JICA reports of the three technical cooperation projects, the relevance is understood in reference to the National Strategic Development Plan (NSDP) of the Cambodian government, and the Country Assistance Policy for Cambodia issued by the Japanese Ministry of Foreign Affairs. If aid effectiveness of those aid projects are understood in this condition, there is still a need to consider the possibility that national development policy and aid policy were designed to meet certain political and economic priorities of the Japanese and Cambodian governments. As will be talked about in Chapter Six of this study, the understanding of Japanese aid effectiveness needs to be examined beyond the given evaluative framework in JICA reports.

Japan’s ODA projects, while focusing on the improvement of small-scale farmers’ living conditions in Cambodia’s agricultural sector, do not make explicitly clear their ideological or political assumptions. They are proposed to be aid projects purely for poverty reduction. One point to be considered is that those projects still tend to function along the lines of the Cambodian government’s agricultural development policy which is also based on neoliberal ideology (Cambodia’s agricultural policy will be looked closely at in Chapter Four). Thus, it is not sufficient to describe how Japan’s ODA projects function narrowly in relation to the objectives set by JICA and the Japanese government. It is also important to consider how those projects function in relation to Cambodia’s agricultural development policy. What needs to be considered is the impact of those projects on small-scale farmers in the local political, economic, and social context. As described before, the Japanese government has its own criterion of aid effectiveness. Yet, the effectiveness of Japan’s ODA projects would not be sufficiently described without considering contrasts between Japan’s aid approaches to the agricultural sector and its aid provision on the basis of the neoliberal ideology also employed in the Cambodian government’s agricultural development policy.
3.6 Conclusion

The research literature suggests that policy-makers of foreign aid tend to contextualise problems as well as opportunities in the agricultural sector in an aid-receiving country by reference to the mechanism of the international market economy. Critical studies of aid approaches promoted by major foreign aid providers, including Japan, provide useful perspectives to explore potential space for development outside the mechanism of the existing market economy. There are definitions of terms associated with development such as human capital development, human resource development, and capacity development provided in the literature of development and reports of foreign aid agencies. Those definitions show that the meanings of those concepts have been explored to a degree in consideration of the perspective of those who receive foreign aid. What some studies such as Leheny and Warren (2010), Bush (2007), and Harvey (2005) suggest is that those concepts tend however to be generalised by governments, foreign aid agencies or powerful actors in the private sector in the way in which they link individuals to the global market. The definitions of those concepts may be acceptable if they are applied flexibly at the individual level and if the interpretations of those definitions are open to individuals. The interpretations of the concepts at the individual level would however likely be different from the understanding of policy-makers who want to justify why those kinds of development are important to maintain the function of the global market. There is likely a significant conflict between the interpreted meanings of concepts associated with development at the individual level and the intended use of those concepts at the policy-making level in the global market. This difference at the conceptual level in various contexts cannot be easily visualised until it is described in more detail. Description of how such a difference occurs in each context is therefore important before examining the actual function and outcomes of foreign aid projects.
Chapter Four: Agriculture in Cambodia’s market economy

The previous chapter illustrated how agricultural development and economic growth tend to be linked to poverty reduction in a positive way by major foreign aid providers. This chapter provides examples of how such an understanding of agricultural development has been adopted by the Cambodian central government. The first section of the chapter reviews the policies of national and agricultural development in Cambodia, which are linked to a growth-led poverty reduction perspective. The second section describes the recent trend of resource allocation in Cambodia at the national level and for agriculture in particular. This section includes secondary information which shows the situation that the national budget allocated to the agricultural sector has been under-spent and that small-scale farmers are left under-supported by limited public service. The third section describes how the current governance situation in Cambodia negatively influenced business activities of individuals in the agricultural sector and contributed to the formation of informal market regulations in the sector. The section provides an example of how the Cambodian government links its agricultural sector, rice production in particular, to the international market by promoting the private sector-led agricultural development. The section also illustrates how the role of agricultural extension services tends to be underestimated by the central government even though some scholars understand the service is the most suitable and beneficial support for small-scale farmers. The following section shows how the Cambodian government expects foreign aid to function as a catalyst of its national and agricultural development in its market economy. The relevant data suggests that the government expects foreign aid to assist productivity enhancement of small-scale farmers while it concentrates on arranging economic environment for private sector-led agricultural development.

4.1 Growth-led poverty reduction policy

Since the early 1990s, following the Paris Peace Accords in 1991 and the peacekeeping intermediation by the United Nations Transitional Authority in Cambodia (UNTAC) in 1992, Cambodia has received foreign aid from various countries and multinational organisations for its rehabilitation and development. The country also had the first democratic election in 1993. A coalition government between the Cambodia’s People’s Party (CPP) and the Funcinpec
Party was formed after the election in 1998. At the parliamentary election in 2003, the CPP won the majority of the seats, and the Third Legislature of the National Assembly was formed in 2004. This is when the Cambodian government established a comprehensive national development strategy, known as the Rectangular Strategy for Growth, Employment, Equity and Efficiency (RS). The country had a period of social economic rehabilitation with assistance of foreign aid for about 10 years before the publication of the RS. Even though the RS was set out by the central government, it is more likely that the making of the strategy was influenced by foreign aid providers, specifically in relation to the consideration of good governance. In 2008, Phase II of the RS was proposed for the Fourth Legislature of the National Assembly.

Cambodia also has other national development plans such as the National Poverty Reduction Strategy (NPRS) 2006-2010, Socio-Economic Development Plan (SEDP) 2001-2005, and the development strategy for each sector. While those development strategies were promoted by the central government, the SEDP was completed with technical assistance from the Asian Development Bank (ADB) and the NPRS was required by the World Bank and IMF in order to receive concessional lending (Ear 2005: 15). The SEDP and NPRS were then replaced by the National Strategic Development Plan (NSDP) 2009-2013. Compared with previous national strategic plans, the NSDP was prepared with the more involved and coordinated input of the Cambodian government even though the government still suffers from inefficient communications between the Secretariat of NSDP, chaired by the Ministry of Planning, and other ministries. (IDA and IMF 2006: 11).

The RS has four key divisions pertaining to the establishment of good governance and development. These divisions are (i) enhancing the agricultural sector; (ii) improving physical infrastructure; (iii) promoting private sector-led growth and job creation; and (iv) capacity building and human resource development. Four key objectives for enhancing the agricultural sector specifically are (i) improving agricultural productivity and diversification; (ii) land reform and mine removal; (iii) fisheries reform, and (iv) forestry reform. These objectives reflect the fact that the majority of Cambodia’s working population works in the agricultural sector.

While the RS is designed for the realisation of both economic growth and improvement of people’s living conditions, the content of the strategy implies that the government puts

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68 Cambodia is a constitutional monarchy with a parliamentary, representative democracy.
priority on the former over the latter. The government states that high economic growth is the most important factor to “ensure sustainable development and poverty reduction” (the Rectangular Strategy Phase II). This implies that economic growth is regarded as a necessary condition for poverty reduction and that poverty in Cambodia cannot be reduced unless economic growth is realised. The disjunction between poverty reduction and economic growth in the national development policy can also be seen in the statement in NSDP 2009-2013 that the Cambodian government “considers poverty to be a waste of valuable economic resources which is not only morally unacceptable but can also result in social polarisation and instability” (2009: 2). This statement does not reflect consideration of the possibility that economic growth actually accelerates existing disparities between the rich and poor. It rather describes poverty as something that exists prior to economic growth and in absence of economic growth, and is merely something that prevents the country from efficiently using resources. This perspective on poverty and economic growth also pervades the Cambodian government’s understanding of effective national development.

In line with this vision of growth-led poverty reduction, the Cambodian government emphasises the importance of the competitiveness of the Cambodian economy in the international market place. The government states that:

40. In order to ensure sustainable economic growth, which is *sine qua non* for employment creation and income generation, the Royal Government will continue to foster the diversification and strengthen the competitiveness of the Cambodian economy by assuring a highly conducive climate for both public and private (domestic and foreign) investments for the development of the following important sectors: (1) Agriculture, (2) Water and Irrigation System (3) Transport Infrastructure (4) Electricity (5) Human Resource Development (6) Labour-intensive Industry and Food Processing Industry for Exports (7) Tourism (8) Exploitation of Oil, Natural Gas and other Minerals (9) Information and Communication Technology, and (10) Trade. (Rectangular Strategy II)

These ten economic sectors show how the government arranges its priorities in the national development strategy by reference to the trends and demands of the international market. NSDP 2009-2013 also discusses the potential for the Cambodian economy in engaging the international market. It states that Cambodia is “fully integrated” into the region and the world “on equal footing” (2009: 22). This statement demonstrates that the government’s
embrace of regional and international markets and the opportunities for Cambodia to realise national development through them.

4.1.1 Standard indicators of economic growth and poverty reduction in Cambodia

As the implementation tool of the RS, the NSDP clearly shows the government’s visions for private sector-led economic growth and growth-led poverty reduction. The Cambodian economy experienced an average growth rate of over nine percent between 1993 and 2010 (Ngin 2011: 2). This economic figure shows a development aspect measured as a general economic growth in the country. In terms of absolute poverty, some information describes that it has been also decreasing in the country. For example, Table 4.1 shows that absolute poverty represented by food poverty line and overall poverty line has decreased in all regions in Cambodia.

Table 4.1 Poverty rate by region in Cambodia 69 (%)

<table>
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<tr>
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<tbody>
<tr>
<td><strong>Food poverty line</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phnom Penh</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2.55</td>
<td>0.11</td>
</tr>
<tr>
<td>Other urban area</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>14.15</td>
<td>12.73</td>
</tr>
<tr>
<td>Rural area</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>22.23</td>
<td>20.78</td>
</tr>
<tr>
<td>Cambodia</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>19.68</td>
<td>17.98</td>
</tr>
<tr>
<td><strong>Overall poverty line</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phnom Penh</td>
<td>11.4</td>
<td>11.1</td>
<td>9.7</td>
<td>4.60</td>
<td>0.83</td>
</tr>
<tr>
<td>Other urban area</td>
<td>36.6</td>
<td>29.9</td>
<td>24.73</td>
<td>24.73</td>
<td>21.85</td>
</tr>
<tr>
<td>Rural area</td>
<td>43.1</td>
<td>40.1</td>
<td>40.1</td>
<td>39.18</td>
<td>34.70</td>
</tr>
<tr>
<td>Cambodia</td>
<td>39.0</td>
<td>36.1</td>
<td>35.9</td>
<td>34.68</td>
<td>30.14</td>
</tr>
</tbody>
</table>

Source: JICA Kingdom of Cambodia Study for Poverty Profiles in the Asian Region (2010: 3)

The food poverty line is “based on some notion of the minimum amount of money a household needs to purchase some basic-needs food bundle and nothing more” (Haughton and Khandker 2009: 41). One approach to conceptualising overall poverty in a country or society is to show both the cost of basic non-food needs and the food poverty line. Table 4.1 shows the poverty rate in Cambodia as the percentages of the population under both the food poverty line and overall poverty line (minimum expenditure required by a household to fulfil basic food and non-food needs). At the same time, Table 4.1 shows that the pace of the reduction of the poverty rate in Phnom Penh is much faster than those in other urban area,

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69 Table 4.1 was presented in JICA format using the World Bank material and not in the World Bank format. There is no update of the information in the World Bank’s material. The table was constructed by a consultant company employed by JICA for producing a report called Kingdom of Cambodia Study for Poverty Profiles in the Asian Region. It has not been updated owing to lack of World Bank updates.
which in turn are decreasing faster than in rural areas. The information in Table 4.1 is consistent with the definition of poverty introduced in Chapter One of this study. This type of poverty measurement gives general background information while the main focus of the study is to further look into how different factors, both domestic and external, affect the actual implementation and function of Japan’s ODA projects in Cambodia’s agricultural sector despite the officially explanations given of the role and contribution of Japan’s ODA.

Beside the poverty line, the World Bank also measures “the inequality of poverty (PSI)” which focuses on the living standards among the poor. The gap in living conditions among the poor is less than 2 percent in Phnom Penh and 2.9 percent in rural area in 2007 (JICA 2010: 3). The PSI has been narrowing at a faster pace in Phnom Penh and other urban areas than in rural areas (JICA 2010:3). These poverty reduction trends imply that there is an emerging gap between the rich and poor as well as among the poor while Table 4.1 shows that absolute poverty has been decreasing in all regions in Cambodia. Similarly, UNDP argues that even though poverty has decreased from 47% in 1994 to 30% in 2007 in Cambodia, inequalities have increased over that same period, and that the country has one of the highest disparities in the world between rich and poor (2010: 2). This gap is also reflected by the situation that the heads of nearly two-third of households with the highest incidence of poverty in Cambodia are farmers and domestic workers (Ngin 2011: 5). In addition, about 80 percent of Cambodia’s population lives in rural areas, and 45 percent of these households possesses 1 ha or less of land per household, with another 21 percent being landless (CDRI 2008, cited in Ngo and Chan 2010: 3). In this condition, only 35 percent of farm households in Cambodia produce surplus rice for family consumption (Ngo and Chan 2010: 13). Furthermore, it is worth noting that the lack of land ownership traps those households in an insecure economic position. In fact, only 37 percent of the poorest quintile

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70 Kingdom of Cambodia Study for Poverty Profiles in the Asian Region
71 Kingdom of Cambodia Study for Poverty Profiles in the Asian Region
73 According to UNDP (2010:2), the ‘Gini coefficient’ in Cambodia shows a rise from 0.35 to 0.43 between 1993 and 2007.

The Gini coefficient measures the extent which the distribution of income or consumption expenditure among individuals or households within an economy deviates from a perfectly equal distribution. The coefficient varies between 0, which reflects complete equality and 1, which indicates complete inequality. (Source: the World Bank http://data.worldbank.org/indicator/SI.POV.GINI/ and http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTPOVERTY/EXTTPA/0,,contentMDK:20238991~menuPK:492138~pagePK:148956~piPK:216618~theSitePK:430367,00.html (last accessed 08/02/2013). It needs to be noted that some scholars doubt the degree of confidence of the Gini coefficient. For example, Bush (2007: 12) argues that Gini coefficients “usually use government-inspired (and controlled) household income and expenditure tables (with often limited sampling and poor methodology)”.

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of households hold land ownership guaranteed by official documentation, compared to 63 percent of the richest quintile (the Ministry of Planning of Cambodia 2006 cited in Ngo and Chan 2010: 15).

In terms of its efforts in pursuing poverty reduction, the IMF (2006: vii) demonstrates that Cambodia has made the following changes.

- Restoration of, and vast improvements in, internal peace and security,
- Democracy taking roots, both at the national and sub-national levels,
- Major advances in rule of law and improvements in maintenance of law and social order,
- Vast enhancement in personal freedom and freedom of expression,
- Spectacular and speedy macro-economic growth,
- Better and steady improving fiscal discipline and management,
- Accelerating integration of Cambodia with the region and the rest of the world,
- Sharp and noteworthy reduction in poverty levels

These are all evaluated by reference to the good governance criteria demonstrated in the RS.

In terms of Cambodia’s accelerating integration with the region and the rest of the world, Cambodia became a full member of the Association of Southeast Asian Nations (ASEAN) in 1999, and the World Trade Organisation (WTO) in 2007. These memberships have increased the country’s access to other markets. As can be seen in Table 4.2, the volume of Cambodia’s trade has recently increased. At the same time, the table shows that Cambodia’s imports outpace exports.

Table 4.2 Cambodia’s trade trend (Million US$)

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOB</td>
<td>1,755.0</td>
<td>2,027.0</td>
<td>2,588.0</td>
<td>2,910.0</td>
<td>3,692.4</td>
<td>4,088.5</td>
<td>4,708.0</td>
<td>4,196.2</td>
<td>4,686.6</td>
<td>5,350.2</td>
</tr>
<tr>
<td>Imports</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FOB</td>
<td>2,318.0</td>
<td>2,560.0</td>
<td>3,259.0</td>
<td>3,927.0</td>
<td>4,771.2</td>
<td>5,431.8</td>
<td>6,508.8</td>
<td>5,830.4</td>
<td>6,384.2</td>
<td>6,962.6</td>
</tr>
</tbody>
</table>


Note: FOB (free on board), *(Estimate)
In terms of the trend of exports, export products of the Generalised System of Preference (GSP), such as garment and shoes, have accounted for more than half of the total value of the export (Table 4.2). The main imported products are materials for the garment sector, petroleum, and cigarettes. These export and import trends show that most materials for Cambodian exported products from the garment sector are imported. This is why Ear (2013: 59) explains that “Cambodia is only involved at the ‘cut, make, and trim’ phase”. In fact, “More than 95 percent of garment factories are foreign owned, and a significant part of the profits are repatriated” (Ear 2013: 59). In summary, the scale of the integration of the Cambodian economy into the international market has increased with the increasing volume of trade and number of FDIs. However, this integration has largely benefitted foreign investors in Cambodia’s garment sector, while the country’s trade deficit has been increasing. These examples above illustrate that the integration of the Cambodian economy into the international market has been triggered by FDIs in the country’s garment sector. These FDIs also created new job opportunities for Cambodian people, specifically female workers. However, the average wage and working hours in the sector is not necessarily better than other jobs, and there is a very high turnover rate (nearly 50 percent) in the sector (Ear 2013: 58-59).

Nonetheless, as mentioned before, the IMF emphasises the linkage between good governance, economic growth, and poverty reduction in Cambodia. In contrast, some scholars reject such a linkage based on their findings. For example, by referring to the trend of foreign aid in Cambodia, Ear (2013: 85) argues that “aid from the West has become increasingly irrelevant in light of ever looser conditionality and noncredible threats (in the perennial exercise of admonishing the authorities for failing to meet benchmarks but pledging more foreign aid than requested)”. This point is also supported by Sullivan (2011: 58) as “It is the very nature of the relationship between the Cambodian state and its traditional development partners that has produced what has been termed a ‘hybrid’ form of governance allowing the neo-patrimonial networks to flourish alongside elements working for piecemeal reform”. In addition, Springer (2011: 2558) argues that patronage in Cambodia is strengthened since neoliberal development policy is employed and reproduced by the central government with the support of major foreign aid providers. This has resulted in a situation
where “only those connected to their system of patronage stand to receive any direct benefit” by controlling “the monetary channels of privatization and investment”.

One example which demonstrates the consequences of these arrangements in Cambodia took place when local residents, who had legal land ownership in the Mittapheap District, Sihanoukville, were violently evacuated by the government in 2007 for the sake of development projects for special economic zones (Springer 2011: 2560). In 2009, the Japanese ODA loan project for Sihanoukville Port Multipurpose Terminal Development started, which included the Mittapheap District. This loan project is Japan’s biggest ODA project in Cambodia. Shihanoukville’s port has also had significant China investment. Such investment is for “its associated facilities for import and exports of goods – and also to host a naval presence” (Burgos and Ear 2010: 624). These examples suggest that violent evacuations of local residents by the central government and externally funded projects for developing economic infrastructure coexist in Cambodia at the moment.

In relation to this point, it is worth noting that there are land conflicts in rural areas between farmers and local political elites who are linked to private investors of cash crop businesses (Sato, 2011: 86). Foreign companies cannot own land in Cambodia, but the government provides land which does not have grant official land titles to those companies as an economic land concession (ELC). The longest period of ELC is 99 years, and foreign companies can sublease their lands with ELCs (Sato, 2011: 86). Even though the central government gives ELCs to foreign companies without sufficient knowledge about how local people use those lands, administrative and jurisdiction institutions in Cambodia cannot make neutral judgements due to the fear of standing against development projects supported by the central government (Sato, 2011: 90). In addition to this point, Ear (2013: 27) explains that “[t]he judiciary is captured, and both the National Assembly and Senate are often powerless against the executive” since “there are virtually no checks on the power of the CPP [Cambodian People’s Party]”, the leading political party in Cambodia. The Cambodian government has arranged economic environments in favour of private investors using good governance criteria. At the same time, the examples above suggest that the government has

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\( ^{75} \) This argument is partly based on interview information gained from 84 informants in Phnom Penh, Cambodia between 2006 and 2007. Those informants include “presidents of well-known local human rights organization; the leader of Cambodia’s most influential labour union; the managing director of a local psychological support organization; the executive director of a prominent women’s organization which support victims of domestic violence; and Cambodian staff members both of the Asian Development Bank and IMF” (Springer 2011: 2556).
also placed market-driven development over the protection of the population’s livelihood in its priorities.

4.2 Resource allocation at the national and agricultural levels

NSDP 2006-2010 demonstrates that the goal of agricultural development in Cambodia is to ensure food security, increase income, create employment and improve nutrition for all by improving productivity and diversification, and promoting the commercialisation of agriculture (2005: 28). In line with the scheme in the RS, NSDP 2009-2013 provides estimates of resource requirements by sector (see Table 4.3).

Table 4.3 NSDP resource requirements 2009-2013 (USD million)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2009-2013 (% of total)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Social sectors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education (basic=60%)</td>
<td>700 (12.2)</td>
<td></td>
</tr>
<tr>
<td>Technical and vocational training</td>
<td>150 (2.6)</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>700 (12.2)</td>
<td></td>
</tr>
<tr>
<td>Mitigation of vulnerability</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,800</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Economic sectors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture and land management: other than crops</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td>Seasonal crops: rice etc.</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td>Rural development</td>
<td>750 (13.1)</td>
<td></td>
</tr>
<tr>
<td>Manufacturing, mining and trade</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,500</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Infrastructure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation (primary and secondary roads)</td>
<td>750 (13.1)</td>
<td></td>
</tr>
<tr>
<td>Water and sanitation (excluding rural)</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td>Power and electricity</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td>Post and telecommunications</td>
<td>75 (1.3)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,325</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Services and cross sector programmes</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender mainstreaming</td>
<td>50 (0.9)</td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>50 (0.9)</td>
<td></td>
</tr>
<tr>
<td>Environment and conservation</td>
<td>250 (4.4)</td>
<td></td>
</tr>
<tr>
<td>Community and social services</td>
<td>100 (1.7)</td>
<td></td>
</tr>
<tr>
<td>Culture and arts</td>
<td>50 (0.9)</td>
<td></td>
</tr>
<tr>
<td>Governance and administration</td>
<td>500 (8.7)</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td><strong>1,000</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Unallocated</strong></td>
<td><strong>116 (2.0)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Grand total</strong></td>
<td><strong>5,741</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: NSDP Update Table 25 (cited in the Council for the Development of Cambodia 2011:14)
In this estimate, 8.8 percent of the total national budget is allocated to agriculture and land management and seasonal crops during the period from 2009 to 2013 even though the details of how this budget was actually used in the past are not shown in NSDP. The actual public expenditures in agriculture in previous years were 6 percent of total expenditure in 2006, 5 percent in 2007, 3 percent in 2008, and 5 percent in 2009 (Ngo and Chan 2010: x). It is worth noting that actual public expenditure of both the Ministry of Agriculture, Forestry and Fisheries (MAFF) and Ministry of Water Resource and Meteorology (MOWRAM) in previous years fell far short of figures in NSDP 2006-2010 (Ngo and Chan 2010: 26). This implies a gap between the national development plan and its actual implementation.

As a sector development policy, the Agriculture Sector Strategic Development Plan (ASSDP) 2006-2010 and the Strategy for Agriculture and Water (SAW) 2010-2013 were formulated by the government and foreign aid providers to guide the distribution of resources for the agricultural sector. ASSDP and SAW mainly address the following challenges of Cambodia’s agricultural sector: low productivity, high dependency on rainfall, poor soil quality, limited access to high-yielding inputs and a high proportion of rural land-less and land-poor households. ASSDP 2006-2010 mainly focuses on the improvement of institutional and legislative frameworks, and SAW 2010-2013 focuses on the improvement of water resources, irrigation and land management.

Unlike the RS, SAW does not necessarily prioritise economic growth over poverty reduction in the agricultural sector. SAW suggests that poverty reduction can contribute to economic growth in Cambodia and that economic growth does not always come before poverty reduction. Thus, one noticeable difference in the development vision of the agricultural sector between the RS and SAW is over the issue of whether agricultural development is meant to contribute to economic growth or poverty reduction as the primary focus. This difference shows a disjunction between the national and local levels although the RS has an element of pro-poor development. This implies that there is a possibility that there are different understandings of agricultural development within Cambodia’s development strategies by different institutional actors.

Ngo and Chan (2010: viii-xi) point out that the national budget allocated to the agricultural sector has been under-spent, which has left small-scale farmers under-supported by limited public service. According to Ngo and Chan (2010: viii), MAFF and MOWRAM spent about 60 percent of their allocated capital budgets over 2006-09 and that the actual
expenditure in the agricultural sector was even lower than the already small budget. This situation implies that the amount of allocated national budget to sub-sectors in the agricultural sector is not always used as proposed in the official documents. The vulnerability of the income source of the sector also contributes to the limited support to small-scale farmers. Table 4.4 shows that 72 percent of total budget of MAFF is attributable to the income from the disposal of timbers which were confiscated by the government as illegal logging.

Table 4.4 Breakdown of the budget implementation in MAFF 2009

<table>
<thead>
<tr>
<th>1) Income total</th>
<th>USD</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>From public property selling illegal logs confiscated in Atal River</td>
<td>5,492,557</td>
<td>72</td>
</tr>
<tr>
<td>selling and hiring (quality control)</td>
<td>995,220</td>
<td>13</td>
</tr>
<tr>
<td>Fine and punishment</td>
<td>367,624</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>822,734</td>
<td>11</td>
</tr>
<tr>
<td><strong>Income total</strong></td>
<td><strong>7,678,135</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

| 2) Expense for non-programme budget for daily administration and annual implementation | USD       | %  |
| Purchasing | 1,547,401 | 17 |
| Outside service-1 | 214,292 | 2 |
| Outside service-2 | 1,014,085 | 11 |
| Tax | 22,015 | 0 |
| Staff payment | 4,536,614 | 49 |
| Social subsidy and assistance | 1,845,277 | 20 |
| **Expense for non-programme budget for daily administration and annual implementation** | **9,179,684** | **100** |

| 3) Expense for programme budget | USD       | %  |
| Purchasing | 1,624,951 | 49 |
| Outside service-1 | 1,265,277 | 38 |
| Outside service-2 | 423,817 | 13 |
| Social subsidy and assistance | 9,524 | 0 |
| **Expense for programme budget** | **3,323,569** | **100** |


This income from the disposal of timbers accounts for the large part of MAFF’s budget, but it is not a regular income source. Given the fact that the majority of the working population and companies in the agricultural sector belong to the informal economy or are not officially registered as economic actors, it is also unrealistic for the government to collect tax for its income. Moreover, even in the case of legal logging, rent seeking, for example through tax evasion, is widespread (Un and Hughes 2011: 207-208) given the situation that “the Forestry Administration lacks resources and finance to strengthen its staff”. Another contributing factor to the limited resource in the Forest Administration is that there are vested business interests in the sector and “the government has co-opted or undermined the institutions mandated to control concessionaires” (Un and Hughes 2011: 207). In the context of
Cambodian political economy, Un and Hughes (2011: 208) describes this situation in the sector of forest management as follows:

The government’s concern to maintain tight control of the distribution of the projects of economic transformation, as a means to defend political power rather than to promote economic development, entails that institutions in this sector, as in the judicial sector, remain under-resourced, politicized, penetrated by patronage networks, and continually under attack from executive intervention.

The above information and argument show that the Cambodian government does have more sources of finance to promote public service in the country than officially reported amount of national budget. Nonetheless, 61 percent of the total budget used in MAFF came from ODA in 2009 (JICA 2010: 12). Foreign aid providers have allocated a large amount of aid resource to Cambodia’s agricultural sector by explaining that poverty is still a serious issue in the country and the Cambodian government faces a lack of funding. On the other hand, as will be described later in this chapter, the government seems to expect that foreign aid will provide socio-economic support for local farmers while the government strengthen local patronage networks and promotes private sector-led economic growth.

In relation to Norman’s (2011) study on microfinance in Cambodia, this expectation of the government for foreign aid can be seen as a reflection of what the Consultative Group to Assist the Poor (CGAP) has promoted in aid-receiving countries. The CGAP “was established, comprising a global network of powerful donors (and partnering the World Bank) to assist in the global expansion and coordination of microfinance” (Norman 2011: 163). The following summary of the CGAP’s approach to aid-receiving governments suggest how the trend of powerful foreign aid providers is reflected in the current national development policy of Cambodia.

Number eight of CGAP’s influential key principles 2004 states that the job of the government is not to provide financial service to the poor directly but to construct a supporting policy environment. It is a common (neoliberal) belief that governments usually have a negative effect and can often undermine the microfinance market. However, there is now a growing consensus that governments can be effective in working with donors and developing policy frameworks that can stimulate a vibrant and competitive microfinance structure rather than directly providing financial services themselves. Governments have an important role to play in promoting private sector involvement when formulating poverty reduction strategies and elevating it to a leading role in development strategies” (Norman 2011: 172-173).

This type of aid and development policy encourages aid-receiving governments to provide socio-economic support to the population via the private sector. One important point to
consider in the Cambodian context is the contrast between the type of Cambodia’s economic environment arranged in favour of private investors and the emphasised lack of funding in the country by the Cambodian as well as aid-providing governments. As mentioned in Chapter Three, that there is a significant loss of tax revenue from private investors in Cambodia’s garment sector in the investor-friendly economic environment. This situation suggests that the growing activities of the private sector in Cambodia does not necessarily result in more resource available for socio-economic support in the country. The presence of the private sector is growing in Cambodia, but the government does not act as aid providing countries expect to.

In terms of the domestic governance situation in Cambodia, Craig and Kimchoeun (2011: 240) describe more realistic aspect of how leading political party, CPP, gains rural political support through party financing in the mass patronage system:

[T]he primary need of mass patronage systems is the winning of elections. This is done by two means: the allocation of jobs in the state mechanism according to party loyalty (so that employees become both voters and party activists at election time) and the allocation of resources accrued by the party by a number of means into mass patronage activities such as vote buying, provision of gifts and treats… and the provision of local infrastructure projects by party, party-lined private charity, and the use of the government system in classic “pork-barrel” or populist ways to build local infrastructure, schools, clinics, and roads.

This situation contrasts with the role of the governance which major aid providers in Cambodia promote. Moreover, Craig and Kimchoeun (2011: 243-244) explain that the party-led mass patronage will continue to be influential in Cambodia:

What the decentralized state system needs, arguably more than anything else, is electoral accountability: electoral incentives to perform. It is crucial, then, to note that currently this electoral accountability does not seem to be being generated as much via the mainstream governmental system as it is via the party patronage system. As long as the party is able to harness the kinds of accountabilities and effectiveness which emerge in a mass patronage context, it will retain control of a powerful electoral tool.

This explains that the type of political accountability and effective development existing in Cambodia is crucially different from the one major aid providers has promoted in the country. At the same time, the existing governance system does not equally provide support across the country. The scale of support from the party financing varies across districts and communes according to the potential of political support the party can gain from them (Craig and
Kimchoeun 2011: 236). In fact, “party financing can be used as a very effective tool for political marginalization” (Craig and Kimchoeun 2011: 237).

One of the consequences of this type of governance is the crucial lack of socio-economic services for the majority of the population from the central government. For example, Yagura’s (2005) study in two Cambodian villages shows that, together with the lack of health care support from the government, illness results in more significant damage to the living conditions of small-scale farmers. There are two main reasons for this situation. The first reason is that farmers cannot earn and save enough additional income from non-farm activities such as fishing and wage labour in a short period of time given “the lump-sum nature of treatment costs” (Yagura 2005: 773). The other reason is that “the villagers bear almost all the costs of medical treatment themselves” because “the Cambodian government gives few subsidies for medical costs” to the population (Yagura 2005: 767). This information is consistent with the argument of Craig and Kimchoeun (2011: 238) that “all its elaboration and effort, mass patronage may be a reasonably inexpensive way of getting votes: perhaps less expensive than adequately funding teachers’ salaries or good local health systems”.

In terms of crop failure, Yagura’s data shows that the surveyed households strategically earn “a small but regular additional income that is sufficient to pay their everyday expenses” (2005: 763) when they have less rice production than usual. Therefore, in Yagura’s survey data, “few land sales resulted from bad harvest, despite the frequent severe crop failures” in one of the two surveyed villages while “illness is one of the major causes of land sales” in both villages (2005: 769). These findings provide examples of what Rao (1996: A-53) explains as “a complicated network of relationships” between agricultural growth and living conditions of those who rely on agricultural activities for their living conditions. In other words, the improvement of farmers’ living conditions does not necessarily depend on their agricultural skills or access to technologies and the market. In the Cambodian context, the research literature, as well as the primary data of this study (as will be shown in Chapter Seven), suggest that the work undertaken by small-scale farmers in Cambodian socio-

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76 This study is based on survey data from sixty seven households with farm land and twenty seven households with no land for farming in two Cambodian villages (Svay and Trapeang Ang) located approximately 100 km south of Phnom Penh. Forty five percent of the surveyed households in one of those villages, and seventy one percent in another village, own less than one hectare of rice fields. While rice farming is the main industry in both villages, most households there have non-farm income sources such as fishing, migrant labour, and petty trading (Yagura 2005: 764-765).
economic and political environments are more complicated than the government and aid agencies appreciate when devising development alternatives for the farmers.

4.3 Governance, market economy, and agriculture

Good governance is at the core of the RS. The RS identifies four main elements of good governance. Those elements are (i) fighting corruption; (ii) legal and judicial reform; (iii) public administration reform including decentralisation; and (iv) reform of the Royal Cambodian armed forces. Enhancing the agricultural sector consists of one of the four key development factors in the RS. As mentioned before, the commercialisation of agricultural products and the promotion of agro-industry are considered to be potential avenues for agricultural development by the government. This agricultural development policy is consistent with the aid approach to Cambodia’s agricultural sector by major aid agencies such as the World Bank, IMF, as well as some scholars, such as Godfrey (2003) and Sciaroni (2004) (cited in Ear 2013: 67). The consensus among these agencies and scholars and the Cambodian government is that “the development of agriculture and agro-processing are key for Cambodia’s survival in the global economy following the end of the preferential quotas for the export of garments to the United States and the European Union” (Ear 2013: 67).

Even though this is the consensus on the potential of Cambodia’s agricultural sector, some studies describe how the current governance situation in Cambodia prevents individual economic actors from gaining benefits from their agriculture-related businesses in the country’s market economy. For example, the Government Private Sector Forum (GPSF) of the Agro Business and Agro Processing (ABAP) Working Group 2004 (cited in Ear 2005:14) states that “the number of payments made to the authorities indicates unnecessary levels of bureaucracy that, from an agro business and agro processing working group perspective, are costly to maintain”. For instance, in the case of the transportation of livestock from rural areas to urban areas, there are at least five points of unofficial payment: provincial economic police, ministerial economic police, district police, military police, and veterinarian (GPSF-ABAP 2004 cited in Ear 2005:14). Ishikawa (2010: 103) also explains that Cambodian middlemen are often charged an unofficial toll fare by Cambodian military and police officials within Cambodia, in addition to official payments for toll fare and custom duty at the border. It is not unusual for such unofficial payments to cost middlemen more than 50 percent
of the cost of transportation of rice. This high cost of transportation results in the low payment to Cambodian producers of rice by middlemen. This example of additional unofficial cost for rice transportation implies that the Cambodian government is also responsible for Cambodian stakeholders in the regional rice market attaining limited benefits and the low prices of rice paid to farmers in the country.

ILO mentions that there are many reasons why it is better for business operators in Cambodia to remain informal in Cambodia. These reasons include frequent visits by both official and unofficial inspectors from local to central administrations (2006: 16). This lack of motivation for business operators to be officially registered crucially limits the government’s regular source of income through tax payments. As mentioned before, the current income source for the agricultural sector is not reliable from a long-term viewpoint, and foreign aid still accounts for a large part of government-sourced resource inputs for the sector. Unspoken issues in Cambodian governance crucially change the context of agricultural development.

There are various types of institutions and organisations in Cambodia’s agricultural sector, such as MAFF, Rural Development Banks of Cambodia (RDBs), the Federation of Cambodian Rice Millers Association (FDORMA), farmers’ associations, and agricultural cooperatives. These organisations and individuals engaged in agricultural activities for their livelihood are all regarded as development partners by the government. One crucial point to note is that they are expected to be development partners in a market economy in which individuals are driven to compete and maximise their profits within the context of informal economic regulations. As will be shown later in this chapter, different researchers have conducted research into the ongoing conditions of Cambodia’s rice sector using both quantitative and qualitative approaches. Their studies provide extensive primary data and contain both similar and different findings among them regarding the impacts of the current situation of the rice sector on Cambodian farmers. One of the reasons why the rice sector is looked closely at in those studies is that the sector has been considered a potential source of Cambodia’s economic growth by both the government and foreign aid providers. Given this situation, it is useful to review the type of development policy promoted in Cambodia’s rice sector, as well as arguments in the literature relating to contemporary Cambodia. This review

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illustrates how internal and external factors influence the relationship between governance, market economy, and agriculture in Cambodia.

4.3.1 Rice sector as a potential economic engine

The Cambodian government has identified the potential for rice exports to contribute to the country’s GDP growth given the glowing demand for rice in the global market\textsuperscript{78}. The rice-exporting countries are concentrated in Southeast Asia, and the number of those countries is small compared with the growing international demand for imported rice. Even within Southeast Asia, the number of rice-importing countries, for example the Philippines, Malaysia, and Indonesia, has increased\textsuperscript{79}. The Rice Policy was activated in 2010 as a countermeasure for the situation in Cambodia of many small-scale farmers in rural areas concluding yearly contracts with foreign business operators from Thailand and Vietnam, or with Cambodian middlemen who work for those foreign business operators. Export of rice through unofficial channels is considered to be a problem by the government. Cambodia officially exported only 13,000 tons of processed rice or 20,000 tons of unprocessed rice in 2009, while much more Cambodian unprocessed rice was exported through unofficial channels\textsuperscript{80}. According to the government, this unofficial export of Cambodian unprocessed rice has resulted in a loss of benefits for Cambodian stakeholders including local farmers, rice millers, and exporters. This loss of benefits is not only related to the cheap prices of Cambodian unprocessed rice sold through unofficial channels, but also to the use of rice husks for other economic activities. If local rice is processed in Cambodia, broken rice and rice husks can be used for cooking oil production, aquaculture, and animal husbandry, creating more job opportunities in the country\textsuperscript{81}.

The Cambodian government believes that the export of Cambodian rice to neighbouring countries through unofficial channels is one of the reasons for limited benefits accruing to Cambodian stakeholders in the regional rice market. The government emphasises the high economic return from the export of rice through official channels to the Cambodian economy. Given the government’s strong belief in this economic return from the global market, Thavat’s (2011) study provides a finding which casts doubt on the idea of benefits accruing

\textsuperscript{78} For more details, see the Policy Paper on the Promotion of Paddy Production and Rice Export (2010) Annex I: Regional/Global Milled Rice Market and Challenges.
\textsuperscript{79} Policy Paper on the Promotion of Paddy Production and Rice Export (2010)
\textsuperscript{80} Policy Paper on the Promotion of Paddy Production and Rice Export (2010)
\textsuperscript{81} Policy Paper on the Promotion of Paddy Production and Rice Export (2010)
specifically to the producers of rice from interaction with the international market. Thavat (2011) examines the situation of a development project supported by local and international Non-Governmental Organisations (NGOs) and bilateral aid providers, which targets high value niche markets to sell Cambodian organic rice in Europe and North America. Her study shows that sales of Cambodian rice in the international market through official channels only brings marginal benefits to already vulnerable farmers despite the additional burdens relating to producing high quality rice (2011: 296). In this case, Cambodian farmers have to conform to “First World consumer ideals and tastes” rather than substantially improving their living conditions (Thavat 2011: 285). Her study also shows that Vietnamese rice traders through unofficial channels started offering Cambodian farmers the same prices of rice as the aid project for lower quality rice. Furthermore, those traders are “often better organised and more reliable in prompt pick up and payment than the project and less fussy about quality” (Thavat 2011: 293). This finding brings into doubt the government’s belief in the automatic economic return of the export to international markets of Cambodian rice being enjoyed by the producers of rice. It also suggests that it may be premature to consider that contract rice production between foreign traders and Cambodian small-scale farmers through unofficial channels is detrimental to the farmers themselves. From the government’s viewpoint, this contract farming is not beneficial to the Cambodian economy. What Thavat’s study shows is that contract farming though unofficial channels can be a more reliable source of income for small-scale farmers than exporting rice through official channels.

In relation to this point, Ishikawa (2010) emphasises a win-win relationshipship between farmers and rice millers in Battambang province, which has been developed in areas where rice millers are concentrated along the main supply route (National Rout 5) for the logistical convenience to buy rice from farmers. As one example of such a case, Ishikawa (2010: 112) shows survey data on purchase prices of unprocessed rice of four different varieties in areas both close to and far from the main supply route (National Route 5) in Battambang province, which is the leading rice-producing province in Cambodia. He collects his survey data from 36 rice millers along the main supply rout and 24 rice millers in the remote area and explains that there is an informal but clear system of quality evaluation and pricing of rice between rice millers and farmers along the main supply rout. According to Ishikawa (2010: 111), rice millers are competitive in the area along the main supply rout and there is an informal

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82 See Appendix 1 for detail of transaction of rice mills along National Rout 5 and in rural areas in Battambang province, and Appendix 2 for purchase price of unprocessed rice for different varieties of rice at rice mills along National Rout 5 and in rural areas in Battambang province.
market regulation developed in this area. This informal market regulation encourages contract farmers to improve the quality of their rice and some rice millers are more financially successful than others due to their stable capacity to pick up unprocessed rice from farmers and abilities to secure sales channels for their processed rice (Ishikawa 2010: 113). By saying this, Ishikawa emphasises the Win-win relationship between farmers and rice millers in the areas along the main supply rout, where many rice millers concentrate and compete with each other, in Battambang province.

Given these aspects of the informal regulation in Cambodia’s rice sector, Ear’s study provides useful information to look at the market environment of the sector in relation to political economy in Cambodia. Ear (2013: 53) describes the patronage system in Cambodia and the significant role which oknhas play in that system:

Oknha is a title of nobility… Oknha is more prestigious and sounds more high-class than ayadom ("excellency"), as it implies not only a high position but also wealth… On April 15, 1994, the government issued a subdecree to grant any citizen, Khmer or foreign, who contribute more than $100,000 to the state the status of an oknha. According to the office that grants the title, there are currently about 220 oknhas nationwide. Independent figures are unavailable, but according to an oknha’s personal assistant, the number increased by 200 in 2004-2008… Almost all the members of the chambers of commerce are oknhas, and they are associated with the governing Cambodian People’s Party (CPP).

In this context, “Rice is overwhelmingly domestically-owned, and has some active Oknhas – one of whom heads a rice miller’s association” (Ear 2009: 4). This situation is different from Cambodia’s garment sector which “does not enjoy an Oknha presence because of its international character – less than 5% of garment factories in Cambodia are domestically owned” (Ear 2009: 4). These examples provide a possible explanation for why individual economic actors in Cambodia’s rice sector have been dependent on informal market regulations. Given the example of the garment sector in Cambodia’s political economy, Ear (2013: 49) suggests that “Cambodia’s recent growth is not a product of good governance and that poor governance – as distorted by the effects of aid – is stifling the potential for growth in the agricultural economy”. From this perspective, Ear (2009: 13) suggests that foreign investors such as ones from Asia and Middle East “could become the external drivers of good enough government in Cambodia’s agricultural development” (2009: 13). Given the

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83 In the literature of contemporary Cambodia, sources of the information about local patronage network are mostly from local newspapers, interviews with high level officials by authors, Cambodia Office of the High Commission for Human Rights, Global Witness, Oxfam, and related journal articles. For more details, see Cambodia’s Economic Transformation (2011) edited by Hughes, C. and Un, K.
influence of political-economic elites in Cambodia, what Ear’s study implies is that external factors such as foreign investment may play a role to induce good enough governance in the agricultural sector.

From Ear’s perspective, the Rice Policy may be one of the potential factors for inducing good enough governance in Cambodia’s rice sector. The implementation of the Rice Policy involves not only MAFF and MOWRAM but all other ministries and institutions including the National Bank of Cambodia. The scale of the Rice Policy suggests that the government has high expectations for the export of rice. The preparation of necessary financial mechanisms for rice export stakeholders is one of the major commitments made by the government in the Rice Policy. The rice export policy paper\textsuperscript{84} plans to ensure access to loans for farmers, rice millers and exporters. Those plans are to:

- Recapitalise the Rural Development Bank (RDB) with an additional amount of 7 million USD (from 13 million USD to reach 20 million USD) by the end of 2010 or, at the latest, by early 2011
- Double the capital of the Agriculture Development and Support Fund (ADSF) from 18 million USD to 36 million USD, at the latest, by 2011
- Develop a Credit Guarantee Scheme to guarantee loans from commercial banks to companies and rice collectors at the latest by 2011
- Cooperate with development partners to set up a Risk Sharing Facility, at the latest by 2011. Its objective is to encourage commercial banks to extend loans for agriculture processing activities and small and medium enterprises (SMEs)

These plans imply that there is a strong expectation on the part of the Cambodian government that producers of rice can enjoy economic returns from the official channels of the international rice market if the government supports the private sector in terms of legal economic arrangements. This belief in private sector-led agricultural development can be seen in the RS which states that private investment is an important factor helping local farmers participate in regional and international markets (the RS Phase II Item 47). This belief is reflected by how the government provides financial and legal support to the private sector in relation to the implementation of the Rice Policy. In line with this policy, MAFF claims that Cambodian people have “actively and competitively participated in agri-business” (2011: 4) in Cambodia’s market economy. Regardless of the lack of direct support to small-scale farmers from the government, this claim shows the government’s high expectation that

\textsuperscript{84} Policy Paper on the Promotion of Paddy Production and Rice Export (2010)
the agricultural sector will realise economic growth. The central government also emphasises the importance of the market principle with “fair competition” supposedly ensuring the participation of all concerned stakeholders even though it does not explain what constitutes “fair.” As will be mentioned in the next sub section of this chapter, agricultural extension services have not been made available to all local farmers, and there is not sufficient evidence that the government can actually guarantee benefits will accrue to small-scale farmers from the rice export through official channels. The Cambodian government exports rice expecting that exports of rice through official channels will accelerate national economic growth and this profit will be returned to small-scale farmers. Farmers gaining economic returns from this type of export are only the assumption of the government despite there being no guarantee of a minimum price for rice produced for the Rice Policy. It is difficult to estimate what percentage of exports share would be returned to farmers at the moment.

In summary, conditions for the export of Cambodian rice through unofficial and official channels are investigated in some studies. Their findings and arguments are relevant to farmers who sell rice in the market whether inside or outside the country. However, it is also significant, as mentioned previously, that only 35 percent of farm households can produce surplus rice to sell in markets (Ngo and Chan 2010: 38). The fact that “more than three-quarters of rural households grow rice in Cambodia” (Ear 2013: 67) also illustrates that the majority of the population is engaged in rice production and only a small percentage of that population can produce enough rice to feed their family. As will be shown in Chapter Seven, some of those farmers would initially buy agricultural inputs by loan from the buyers of their rice and pay back their loans to the buyers in the form of unprocessed rice. This is part of the yearly contract farming and farmers do not necessarily sell their rice in the market, but they provide rice to their contractors so that they can pay back their loans. In this way, they would continue producing rice in following years and secure rice for family consumption. In the literature of contemporary Cambodia, there are findings of there being both positive and negative impacts of Cambodia’s current economic development policy on people’s living conditions in the country. Given this contrast, this study seeks to enhance the understanding of the complicated relationships between governance, the market economy, and Japan’s ODA in the context of Cambodia’s agricultural sector.

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4.3.2 Agricultural extension service

In relation to the assumed economic return of rice export in the global market to the Cambodian economy, the Cambodian government also emphasises the importance of the agricultural extension services. Agricultural extension services are usually offered to farmers as public services in the form of “transmitting information, new ideas, methods, and advice about, for instance, the use of fertilizer, control of pests and weeds, appropriate machinery, soil conservation methods, and simple accounting”, in order to stimulate high agricultural yields (Todaro and Smith, 2006: 806). It is believed by the government that agricultural extension services can better contribute to productivity enhancement for farmers through farmers’ groups rather than individual farmers. In the Cambodian context, however, there are some environmental and historical factors which prevent local farmers from participating in group activities.

Cambodia is a tropical monsoon region, and Cambodians historically cultivated rice relying on rainfall and flooding and did not need to collectively prepare facilities to keep water for agricultural use. The reach of irrigation systems in Cambodia is still small as 26 percent of the total paddy field (JICA 2011), and the majority of Cambodian farmers are not familiar with collective activities to manage water resources for agriculture (JICA 2009: 15). Cambodian local organizations are structured by Khet (province), Srok (district), Khum (commune), and Phum (village as the smallest size of local community). It is not common in Cambodian rural area that people form groups outside their family relations not only because of the limited irrigation systems but also due to their experiences of forced group works during the Pol Pot regime (JICA 2009: 15).

Beside those factors, the quantity and quality of extension services from the government has been questioned. MAFF (2011: 27) details its activities relating to the implementation of agricultural extension services as follows:

- Training of 6,466 village extension workers (635 females);
- 10 training courses on administration, management, and leadership with participation of 235 members (109 females) of agricultural cooperatives;

86 Project Prior Assessment of the Irrigation System Renovation Project in West Tonle Sap
87 APPP Detailed Planning Study Report
88 APPP Detailed Planning Study Report
89 Annual Report for Agriculture, Forestry and Fisheries 2010-2011
• 10 training courses on basic accounting and finance with participation of 200 leaders (107 females) of agricultural cooperatives;
• 15 training courses on business planning with participation of 450 leaders (7 females) of agricultural cooperatives;
• 60 training courses on production planning involving 2,100 farmers (595 females);
• 10 training courses on basic concepts of agricultural cooperatives and agricultural cooperative formation procedures with participation of 250 farmers (32 females); and
• 4 exchange visits to gain experience on crop production involving 995 farmers (450 females)

In this list of the agricultural extension activities, MAFF puts a strong emphasis on how many training courses were implemented and how many people participated in those activities. At the same time, there is an issue relating to the limited payment of extension workers, which crucially influences the quality of extension services. JICA 90 (2010) mentions that Cambodian agricultural extension workers are not provided necessary expenditures by MAFF for their activities such as transportation devices and fuel. Even though MAFF points to an increased number of extension workers, it is not clear if those extension workers receive enough income and have financial support to actually visit local farmers and actually provide extension services.

In their study, Ngo and Chan (2010: xi) conclude that agricultural extension services are most suitable and beneficial for small-scale farmers. They (2010: xi) also state that agricultural personnel are concentrated at provincial level and that only 17 percent of villages across Cambodia have access to agricultural extension services. In addition, the implementation of those extension services largely depends on foreign aid and NGOs. In the case of Battambang province which is the largest rice-producing area in Cambodia, there are 14 districts and 69 extension workers. There are 5-10 communes in each district, and about 5,000-15,000 people live in each commune. In this situation, it is estimated that each extension worker looks after 1,700-7,200 farm households (JICA 2010: 11). If those extension workers do not have financial support from the government to actually visit local farmers, it is likely, as will be shown in the following chapters, that those extension workers cannot provide services at the commune level. In fact, Ear (2013: 32) describes the severe economic condition of government employees in Cambodia in general as follows.

90 APPP Detailed Planning Study Report
Civil servant salaries are marginally above the poverty line of about $0.45 per day per person, making their gravitation toward the aid sector almost a fait accompli. Yet civil service reform is not a high priority for the RGC [Royal Government of Cambodia] for political economy and patronage reasons, enabling the abuse of public office for private gain. Salaries – still in the $20-$40 per month range – have increased, but they have not kept up with inflation.

In light of the above complications, and bearing in mind that essential public services such as extension services are not sufficiently provided to local farmers, the Cambodian government has nevertheless introduced the market economy to realise rapid economic growth. Foreign aid agencies have strongly influenced this situation by assisting the establishment of institutional arrangements linked to the promotion of private investment for Cambodia’s market economy. In this type of development supported by foreign aid, the government has placed strong emphasis on competition and economic growth, and this economic growth is meant to reduce poverty. However, the contradiction between growth-led poverty reduction and agricultural development for poverty reduction in Cambodia has not been sufficiently established.

4.4 Foreign aid in Cambodia’s agricultural sector

As a noticeable change in its approach to foreign aid providers, the Cambodian government has introduced the concept of development effectiveness and shifted the focus of its evaluation of the value of development policy from aid effectiveness to development effectiveness. This shift implies that the expected role of foreign aid by the government would also change in the agricultural sector according to what agricultural development is supposed to achieve for the Cambodian government. The understandings of the effective use of foreign aid by aid providers were challenged at the Fourth High Level Forum on Aid Effectiveness in Busan in 2011. The forum promoted the concept of development effectiveness in which aid-receiving countries consider aid providers to be catalysts for their national development. This concept does not replace existing understandings of aid effectiveness, but it puts more focus on making actual results of development from the aid recipients’ perspective. Yet, this does not necessarily guarantee that the definitions of

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development identified by recipient governments would reflect the values of those who live
under constrained circumstances in different countries.

The Council for the Development of Cambodia (CDC) mentions that the outcome of the
Busan High-Level Forum in Aid Effectiveness is an advance over “the excessively
technocratic approach”\(^92\) of the Paris Declaration of Aid Effectiveness at the Second High-
Level Forum in 2005 and the Accra Agenda for Action at the Third High-Level Forum in
2008. By following the outcomes of the Busan High-Level Forum, the Cambodian
government has placed emphasis on country context, national priorities. The CDC\(^93\) suggests
three core components of development effectiveness are needed to clarify the conceptual
distinction between development effectiveness and aid effectiveness. Those three
components are:

- An ‘end state’ of successful development, as defined by the targets of the RS and the
Cambodia Millennium Development Goals;
- The capacity to effectively implement any externally-supported activities and to adapt
and sustain the results over time; and
- Scope for articulating a set of goals and principles that are shared by a broader range
of actors and encompassing a broader pool of resources

In line with these three points, the government also recognises that a necessary condition for
the country’s effective development is a constructive partnership between the Cambodian
government, development partners including non-DAC countries such as China and Thailand,
and private sector and non-state actors. The Cambodian government has also expressed the
view that the country’s development opportunities related to the private sector, specifically
trade, are a “driver of growth, regional integration and cooperation as well as challenges
including food security, migration and climate change” (CDC 2011: 2). Based on this concept
of the partnership, the government expects foreign aid to play a catalytic role that
complements other sources of development finance.

The actual inflow of foreign aid in Cambodia nearly doubled from USD 555 million in
2004 to USD 1,075 million in 2010, accounting for more than half of the country’s annual
national budget since 2006. International Financial Institutions (IFIs) and aid-providing
governments have provided more than 50 percent of the government’s annual budget for


\(^{93}\) The Cambodia Development Effectiveness Report 2011
more than ten years. Moreover, the net ODA received by the Cambodian government is “equivalent to 94.3 percent of central government spending between 2002 and 2010” (Ear 2013: 16). At the same time, population growth was relatively stable during this period in Cambodia, and GDP growth has been robust, averaging 11.8 percent annually between 2000 and 2010, outstripping the average ODA annual growth rate of 8.7 percent over the same period (CDC94 2011:13). In terms of the use of the increasing inflow of foreign aid, Table 4.5 shows the recent trend of the ODA disbursement by sector.

Table 4.5 Disbursement of ODA by sector (% of the total in each year)

<table>
<thead>
<tr>
<th>Social sectors</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011 *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>17.3</td>
<td>18.1</td>
<td>15.3</td>
<td>13.8</td>
<td>14.1</td>
<td>16.2</td>
<td>18.3</td>
<td>16.0</td>
</tr>
<tr>
<td>HIV/ AIDS</td>
<td>4.2</td>
<td>5.0</td>
<td>5.4</td>
<td>7.4</td>
<td>5.6</td>
<td>3.9</td>
<td>7.2</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>13.2</td>
<td>11.4</td>
<td>11.2</td>
<td>11.6</td>
<td>13.0</td>
<td>9.6</td>
<td>10.3</td>
<td>16.1</td>
</tr>
<tr>
<td>Economic sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>8.2</td>
<td>5.5</td>
<td>17.3</td>
<td>6.0</td>
<td>5.9</td>
<td>8.1</td>
<td>8.3</td>
<td>17.4</td>
</tr>
<tr>
<td>Manufacturing, mining and trade</td>
<td>1.3</td>
<td>1.6</td>
<td>3.4</td>
<td>2.1</td>
<td>3.2</td>
<td>1.1</td>
<td>0.8</td>
<td>1.8</td>
</tr>
<tr>
<td>Rural development</td>
<td>10.9</td>
<td>8.2</td>
<td>7.0</td>
<td>8.7</td>
<td>7.3</td>
<td>6.2</td>
<td>6.0</td>
<td>5.2</td>
</tr>
<tr>
<td>Banking and business services</td>
<td>2.1</td>
<td>1.4</td>
<td>2.0</td>
<td>5.8</td>
<td>1.3</td>
<td>2.9</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Urban planning and management</td>
<td>0.6</td>
<td>0.1</td>
<td>0.3</td>
<td>0.6</td>
<td>1.6</td>
<td>1.0</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Infrastructure sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information and communications</td>
<td>0.2</td>
<td>0.1</td>
<td>1.4</td>
<td>3.4</td>
<td>0.1</td>
<td>0.8</td>
<td>0.2</td>
<td>0.2</td>
</tr>
<tr>
<td>Energy, power and electricity</td>
<td>2.3</td>
<td>2.6</td>
<td>2.0</td>
<td>1.6</td>
<td>4.2</td>
<td>2.2</td>
<td>2.2</td>
<td>5.8</td>
</tr>
<tr>
<td>Transportation</td>
<td>14.8</td>
<td>12.1</td>
<td>7.7</td>
<td>12.5</td>
<td>21.0</td>
<td>18.1</td>
<td>17.7</td>
<td>33.9</td>
</tr>
<tr>
<td>Water and sanitation</td>
<td>0.9</td>
<td>4.0</td>
<td>2.6</td>
<td>2.2</td>
<td>3.3</td>
<td>1.7</td>
<td>2.2</td>
<td>5.8</td>
</tr>
<tr>
<td>Services and cross-sectors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community and social welfare</td>
<td>7.9</td>
<td>5.8</td>
<td>5.4</td>
<td>7.3</td>
<td>6.6</td>
<td>5.5</td>
<td>4.9</td>
<td>5.5</td>
</tr>
<tr>
<td>Culture and arts</td>
<td>3.3</td>
<td>0.8</td>
<td>2.0</td>
<td>0.1</td>
<td>0.8</td>
<td>0.6</td>
<td>0.6</td>
<td>0.5</td>
</tr>
<tr>
<td>Environment and conservation</td>
<td>3.5</td>
<td>2.0</td>
<td>2.0</td>
<td>1.0</td>
<td>2.1</td>
<td>1.1</td>
<td>3.0</td>
<td>1.5</td>
</tr>
<tr>
<td>Climate change</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender</td>
<td>0.4</td>
<td>0.5</td>
<td>0.7</td>
<td>0.7</td>
<td>0.5</td>
<td>0.7</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Governance and administration</td>
<td>8.4</td>
<td>11.0</td>
<td>13.6</td>
<td>13.9</td>
<td>15.2</td>
<td>12.6</td>
<td>11.8</td>
<td>14.1</td>
</tr>
<tr>
<td>Tourism</td>
<td>0.2</td>
<td>0.4</td>
<td>0.4</td>
<td>0.6</td>
<td>0.6</td>
<td>0.4</td>
<td>0.3</td>
<td></td>
</tr>
<tr>
<td>Budget and BoP support</td>
<td>1.8</td>
<td>0.0</td>
<td>4.6</td>
<td>2.8</td>
<td>2.1</td>
<td>0.0</td>
<td>0.0</td>
<td></td>
</tr>
<tr>
<td>Emergency and food aid</td>
<td>0.5</td>
<td>0.0</td>
<td>0.2</td>
<td>2.1</td>
<td>1.1</td>
<td>1.4</td>
<td>2.2</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>7.9</td>
<td>6.9</td>
<td>1.9</td>
<td>1.2</td>
<td>4.8</td>
<td>2.5</td>
<td>3.1</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Source: CDC Cambodia Development Effectiveness Report (2011: 16)

* The amount of disbursement in 2011 is based on an estimation.

This table shows that the largest part of foreign aid has been used to improve transportation services. It is also noticeable that a large part of aid resource has been put into social sectors such as health and education. In terms of the agricultural sector, it has received more foreign aid than other economic sectors. The estimated amount of foreign aid in the agricultural sector in 2011 implies the increasing inflow of foreign aid is associated with the Rice Policy. Even though a relatively large amount of foreign aid has been allocated to agriculture, and most of aid activities in the sector focus on socio-economic conditions of farmers, what matters is how those projects are actually implemented. In terms of the trend of foreign aid within Cambodia’s agricultural sector, Table 4.6 shows that nearly half of aid resources have been used for agriculture water and irrigation.

Table 4.6 Foreign aid in Cambodia’s agricultural sector

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of programmes</th>
<th>% in the total budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>On-going</td>
<td>Completed</td>
</tr>
<tr>
<td>Agriculture financial services</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture inputs</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Agriculture sector policy and management</td>
<td>6</td>
<td>13</td>
</tr>
<tr>
<td>Agriculture water and irrigation</td>
<td>22</td>
<td>39</td>
</tr>
<tr>
<td>Education and training</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Extension services</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Fisheries</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>Food crops</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Live stock and veterinary</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Forestry</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Food security and nutrition</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Post-harvest</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Cash and export crops</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>91</td>
<td>134</td>
</tr>
</tbody>
</table>

Source: CDC the Cambodia ODA database (last accessed 22/08/2012)
Note: the on-going programmes refer to ones in execution as of 2012. The completed programmes were executed between January 2001 and December 2011.

For the actual contribution of those foreign aid projects, what matters is not only the increased number of irrigation systems but also how those aid providers understand

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95 Foreign aid donors included in this table are the World Bank, FAO, ADB, UNDP, EU/EC, IFAD, WFP, Canada, New Zealand, Republic of Korea, UK, USA, Australia, China, Japan, Spain, Finland, Denmark, France, Belgium, and Netherlands.

96 All currencies of different foreign aid agencies were converted to USD. A currency converter from the following website was used: http://www.xe.com/ucc/ (Accessed 22/08/2012).
agricultural development in Cambodia. As one of the aid providers implementing aid projects for irrigation systems in Cambodia, the Australian government emphasises the importance of those projects for improving farmers’ living conditions. Having nearly completed nine aid projects for irrigation systems, the Australian government \(^{97}\) (2012) estimated that about 21,000 households in Cambodia will be able to grow at least one extra rice crop each year by 2016. At the same time, the Australian government \(^{98}\) explains its understanding of poverty reduction through agricultural development in Cambodia as follows:

Markets play a central role in the lives of the poor. By 2016, it is estimated that CAVAC (the Cambodia Agricultural Value Chain programme) will have enabled poor farmers to generate an extra $40 million of additional net income each year. This statement implies that the understanding of agricultural development and its role in poverty reduction by the Australian government is also strongly linked to a market economy. In other words, the contributions of Australian ODA projects in the sector would be evaluated in terms of how they function in a market economy. The primary aim of those projects is to sell more Cambodian rice rather than improving agricultural productivity and diversification of food for family consumption as such. This aid approach aligns with the underpinning idea of growth-led poverty reduction in the RS and Rice Policy of the Cambodian government. Under this vision of development, more aid projects for irrigation systems are desired by the Cambodian government. However, as described before, the governance situation and the lack of agricultural extension services imply that the impact of the increased number of foreign aided irrigation systems does not necessarily result in the increased amount of income for farmers in Cambodia.

Table 4.6 also shows that more input of foreign aid in terms of financial scale have been put into agricultural extension services than before. This change might have been influenced by the development policy of SAW and ASDDP to directly support local farmers, which were focused explicitly on the improvement of farmers’ living conditions. Nonetheless, it still does not show how aid projects for agricultural extension services as well as other subsectors are actually implemented. From this perspective, Ngo and Chan (2010: ix) provide useful information. They point out that a large part of foreign aid in Cambodia’s agricultural sector (nearly half during 2007-2009) tends to be disbursed in the form of freestanding technical assistance and used for activities at the national level such as capacity building and technical

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assistance. This point suggests that the number of foreign aid projects for different subsectors and the amount of disbursed resources for those projects in the agricultural sector do not necessarily reflect the trend of foreign aid provision. While more than half of Cambodia’s national budget for the agricultural sector has been funded by foreign aid, there are various official contacts within the government for different aid activities. Those contacts include MOWRAM, PDWRAM, provincial government, and National Committee for Decentralisation and Deconcentration (NCDD) (JICA 2010: 20). This situation may have been one of the contributing factors to the acceptance of a large number of freestanding technical assistance projects. As mentioned in the previous sections, there are issues of unofficial tax collection and tall fees by government, police, and military officials as well as the lack of financial support to agricultural extension workers from the government in Cambodia’s agricultural sector. Together with these issues, it is open to question if freestanding technical assistance to local government employees in the sector has a significant contribution to the improvement of small-scale farmers’ living conditions.

There is a demonstrated role for agriculture in Cambodia’s national development as understood by both the Cambodian and aid-providing governments. On the other hand, as Ear points out, more than requested amount of aid resources have been provided to Cambodia in spite of many on-going events which show the significant influence of the local patronage system on the actual socio-economic environment of individuals to make a living and improve their living conditions. On the other hand, International Financial Institutions (IFIs) and aid-providing governments have provided more than 50 percent of the government’s annual budget for more than ten years. Moreover, the net ODA received by the Cambodian government is “equivalent to 94.3 percent of central government spending between 2002 and 2010” (Ear 2013: 16). This contrast raises a question about the actual impact of aid on socio-economic development in Cambodia. In her study of the joint aid project for exporting Cambodian organic rice to North America and Europe through a niche market, Thavat (2011: 296) concludes that the project “represents a championing of underdevelopment and poverty, not an escape from it” by “paying paltry premiums to marginally increase the viability of precarious livelihoods” in remote areas where farmers have only limited access to non-farming income sources. In the research literature, there are different understandings of the relationship between governance, market economy, agriculture, and foreign aid in Cambodia. These perspectives are useful for this study as they allow the examination of the coherence as

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well as mismatch between small-scale farmers’ expectations and Japan’s ODA programmes objective. As will be seen in Chapter Six and Chapter Seven, the primary information of this study contributes to the illustration of these dynamics in Cambodia.

4.5 Conclusion

The Cambodian government expects that the private sector will lead agricultural development to realise economic growth and is undertaking legal reforms to increase private investment in the sector. One crucial problem relating to this development policy is that, as the example of the Rice Policy shows, the economic returns to producers of agricultural produce are only based on the assumption of the government. In other words, there is no guaranteed minimal price of rice produced for the Rice Policy. On the other hand, foreign aid is expected to help small-scale farmers improve their productivity and income. In this situation, the government has not provided sufficient public support to small-scale farmers even though about 40 percent of the population belong to small-scale farm households with 1 ha or less of land for each household. These examples illustrate a disconnect between the Cambodian government focusing on economic growth and foreign aid focusing on poverty reduction though agricultural development. Some foreign aid projects in the sector also link the international market and poverty reduction in Cambodia. Taken together, these conditions imply that development policy promoted by major aid providers in the Cambodian market economy has been reflected by such market-driven agricultural development policy of the government with insufficient public support for small-scale farmers. There has been a shift in the focus in the justifications for Cambodia’s national development policy from aid effectiveness to development effectiveness. As examples in this chapter imply, it is still uncertain if this shift will lead to the improvement of the living conditions of small-scale farmers. This conceptual shift suggests that foreign aid is regarded as a catalyst rather than the main source of development. The research literature and the secondary data including official reports provide different perspectives on the relationship between aid and agriculture in Cambodia. These different perspectives are incorporated into this study to examine the policy and implementation of Japan’s ODA projects in Cambodia’s agricultural sector and allows the study to compare its primary data with the findings in the research literature on this topic.
Chapter Five: Methodology

This chapter details the method of data collection used in this study and how decisions relating to the approach to data collection were made. The chapter also provides the details of the target ODA projects and the participants who contributed to the collection of data. As detailed in the previous chapters, the research literature was investigated in order to gain theoretical insights that would enable the examination of the function of Japan’s ODA in Cambodia’s agricultural sector, with a particular focus being given to the difference in political economy in agriculture between Japan and Cambodia. Two main perspectives have been derived from the research literature around this topic. One perspective is that development concepts in general and agricultural development concepts in particular tend to be defined by major foreign aid providers as well as recipient governments in relation to the economic force of the global market. The other critical perspective was that the implementation of foreign aid projects, including ones dedicated to socio-economic well-being of those who live in constrained circumstances, are influenced by the political and economic interests of aid providers. Taken together, these insights suggest a need to acquire primary source information regarding how agricultural development and the role of Japan’s ODA in supporting it are understood by those who are involved in Japan’s ODA activities within the sector. Prior to the data collection, it was expected that such a primary information source could illuminate the linkage as well as the disconnect between the policy and reality in practice of Japan’s ODA in Cambodia’s agricultural sector. The following sections provide detail of the design and implementation of the primary data collection.

5.1 Methodological approach

There are already a number of official reports detailing Japan’s ODA activities in Cambodia available to the public. Those documents provide a list of aid activities showing what Japan’s ODA does to improve socio-economic environments of people in Cambodia. It is still difficult to know what information is included and what information is not in those documents, however. Different types of Difficulties in implementing Japan’s ODA in Cambodia’s agricultural sector are also not always covered in these reports. Snilstveit (2012: 389) mentions that traditional reviews of the effectiveness of international development programmes only focused on synthesising quantitative evidence and “average treatment
effects across a broad range of contexts”. This implies that there has been more focus on collecting statistical data which were used to measure the outcomes of aid programmes in a generalised sense and not specifically relating to the difference in the political, economic and social environments around people in different countries or societies. Such reviews make only a limited contribution in terms of their ability to inform the policy and practice of international development programmes. Davies (2006: 99, cited in Snilstveit 2012: 390) mentions that what policy makers of such programmes really need is sound evidence of how such programmes work “in different contexts and environments, and with different groups of people”. From this point of view, Snilstveit insists that useful effectiveness evaluations require evidence from both quantitative and qualitative research, although he does acknowledges the merits of the transparent process contained within traditional effectiveness reviews (2012: 396).

In response to the point suggested above regarding “traditional evaluations,” this study uses a qualitative approach to examine how Japan’s ODA programmes may not work or not meet the actual expectations of people in Cambodia’s agricultural sector when internal as well as external factors related to Japanese and Cambodian political economies affect the decision making and implementation of those programmes. The activities of Japan’s ODA involve both the Japanese and Cambodian people who have had different experiences in agriculture and development. The ways in which they are engaged in those activities also differs. This study also acknowledges that interviews and surveys are complementary research tools. Survey data from farm households about their economic conditions would be useful to provide concrete information about how much economic return farmers receive from Cambodia’s market economy. The aim of this study is to enhance the understanding of how disconnects or incoherence in Japan’s ODA in Cambodia’s agricultural sector were reflected in experiences of those who were involved in the implementation of Japan’s ODA activities. To complement the drawback of the study using only interview data, the survey data in the literature of Cambodia’s agricultural sector provides useful background information.

Unlike ODA activities for promoting economic growth, the Japanese government and JICA give a purely humanitarian rationale to ODA activities in Cambodia’s agricultural sector. With such a rationale, they also attempt to demonstrate the contribution of Japan’s ODA to the improvement of small-scale farmers’ living conditions with quantitative measures. In the case of technical cooperation (TC) projects, as will be seen in detail later in
this chapter, those measures include how many people received skill development training, how much food production increased at project sites, and how much agricultural skill of farmers and local government employees improved. Given this characteristic of Japan’s ODA scheme for poverty reduction, there is a risk of focusing only on transparency and efficiency of aid activities without examining why the Japanese government provides ODA to Cambodia’s agricultural sector and from whose perspective those activities are effective.

In the case of Japan’s ODA in Cambodia’s agricultural sector, JICA also shows improved participation of farmers in Japan’s technical cooperation activities as well as improved group activities and better access to local markets in Cambodia for those farmers. JICA also reports the improvement of technical knowledge and skills of Cambodian counterparts (local government employees) in Japan’s TC projects in the agricultural sector. Such reports point to the effectiveness of ODA in the sector in terms of development Cambodian people have experienced with Japan’s ODA. These reports often show what types of technical support are provided to Cambodian counterparts and farmers at its project sites by JICA. It is difficult to know what kinds of changes the agents of those projects actually experienced in the activities and in terms of their understanding of the purpose of ODA provision.

Leheny and Warren (2010) suggest a need for a comprehensive understanding of how Japan faces changes as an aid provider especially through the experiences of agents of Japan’s ODA. Japan’s ODA traditionally has put a strong emphasis on economic growth through infrastructural development in aid-receiving countries. This tradition has over time been shifting to more humanitarian-oriented provision of aid. The Japanese government emphasises that the majority of the global poor live in rural areas and depend on agricultural activities for their livelihoods. In saying this, the government emphasises the role of Japan’s ODA specifically through agricultural sector TC in assisting agricultural productivity enhancement and the increase in farmers’ income in aid-receiving countries. Given these identified roles for Japan’s ODA, this study aimed to collect data to gain insights into not only what happened to those who receive aid in Cambodia but also what kinds of changes emerged in the agents of aid implementation.
5.2 Insights from the first data collection

This study originally intended to examine the relationship between Cambodian government employees who attended Japan’s trainee-hosting and external degree programmes in the agricultural sector and Cambodian youth who had attained some form of education in rural areas. In its original design, this study aimed to examine how those educated and trained Cambodian government employees would influence job opportunities for Cambodian youth in rural areas. The study also looked at motivations for Cambodians to pursue agriculture-based jobs in the future as well as how Cambodian youth thought about the agricultural sector in relation to their future jobs.

In line with the original design, data from interviews and questionnaires were collected in Cambodia from October 2011 to December 2011. The interviews involved 18 people (see Appendix 3) including eight Japanese and Cambodian agents of Japan’s ODA projects in Cambodia’s agricultural and educational sectors. The interviews also involved five Cambodian ex-participants of Japan’s trainee-hosting and external degree programmes in the agricultural and related sectors such as rural development. The questionnaires involved the following three groups of people: 290 secondary school students in four provinces (Kandal, Takeo, Prey Veng, and Battambang), 295 students of two universities (Royal University of Agriculture, University of Battambang\(^\text{100}\)), and 36 Cambodian people (mostly government employees) who attended Japan’s trainee-hosting and external degree programmes in the fields of agriculture, rural development, and education. The information from the interviews with staff members at the local JICA office in Cambodia showed that Japan’s technical and educational assistance did not basically include Cambodian youth in rural areas in their vision of development and poverty reduction. The target recipients of Japan’s TC were Cambodian government employees since ODA is part of Japan’s external relations. This point was crucial in reconsidering the focus of this study. It was considered that primary information about the linkage between Cambodian government employees who received Japan’s educational or technical training and educated youth in rural areas would not suitable for the original purpose of this study. The data was considered not suitable to examine the impact of Japan’s

\(^{100}\) The questionnaire involved students specialising in Agriculture and Food Processing at the University of Battambang.
ODA on people in Cambodia if Japan’s ODA in the agricultural sector did not directly include youth in rural areas as targets of assistance in the first place.

The focus and design of this study changed from the original. However, the data collected under the original research design provided a new focus for the literature review and a basis for the design of the second data collection. The first data collection provided new insights for this study specifically in relation to the critical opinions of the agents of Japan’s TC projects in the field. New research aims were derived from these insights of how people on the ground, and people in the offices, understood the purpose of ODA provision and implementation differently. Even though the data from questionnaires are not analysed due to the change of the focus of this study, part of the interview information from the first data collection was also incorporated into the information from the second data collection to be analysed under the new design of this study. In this sense, the first data collection was essentially a pilot study.

In the first data collection, two Japanese experts on Japan’s technical cooperation projects in Cambodia’s agricultural sector provided information about the difficulties of implementing their aid activities in the field. Information from one of the Japanese experts was given in a formal interview. This interview was arranged by the local office of JICA in Cambodia after I went through a formal request procedure to interview agents of JICA. Information from another Japanese expert on agriculture was not provided in the form of a formal interview. I had an opportunity to have a short conversation with the expert by chance when I visited a demonstration activity of the Provincial Department of Agriculture, Forestry and Fisheries (PDA) in Battambang province. The information provided by these two Japanese agricultural experts about the realities in implementing ODA activities in Cambodia’s agricultural sector influenced the design of the second data collection.

Four associated issues were identified in the data from the interviews with the two Japanese experts. These were:

1. Limitations regarding Japan’s technical cooperation projects
   - Limited motivation for Cambodian farmers to participate in Japan’s technical cooperation projects
   - Limited applicability of Japan’s agricultural technology and skills to Cambodia’s agricultural sector
2. Issues regarding Cambodian government’s policy for poverty reduction
• Lack of safety net support from the Cambodian government for small-scale farmers
• Lack of financial support from the government for Cambodian agricultural extension workers

3. The relationship between small-scale farmers and Cambodia’s market economy
• Lack of access to markets for small-scale farmers
• Lack of education of Cambodian farmers
• Limited benefit to small-scale farmers from their unofficial contracts with Thai and Vietnamese business operators

4. Issues regarding effective aid and its contribution to effective development
• Technical cooperation is effective when it supports the existing practices of local farmers

These issues were considered in designing the interviews for the follow up study to examine the concept of the effectiveness of the aid delivered through agents of Japan’s ODA in Cambodia’s agricultural sector.

5.3 Method of data collection and theoretical framework

The aim of the data collection was to gain insights into how those who were involved in Japan’s ODA activities in Cambodia’s agricultural sector as implementers and participants understood agricultural development and the role of Japan’s ODA in supporting it. It was expected that each of those people would have different opinions about agricultural development and the effective use of aid based on their experiences. Such a difference in experiences would be important for this study in terms of providing evidence for the differential understandings of the concerned concepts of ODA already detailed in this study.

Data collection through interviews was considered a suitable approach for this study. Some questions asked in interviews were too complex and politically sensitive to ask participants to provide their opinions on. How to ask those questions, therefore, was also a sensitive issue to me. In line with Kidder’s (1981) study, Barriball and While (1994: 329) note that data collection by oral, face to face interview has the advantage of encouraging respondents to express opinions that the same respondents may not have the confidence to
write down on questionnaire answer sheets. This perspective also explains why face to face communication was suitable for the purpose of the data collection.

Three sets of interview questions (31 questions in total) were prepared in advance to lead the interviews toward specific foci (See Appendix 4). Most interview questions were planned in advance, but the interview did not use pre-coded categories which Punch (2005: 170) considers as one of the key characteristics of a structured interview approach. Coding is a way of classifying and indexing text in order to manage data and facilitate later conceptualisation (Bazeley 2007: 66). Even though the 31 interview questions were put into three categories at the stage of designing data collection, those categories were only used to ask questions in order along the lines of specific topics. Those categories were not used to categorise the interview information during the later analysis stage. Furthermore, new categories of information emerged throughout the analysis of the information.

The approach used better approximates a semi-structured interview approach. Barriball and While (1994: 330) mention that an interviewee has opportunities to change the words but not the meaning of questions in semi-structured interviews while “respondents share a common vocabulary” and “every word has the same meaning to every respondent” in structured interviews. In this study, the information or opinions did not need to be exactly about specific topics such as the effectiveness of Japan’s ODA. Tangential interview responses with any link to those topics were equally valuable for the exploration of concerned concepts in this study. Even though the interviews were not structured as the same way described above, they needed to be guided in a way in which participants provided their opinions about concerned topics in ways familiar to them. For this need, semi-structured interviews were considered the best form of interviewing and gaining insights into and exploring the participants’ perspectives on some complex topics.

**Theoretical framework**

This study provides a deeper reflection and discussion of the concepts of aid effectiveness and development effectiveness by utilising primary research material gained from semi-structured interviews conducted in Cambodia, as well as by using relevant secondary source literature. Specific focus is placed on the current situation in the Cambodian agricultural sector. This is because it provides concrete examples of how the two “effectiveness” concepts
are constructed. Such discussion will be integrated with an exploration of how the concepts
of aid effectiveness and development effectiveness function at the policy making level and in
practice in Cambodia’s agricultural sector. This exploration will be proceeded by utilising a
theoretical framework through which the primary data will be analysed and discussions will
be developed to examine how development policies for inclusive agricultural development
becomes realistic or unrealistic when the commitment of the Cambodian government to
economic growth in the international market outweighs the government’s socio-economic
support to small scale farmers in the country.

Before moving to the theoretical framework, it is useful to review the standard indicators
of aid effectiveness and development effectiveness at the policy making level and main
contrasts between JICA’s and the World Bank’s approaches to agriculture. As described in
the previous chapters, Cambodia’s agricultural policy is similar to the World Bank’s
agricultural development model. The relationship of these issues and the theoretical
framework of this study is illustrated in the following figure (Figure 5.1). The figure also
describes how the primary data will be analysed through the theoretical framework and used
to evaluate the indicators of aid effectiveness and development effectiveness as well as
JICA’s and the World Bank’s approaches to agriculture.
Japanese aid effectiveness standard indicators:
- Relevance (between MOFA’s Country Assistance Policy and Cambodia’s NSDP),
- Effectiveness,
- Efficiency,
- Impact,
- Sustainability

Cambodian development effectiveness objective:
- Contextualise the meaning of development effectiveness and the nature of aid effectiveness development results relationship in a manner relevant to Cambodia’s development priorities.
- Draw on, highlight and understand the evidence that illustrates how development results have been secured through results-oriented approaches.

JICA’s approach to agriculture
- JICA assists food self sufficiency in aid-receiving countries first and export promotion of food second.
- The timing and scale of commercialisation of agriculture should be decided in accordance with the progress in agricultural productivity in a given aid-receiving country.

The World Bank’s approach to agriculture
- Agricultural protection in aid-providing countries can undermine the assistance available to agriculture in aid-receiving countries.
- Privatization of rural lands/
- Improvement of human resources skills for entrepreneurship in rural areas/
- Introduction of new farming technologies consistent with transformed private agriculture, etc.

Theoretical framework

Analytical approach

Analysis of the primary data
In terms of the understandings of aid effectiveness and development effectiveness at the policy making level, there is always relevance between the aims of Japan’s ODA projects and Cambodian government’s development policy. On the other hand, there is a clear contrast between JICA’s and the World Bank’s approaches to agriculture in general even though JICA’s aid approach to agriculture employs market models which are based on Western market approach. As described in Chapter Two, the main contrast here is that JICA criticises the use of hegemonic power by major Western aid-providing governments and institutions in the global market to sell their surplus food to aid-receiving countries through aid rather than ensuring self sufficiency in food in those countries. This type of use of aid by major Western aid-providing governments does not contradict the market model underpinned by the notion of good governance in Cambodia. The Cambodian government has accepted the notion of good governance in its official development policy and also employs the model of agricultural development promoted by the major Western aid-providing governments. In fact, the World Bank’s model of agricultural development and the standard understanding of development effectiveness by the Cambodian central government are coherent as can be seen in Figure 5.1 suggest.

In response to the relevance and contrast illustrated in Figure 5.1, a theoretical framework was derived from the research literature. This theoretical framework is utilised in this study to analyse the primary and secondary data and evaluate understandings of aid effectiveness and development effectiveness beyond the officially given indicators. There are two groups of theoretical propositions from the research literature, which contribute to the formation of this study’s theoretical framework and will be extended as part of the framework in response to research questions of this thesis. These components are 1) political economy of Japan’s ODA policy making and domestic agriculture; and 2) political economy of foreign aid and Cambodia. The details of these components are provided below.

1) Political economy of Japan’s ODA policy-making and domestic agriculture

In the literature on Japan’s ODA, Leheny and Warren (2010) argue that Japan’s ODA policy making needs to be examined beyond the developmental state model. In addition to this argument, Takamine (2002, 2006) and Hirata (1998, 2002) describe how different groups of people such as politicians, business elites, and NGOs influence Japanese ODA policy in addition to bureaucrats. In these studies, the balance of power between these groups of people
in Japan’s ODA policy making in agriculture is not explored in depth. As will be explained below, this missing aspect about agriculture in the literature of Japan’s ODA needed to be supplemented with insights from various literature. While there are different types of influential groups of people in Japan’s ODA policy making, the elements of developmental state have also remained in Japan as Harvey (2005) describes. Even though Harvey does not refer to Japan’s agricultural sector in particular, Francks (2000) highlights important aspects of the bureaucratic developmental state in Japanese agriculture. Hayami (1988) adds another aspect to Franck’s insight by explaining the relationship between the scale of protection from the government to farm households, and the number of votes politicians receive from those benefit from the protection.

When taken together with Francks’ (2000) argument in Japanese agricultural policy, Harvey’s insight suggests that the bureaucratic developmental state apparatus has remained influential in Japanese agriculture while the government at the same time employed neoliberal policy in both domestic and ODA policy making. This set of insights from different types of literature about Japanese domestic political economy provides a possible theoretical explanation for this study along the lines that Japan’s domestic situation in agriculture affects its ODA policy making in agriculture. In other words, while Japan’s ODA policy to support the market economies of aid-receiving countries is based on the neoliberal approach, its ODA policy in agriculture could be influenced by the remaining elements of developmental state apparatus in its domestic agriculture.

The research literature also describes how the growth of the industry sector in Japan’s post-war development and the increased income of workers in the industry sector allows the government to take the agricultural protectionist policy without having major objections from workers in urban areas over high food prices (Hayami 1988). In addition, Japan’s post war economic growth was partly triggered by war-related demands for Japanese heavy industrial materials from the United States (Hanneman 2001) while this economic growth provided non-farm job opportunities to members of small-scale farm households, which contributed to mitigating the income gap between workers in rural and urban areas. There was also a crucial shift in the SCAP’s policy in Japan from making Japan a peaceful agrarian economy to economic power base for the allied force against the rise of communist power during the Cold War period (Hanneman 2001). These contributing factors to the rapid economic growth
in post-war Japan describe in what kind of international and domestic political economy Japan experienced concurrent development of industry and agriculture.

2) Political economy of foreign aid and Cambodia

Theoretical propositions in the literature on foreign aid and neoliberalisation provide useful explanations of the political economy of foreign aid in general. It is commonly noted by authors how Western, specifically the North American, aid-providing countries and institutions promoted the notion of good governance underpinned by neoliberal policy in aid-receiving countries. For example, the World Bank disciplines states (aid-receiving countries) through the threat of capital flights by using its “hegemonic ability to direct private capital flows” (Hewitt 2009: 40). In this setting, the national markets of aid-receiving countries are required by the World Bank and major aid providers to be integrated with international market “from the outset”, if they are to “attract foreign capital on a sufficient scale” to “produce potentially spectacular rewards” from that market (Bienefeld, Chetvernina and Lakunina 2004: 120).

In many aid-receiving countries, agricultural conditions directly matter to the socio-economic well-being of people who rely on agricultural activities for their lives. However, when neoliberal development policy is applied to those countries, agriculture is not an exception to the policy promoting integration with the international market disciplined by capital flights. In this situation, the new language such as “opportunity, empowerment and security” (Bush 2007: 4) promoted by major aid-providing countries is in principle based on the market-driven discipline and the priorities in the “state-market relations” rather than state-society relations (Doornbose 2001: 96). These insights above explain the crucial contradiction which emerges from the way aid policy making and implementation operate under the notion of good governance. The contradiction is that the notion of good governance has been shared by both aid-providing and receiving governments as the core of ‘socio-economic development’ or ‘inclusive development’, while the economic environment of aid-receiving countries to meet the good governance criteria are disciplined by the hegemonic power of major aid-providing countries in the international market.

In the case of Cambodia, Hughes and Un (2011) and Springer (2011) explain how neoliberal aid policy has been employed by the Cambodian central government and
reproduced in the local context of patronage. Craig and Kimchoeun (2011: 237) also argue that the party-led mass patronage system in Cambodia generates local “political accountabilities and incentives”, “based on culturally embedded modes of respect (koruap), trust (tukchet), fear (klach) and communication” with “low transaction costs”, “in ways which donor-oriented programmes might not”. One of the shared arguments among these authors is that the inflow of greater than requested amounts of aid into Cambodia has resulted in a situation in which most of the economic benefits generated under neoliberal development policy circulated within the political and economic elites in local patronage networks. In Cambodia, there has been an inflow of aid resource and increasing foreign private investments. The inflow of enormous amounts of aid has reduced the political will of the government to tax (Ear 2013: 12). In this context, the central government does not necessarily need to satisfy small-scale farmers’ everyday socio-economic needs to gain political support from them. In fact, CPP has gained political support from the rural population with the use of party financing and the provision of local infrastructure, gifts, and handouts for individuals rather than “adequately funding teachers’ salaries or good local health systems” (Craig and Kimchoeun 2011: 238).

These theoretical propositions explain that neoliberal development policy, which major traditional aid providing-governments have promoted in Cambodia, has been reproduced in the context of local patronage. This situation has resulted in a political economic environment in which private investors, both domestic and foreign, have increasing opportunities to access economic resources in Cambodia, while the central government does not sufficiently tax those investors. Rather, economic gains from those private businesses circulate in local patronage networks where some political elites or their relatives run large-scale private businesses in the country (Ear 2013, Springer 2011). Even though there is the example of Cambodia’s garment sector where foreign private investors collectively set up international rules for working conditions to mitigate the influence of local patronage networks in their economic activities, this function of international rules crucially depends on the demand trends for the Cambodian garment industry from the international market, especially the United States (Ear 2009: 9).

In the Cambodian rice sector in particular, private sector-led development policy has been employed while the sector is mostly domestically owned in the local patronage context (Ear 2009: 4). Individuals in Cambodia’s rice sector are working within the hierarchy of local patronage even though the understanding of the scale of this influence on individual economic actors varies to some extent in the literature of contemporary Cambodia (for
example between Ishikawa 2010 and Ear 2013). The private sector-led agricultural development policy in Cambodia is consistent with the type of development policy promoted by major traditional aid-providing governments by reference to the notion of good governance. At the same time, this market-oriented agricultural development policy is operated in local patronage networks sometimes without sufficiently taxing private investors (Un and Hughes 2011). The above theoretical propositions regarding contemporary Cambodia provide a useful perspective on the theoretical framework of this study in order to analyse the primary data and examine how Japan’s ODA in Cambodia’s agricultural sector actually functions in this specific political economy context.

As mentioned earlier, the two groups of theoretical propositions from the research literature are further elaborated as part of the theoretical framework for this study. Figure 5.2 illustrates this theoretical framework.

Figure 5.2 Theoretical framework
As can be seen in Figure 5.2, there are two different types of disconnects which the theoretical framework highlights in the aid relations between Japan and Cambodia. The first potential disconnect is related to the contrast in Figure 5.1 between JICA’s ODA approach and the World Bank’s approach to agriculture, which is also employed by the Cambodian government. The second potential disconnect in Figure 5.2 illustrates how Japan’s ODA approach to Cambodia’s agricultural sector contrasts with the ODA approach to the country’s market economy. That private sector-led market-driven development policy has been employed by the Cambodian government. The political economy environment under this development policy prevents the realisation of Japan’s ODA approach to agriculture, but Japan’s ODA approach to Cambodia’s market as a whole also has contributed to the current market-driven development landscape in Cambodia. Therefore, the first and second potential disconnect together illustrate that Japan’s ODA to Cambodia’s agriculture, which is intended to focus on food self-sufficiency, tends to end up as a market-oriented approach. What the theoretical framework suggests is that the contributions of Japan’s ODA to improving small-scale farmers’ living conditions in Cambodia may be limited. More details of understandings underpinning this theoretical framework are explained below.

Potential disconnect one in Figure 5.2

Cambodia’s private sector-led agricultural development policy does not contradict the type of aid approach taken by major Western aid-providing countries, which JICA criticises as the use of hegemonic power by those countries in the global market. Major Western aid-providing governments as well as Cambodian and Japanese governments share the notion of good governance and the philosophy of Western market models in their foreign aid relations. However, Cambodia’s agricultural development policy is different from Japan’s ODA approach to the sector, in which the main objective is to improve small-scale farmers’ living conditions before contributing to Cambodia’s economic growth through large-scale agriculture. This theoretical proposition illustrates the contrast between Japan’s ODA approach to Cambodia’s agricultural sector and Cambodia’s agricultural development policy.

Potential disconnect two in Figure 5.2

JICA’s critique of the Western aid approach to agriculture reflects the fact that Japan’s agricultural protectionist policy, which was employed over the course of Japan’s post war industrialisation, essentially deviates from the model of good governance. This is because, in the model of good governance, a government is expected not to disturb the mechanism of
economic competition in the global market, for example, by setting high import tariffs. In contrast to its ODA approach to Cambodia’s agriculture, Japan’s ODA policy to the Cambodian economy as a whole employs the notion of good governance as the most important criteria to be met by Cambodia. This appreciation of the good governance notion and neoliberal policy in Japan’s ODA reflects the situation that Japan significantly relies on other countries in terms of natural resources, and its economy gains more benefit if aid-receiving governments open their markets to the global market. Therefore, Japan’s position of emphasising the importance of enhancing self-sufficiency in food in Cambodia does not necessarily accord with the core beliefs in Japan’s ODA philosophy. It makes more sense when this position in agriculture is explained in relation to the agricultural protectionist policy the country has taken towards the international market. It can also be assumed that potential disconnect two in Figure 5.2 occurs when Japan takes a post-modern perspective to justify and explain the importance of its ODA for self-sufficiency in food in Cambodia in comparison with Western neoliberal aid approach to agriculture. This theoretical proposition provides a possible explanation for the disconnect between Japan’s ODA approach to the Cambodian economy as a whole, and its approach to Cambodia’s agricultural sector in particular.

These theoretical propositions together as the theoretical framework of this study suggests the possibility that small scale farmers are left behind by the competition among economic groups in Cambodia’s market economy, even though the standard understandings of aid effectiveness and development effectiveness explain that those farmers are future beneficiaries of that economy. Along similar lines to this study’s theoretical framework, there are other individual studies such as ones of Thavat (2011) and Yagura (2005), which provide empirical data that shows a consistence between the secondary and primary information in this study to some extent. Those secondary data and findings in the research literature will be referred to throughout the result chapters (Chapter Six and Chapter Seven).

Analytical approach

As already emphasised in Chapter Four, and illustrated in Figure 5.1, this study explores what actually continues to matter in the Japanese understanding of aid effectiveness and the Cambodian understanding of development effectiveness. The primary data will be analysed to explore unspoken aspects of given understandings relating to the two concepts, and how the actual understanding of aid effectiveness is constructed. Again, this study does not
participate in the debate concerning development effectiveness as a better approach than aid effectiveness. This study approaches the two concepts not only through the understandings of ‘relevance’ and ‘effectiveness’ in given understandings, but also the pragmatic aspect of what types of people become development partners and who tend to be or are unexpectedly excluded from the benefit sharing in aid relations between Japan and Cambodia. With this approach, as will be discussed in the later section in the analysis of data, newly emerged linkages and categories of information uncovered in the primary data allows this study to identify individual but related factors which illustrate the actual understandings of aid and development effectiveness.

5.4 Target area and components of the second data collection

Japan’s ODA for Cambodia’s agricultural sector was selected as the area of examination in this study. There were important reasons for this decision. First, the majority (about 65 percent) of the employed population in Cambodia belongs to the agricultural sector in Cambodia\(^1\). Second, 40 percent of the population in Cambodia’s rural areas are underprivileged\(^2\). Third, the Japanese government emphasises the importance of agricultural productivity enhancement in Cambodia and the role of Japan’s ODA in this enhancement. Fourth, the Cambodian government has not been able to provide an socio-economic safety net service to its population while it has introduced a market economy to realise economic growth. Fifth, Cambodia is included in regional development programmes, such as the Mekong Action Plan 63, initiated by the Japanese government. These factors illustrate the complex situation in Cambodia as a recipient country of Japan’s ODA and make it a salient and timely candidate for further research.

In this context, this study looks closely at Japan’s TC projects, specifically trainee-hosting and external degree programmes to Cambodia’s agricultural sector. Japan also provides ODA loan projects for the revamping of an irrigation system in Cambodia. The scales of these loan projects are bigger than the TC projects in terms of the financial input. Even though fewer resources are put into TC projects than those loan projects, I considered that those who were involved in TC projects would have more opportunities to communicate with local farmers in Cambodia than those involved in infrastructure projects. It was acknowledged that those who were involved in the implementation of the ODA loan projects could have provided


\(^2\) Source: JICA TSC3 Master Plan Study (2009:iii)
important information to this study. The difficulty of involving such people in interviews was that the local office of JICA in Cambodia insisted that agents of ODA projects could provide answers in interviews only in their fields of expertise. The office also explained that there have been many cases where visitors to ODA projects asked irrelevant questions of the interview agents, which not only interrupted the busy schedules of those agents but also made the agents feel sorry for not being able to provide the expected information. Given this advice, I decided to only target agents and Cambodian counterparts of TC projects as my interview participants. Within the target projects for this study, three analytical sources were identified. These sources, or components, were 1) Japan’s technical cooperation projects; 2) Japan’s trainee-hosting programme in the agricultural sector; 3) Japan’s external degree programme in the field of agriculture.

5.5 Description of each component of data collection

5.5.1 Component 1 of data collection: three TC projects

The aim of Japan’s ODA for Cambodia’s agricultural sector is to enhance the economic level of Cambodian small-scale farmers, and narrow the economic gap among the population in Cambodia. This aim is related to the fact that the majority of the population rely on agricultural activities for their livelihoods and that most of them are underprivileged. To realise the aim above, Japan’s ODA has set two main objectives for the sector. One is directly related to irrigation systems. To achieve better use of water resources for farming, Japan’s ODA supports the revamping of the existing irrigation facilities as well as the improvement of the capacity of Cambodian government employees to operate and administer irrigation systems. Japan’s ODA also intends to improve the capacity of farmers’ groups for the appropriate management of water resources. Another objective is to improve farming techniques and to encourage the diversification of agricultural activities outside farming such as fisheries and fruit cultivation.

There were three on-going TC projects of Japan’s ODA in Cambodia’s agricultural sector as of June 2012 (see table 5.1). Japanese and Cambodian agents of those TC projects were targeted as the interview participants for the first component of data collection. Those projects are as follows: 1) Agricultural Productivity Promotion Project in West Tonle Sap (APPP), 2) Improvement of Agricultural River Basin Management and Development Project (TSC3), 3) Freshwater Aquaculture Improvement and Extension Project in Cambodia (FAIEX2). From a capacity building perspective, those TC projects are considered to be crucial by the Japanese government for the sustainable use of available resources by the
Cambodian people, including resources for irrigation systems which are constructed through ODA loan projects. Table 5.1 shows the allocation of different types of ODA projects in Cambodia’s agricultural sector. Even though the number of TC projects is not significantly larger than other types of projects, TC is considered essential for the successful implementation of other projects.

Table 5.1 Japan’s ODA projects under the programme for agricultural productivity enhancement and rural development in Cambodia (2011-2016 fiscal years)

<table>
<thead>
<tr>
<th>Projects</th>
<th>Scheme</th>
<th>Implementation period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor on river basin water resource management for agriculture</td>
<td>Individual experts</td>
<td>2011</td>
</tr>
<tr>
<td>Advisor on agricultural policy planning</td>
<td>Individual experts</td>
<td>2012</td>
</tr>
<tr>
<td>Strengthening of the organisation, business and management for agriculture cooperatives</td>
<td>Individual experts</td>
<td>2013</td>
</tr>
<tr>
<td>Advisor on fisheries system reform (main area: aquaculture)</td>
<td>Individual experts</td>
<td>2014</td>
</tr>
<tr>
<td>Short term expert for healthy marine seed production at Marine Aquaculture Research and Development Centre</td>
<td>Individual experts</td>
<td>2015</td>
</tr>
<tr>
<td>Revamping of the irrigation system in West Tonle Sap</td>
<td>ODA loans</td>
<td>2016</td>
</tr>
<tr>
<td>Food security project for underprivileged farmers</td>
<td>Grant aid</td>
<td>2011</td>
</tr>
<tr>
<td>Improvement of Agricultural River Basin Management and Development Project (TSC3)</td>
<td>Technical cooperation</td>
<td>2012</td>
</tr>
<tr>
<td>Agricultural Productivity Promotion Project in West Tonle Sap (APPP)</td>
<td>Technical cooperation</td>
<td>2013</td>
</tr>
<tr>
<td>Freshwater Aquaculture Improvement and Extension Project in Cambodia Phase 2 (FAIX2)</td>
<td>Technical cooperation</td>
<td>2014</td>
</tr>
<tr>
<td>Capacity Building for the Quality Standard Control of Agricultural Materials (Chemical Fertilisers and Pesticides)</td>
<td>Technical cooperation</td>
<td>2015</td>
</tr>
<tr>
<td>Basin-wide basic irrigation and drainage master plan study</td>
<td>Survey</td>
<td>2016</td>
</tr>
<tr>
<td>Freshwater fish bionomics</td>
<td>Country focused training</td>
<td>2011</td>
</tr>
<tr>
<td>Advanced hatchery training for the establishment of healthy marine seed production</td>
<td>Country focused training</td>
<td>2012</td>
</tr>
<tr>
<td>Training by issue</td>
<td>Training by issue</td>
<td>2013</td>
</tr>
<tr>
<td>Grass-roots grant aid</td>
<td>Grass-roots grant aid</td>
<td>2014</td>
</tr>
<tr>
<td>Grass-roots technical cooperation</td>
<td>Grass-roots technical cooperation</td>
<td>2015</td>
</tr>
</tbody>
</table>

Note: this table does not include Japan’s ODA projects which are part of the multilateral assistance. Source: Country-by-country aid programme, Cambodia 2012, MOFA, Japan
These technical cooperation projects have different implementing agencies within the Cambodian government. Those agencies are the General Directorate of Agriculture in the Ministry of Agriculture, Forestry and Fisheries (MAFF) for APPP, the Technical Service Centre for Irrigation and Meteorology in the Ministry of Water Resource and Meteorology (MOWRAM) for TSC3, and the Department of Aquaculture Development, Fisheries Administration in MAFF for FAIEX2. The main objective of those technical cooperation projects is to improve technical knowledge and skills of Cambodian government employees as project counterparts. Counterparts for the three TC projects were selected by their implementing agencies in the Cambodian government (see table 5.2).

Table 5.2 JICA projects in the component 1 of data collection

<table>
<thead>
<tr>
<th></th>
<th>TSC3</th>
<th>APPP</th>
<th>FAIEX2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementing agency in the Cambodian government</td>
<td>Technical Service Centre for Irrigation and Meteorology, MOWRAM</td>
<td>General Directorate of Agriculture, MAFF</td>
<td>Fisheries Administration, MAFF</td>
</tr>
<tr>
<td>Project site (provinces)</td>
<td>Battambang, Kandal, Takeo, Pursat, Kampong Speu, Kampong Chhnang</td>
<td>Battambang, Pursat, Kampong Chhnang</td>
<td>Battambang, Pailin, Siem Reap, Banteay Meanchey, and Oudor Meanchey</td>
</tr>
<tr>
<td>Number of Japanese experts (long term)</td>
<td>3</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Number of Cambodian counterparts (regulars)</td>
<td>13</td>
<td>9</td>
<td>24</td>
</tr>
<tr>
<td>Project purpose</td>
<td>Agricultural productivity in the target area is stabilised through efficient water resources management realised by improved technical capacity of MOWRAM and PDWRAM in</td>
<td>Productivity and income of farmers who participate in the project activities in the three provinces in West Tonle Sap are improved.</td>
<td>Small-scale aquaculture suitable for local natural and socio-economic conditions is extended among rural farmers in target provinces.</td>
</tr>
<tr>
<td>Target group</td>
<td>Counterpart personnel in TSC (employees of MOWRAM) Provincial Department of Water Resource and Meteorology (PDWRAM) and Provincial Department of Agriculture, Forestry and Fisheries (PDA) in the target area The engineers and technicians in MOWRAM and other PDWRAM Farmers in the model project sites</td>
<td>Small-scale farmers</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
</tr>
</tbody>
</table>

Note: Battambang province is the area which all of the three JICA technical cooperation projects in the agricultural sector target as part of their project sites. Battambang is the largest rice-producing area in Cambodia.

As one of the difficulties in implementing technical assistance projects in local contexts of aid-receiving countries, Godfrey et al. (2002: 356) mention that agents of those projects are under pressure to generate quantitative outcomes of their aid activities in a limited period of time. The target three TC projects of this study are also not exceptions to this insight: quantitative achievements of each project are reported even before the completion of the project by an investigation team recruited by the head office of JICA. The status of the achievement of those TC projects in their mid-term reports are as follows:

**TSC (2011: xv)**

Output 1: TSC obtain capacities to implement training and provide technical supports for MOWRAM and PDWRAM related to the agricultural river basin management and development.

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103 Agricultural Productivity Promotion Project in West Tonle Sap (APPP) Mid-term report 2012
Freshwater Aquaculture Improvement and Extension Project (FAIEX) in Cambodia Mid-term Report 2013
Improvement of Agricultural River Basin Management and Development Project (TSC3) Mid-term Report 2011
- The rate of training participants who are satisfied with the training and technical supports of TSC has reached 85.5% – 100% (5 courses) (a self evaluation system by classifying five grades was used).

Output 2: The engineers and technicians in MOWRAM and PDWRM obtain knowledge and concepts and technologies related to the agricultural river basin management and development through training.

- The rate of training participants who achieved the curriculum targets has reached 63.6% – 100% among 5 training courses so far conducted (a self evaluation system by classifying five grades was used).

Output 3: The capacities of the engineers and technicians of MOWRAM and PDWRAM on planning, survey, design, construction management, operation and maintenance (O&M) of facilities and structures in an irrigation system as a whole are improved through training.

- The rate of training participants who achieved the curriculum targets has reached 73.7% – 100% among 9 training courses so far conducted (a self evaluation system by classifying five grades was used).

Output 4: The technical support system of TSC is established to promote implementation of irrigation projects by PDWRAM.

- So far 15 project plans are formulated and approved during the project period up to 2011.

APPP (2012: 9)

- The per unit Indica rice yield of the demonstration farms increased from 2.75 t/ha (2010) to 4.55 t/ha (2011).
- The per unit Indica rice yield of farms involved in the training activities of APPP changed from 2.75 t/ha (2010) to 2.72 t/ha (2011).
- The gross production amount of Indica rice (sales price conversion) of the demonstration farms in 2011 was US$ 1,237/ha (US$ 1,741/household), which is larger than the output of conventional farms (US$ 696/ha, US$ 980/household).
- The gross production amount of Indica rice (sales price conversion) of farms involved in the training activities of APPP was US$ 789/ha (US$ 1,111/household) in 2011, which is larger than the output of conventional farms (US$ 696/ha, US$ 980/household).

FAIEX (2013: xi-xii)

- The number of seed farmers enable to produce figerlings is increased from 19 farmers to 45 farmers in target areas.
- The number of seed farmers who can produce seed of at least three species is increased by 200 percent in target areas.
- Seed production in target areas is increased by 200 percent.
- Sales income of seed farmers is increased by 200 percent in target areas.
- The number of small-scale fish farmers benefitting from farmer-to-farmer (FTF) training exceeds 3,000 households.
- The number of small-scale farmers properly managing community fish refuges (CFRs) is increased up to 30 households in target areas.

These quantitative achievements demonstrated in the official reports are useful to refer to for the purpose of highlighting the difference between what is officially reported as achievements by JICA, and what experienced as difficulties by those who are involved in the implementation of those TC projects.

Participants

**Japanese agents of the three TC projects**

Japan’s TC projects are request-based. The Cambodian government can submit a request of a follow-up project to the Japanese government if there is a further need to support local Cambodian government employees and farmers after the completion of one technical cooperation project. Some Japanese experts in Cambodia’s agricultural sector are hired for both the first and follow-up phases of the same TC project while other Japanese experts are hired from the follow up phase of a TC project by JICA.

Four Japanese experts in agriculture participated in interviews. Three of those experts served for TC projects over more than one phase while one expert served only for the first phase of a project. The four experts belonged to different organisations or institutions, which gave heterogeneity to them although they were all experts in agriculture. All of them had experience in serving as experts of agriculture for Japan’s TC projects in other Asian countries such as Indonesia and the Philippines for several years before they worked in Cambodia. These experiences enabled them to identify and describe the unique situations of Cambodia’s agricultural sector.

There were some difficulties in contacting the Japanese agents of the technical cooperation projects in Cambodia’s agricultural sector. My formal request to interview the agents of the projects was suspended by the local office of JICA in Cambodia at the beginning. There were some reasons for it. First, the local office of JICA in Cambodia noted a risk that visitors who interview the agents of those projects might report what JICA
considered being irrelevant critiques of Japan’s ODA. Second, I had already visited the local office of JICA in Cambodia to interview agents of Japan’s technical cooperation projects twice in the past; once for my master’s study in 2007 and once for the first data collection of my doctoral study in 2011. Despite this initial suspension, my request was accepted with a condition that it would be the last chance for me as a student to interview agents of ODA projects in Cambodia. My interviews with four Japanese agents of the TC projects in Cambodia’s agricultural sector were arranged by the local office of JICA.

Once I reached the four Japanese agents, they were open to my interview questions and provided insights into their own specific understandings about aid activities in the field and the perceived impact of their projects on local people. The length of the interviews varied from one and half hours to two hours. All participants signed the Consent Forms and agreed that the interviews were recorded. The reason why these agents were cooperative with my interviews could be partly because I was an independent university research student unlike many prior researchers who had been hired by the Japanese government or JICA for the purposes of project evaluation. My situation being a student limited the number of available interview participants but also enabled me to gain valuable personal opinions from those participants that deepened the quality of my research base.

**Cambodian agents of the TC projects**

As mentioned before, Japan’s TC projects are request-based. Once the Record of Discussion for a TC project is signed by the Japanese government and the relevant Cambodian ministries and agencies, a suitable number of Cambodian government employees in the relevant ministries and agencies are selected by the Cambodian government as counterparts to the project. In the same way as I requested the local office of JICA in Cambodia to interview the Japanese agents of the TC projects, I requested to interview Cambodian counterparts of the same projects. The Japanese experts who participated in the interviews selected Cambodian counterparts of their projects as participants for my interviews. Four Cambodian counterparts of the three TC projects participated in the interviews. English was used in the interviews with those Cambodian participants.

One of the four Cambodian counterparts worked at the Provincial Department of Agriculture, Forestry and Fisheries in Battambang province. Other counterparts worked for the TC projects in Phnom Penh and visited their project sites in different provinces as
required. In one interview, two counterparts from one TC project participated at the same time. The main role of each counterpart was different from each other in the project. One of them (the younger counterpart) mainly communicated with local farmers in the target area of the project. Another counterpart (the senior counterpart) was responsible for the transfer of technical skills from Japanese experts of agriculture to staff members of his ministry.

The senior counterpart joined the interview about ten minutes after the interview started. The younger counterpart was willing to talk about how he thought about farmers’ attitudes to the activities of his TC project. For his job as a counterpart, he often communicated with local farmers through meetings before the execution of any activity of the project. In contrast, the senior counterpart made it clear that his project concentrates on transferring specific technical skills to the staff members of his ministry through on the job training. According to the senior counterpart, the technical cooperation project does not concentrate on the living situation of farmers in the target area of the project. In terms of the question whether counterparts advise Japanese experts in the JICA project about anything related to the local reality of farmers in Cambodia, the younger counterpart showed interest in the question. However, even though the younger counterpart attempted to answer the question, the senior counterpart clearly said that counterparts in the project do not advise Japanese experts but Japanese experts provide their counterparts with new technologies. He added that advising Japanese experts is the job of consulting companies.

This difference in reaction between the two counterparts in the interview suggested that some counterparts of the project communicate with Cambodian farmers more often than other counterparts. This difference in their roles as counterparts of Japan’s TC may influence how they think about farmers’ living conditions outside the transfer of Japan’s agricultural techniques. It may also influence how they think about the effectiveness of the technical cooperation projects in Cambodia’s agricultural sector. I had only one chance to interview Cambodian counterparts of this specific TC project due to the busy schedule of the project. The information would have been richer if I could have interviewed the two counterparts separately, but the joint interview also provided me with an opportunity to observe the difference of the perspectives and power relations between Cambodian counterparts within a technical cooperation project.
Other key informants

While the agents and counterparts of the three TC projects provided insightful information about their activities, some Cambodian people who were also familiar with those projects participated in my interviews and provided important information. The information from those individuals was more related to the local political and economic conditions of small-scale farmers in the target area of those TC projects. The agents and counterparts of the TC projects might have a limitation to know or to ask local people about the political, economic, and social environments in the areas specifically if they were not from or did not live there. Preliminary surveys about the living conditions of local people in those areas were executed by Japanese consulting companies and individuals hired by JICA prior to the implementation of those projects. However, whether the Japanese agents know about the political, economic, and social environments may influence how they consider their aid activities are effective. In terms of Cambodian counterparts of those projects, they might have had a limitation in the interviews to talk about their honest opinions about how Japan’s TC would work better for the improvement of the living conditions of the local farmers. They may also have not mentioned some crucial issues related to the impact of the TC projects considering their roles as counterparts of those projects funded by the Japanese government.

In relation to those possible limitations, a staff member of PDA in Battambang province provided important information as an interview participant. The staff member is from Battambang province and he had worked for PDA for nearly 20 years. He was not a counterpart of any of Japan’s TC project, but he was familiar with one of the three projects (APPP). All Japanese experts and Cambodian counterparts of APPP worked in the same building of PDA in Battambang province, and the staff member of PDA interacted with those agents of APPP at work. The staff member of PDA was free from the obligation to work with JICA but familiar enough with the activities of APPP as well as Japan’s previous TC projects for the agricultural sector in Battambang province. The staff member of PDA provided me information about political, economic, and social situation in the project site of APPP.

5.5.2 Component 2 of data collection: Japan’s trainee-hosting programme in Cambodia’s agricultural sector

Japan’s trainees-hosting programme is planned and operated by the offices of JICA in Japan in response to requests from the governments of aid-receiving countries. Such JICA
offices host training courses or coordinate courses with related Japanese agencies such as consulting companies, local government bodies, and universities. The head office of JICA informs local offices of JICA in different countries what kinds of training courses are available. The local offices of JICA in those aid-receiving countries inform the local governments about the new training courses, and the governments select candidates for those courses among staff members of ministries or departments related to the field of the available training courses. In the case of Cambodia, there are more participants in training courses in some specific fields than other fields. In recent years, the fields of training with greater numbers of participants are: governance, education, private sector, and transportation (see Table 5.3).

While this is the basic procedure of selecting candidates for Japan’s trainee-hosting programme, the local office of JICA in Cambodia first contacts the agents of Japan’s TC projects about available training courses. If the agents recommend specific Cambodian counterparts for those projects or staff members of related Cambodian government institutions such as PDA as candidates for the training course, the local office of JICA gives priority to those candidates. The main reason for giving priority to those recommended Cambodian candidates is to increase coherence between TC projects in Cambodia and the trainees-hosting programme in Japan.

Table 5.3 Number of Cambodian government employees who attended Japan’s trainee-hosting programme

<table>
<thead>
<tr>
<th>Field</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td>65</td>
<td>70</td>
<td>64</td>
<td>116</td>
<td>62</td>
<td>37</td>
</tr>
<tr>
<td>Private sector</td>
<td>8</td>
<td>8</td>
<td>7</td>
<td>34</td>
<td>12</td>
<td>42</td>
</tr>
<tr>
<td>Education</td>
<td>7</td>
<td>9</td>
<td>7</td>
<td>31</td>
<td>43</td>
<td>49</td>
</tr>
<tr>
<td>Transportation</td>
<td>2</td>
<td>17</td>
<td>25</td>
<td>24</td>
<td>17</td>
<td>29</td>
</tr>
<tr>
<td>Health</td>
<td>18</td>
<td>22</td>
<td>19</td>
<td>17</td>
<td>28</td>
<td>17</td>
</tr>
<tr>
<td>Agriculture</td>
<td>40</td>
<td>16</td>
<td>15</td>
<td>15</td>
<td>9</td>
<td>23</td>
</tr>
<tr>
<td>Environmental Management</td>
<td>4</td>
<td>5</td>
<td>9</td>
<td>12</td>
<td>19</td>
<td>11</td>
</tr>
<tr>
<td>Water resource</td>
<td>12</td>
<td>7</td>
<td>7</td>
<td>11</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Natural resources and energy</td>
<td>5</td>
<td>3</td>
<td>7</td>
<td>9</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Economic policy</td>
<td>5</td>
<td>9</td>
<td>10</td>
<td>8</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Urban development</td>
<td>2</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td>22</td>
</tr>
<tr>
<td>Nature conservation</td>
<td>0</td>
<td>5</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Aid approach</td>
<td>8</td>
<td>3</td>
<td>8</td>
<td>6</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>IT</td>
<td>5</td>
<td>7</td>
<td>3</td>
<td>5</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Gender and development</td>
<td>4</td>
<td>7</td>
<td>2</td>
<td>4</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Fisheries</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Social security</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
</tbody>
</table>

Participants

In order to find interview participants from Japan’s trainee-hosting programme, I approached Cambodian government employees who participated in the questionnaire in the first data collection of this study. As mentioned before, the questionnaires in the first data collection involved 36 Cambodian ex-participants of Japan’s trainee-hosting and external degree programmes in the fields of agriculture, rural development, and education. The contact information of some of those participants was acquired from the secretary general of the Japan Alumni of Cambodia (JAC) and the local office of the Japan International Cooperation Centre (JICE) in Cambodia, which is the subcontractor for Japan’s external degree programme in Cambodia. The contact information for other participants of the questionnaire was obtained from the directory of the ex-participants of Japan’s trainee-hosting and external degree programmes. The directory was available at the local office of JICA in Cambodia. I asked 75 ex-participants of those programmes in total to participate in the questionnaire and sent them the The Participant Information Sheet (PIS) via emails. Thirty six of them participated in the questionnaire.

Among those 36 participants of the questionnaire, I targeted those who worked under MAFF and attended Japan’s training courses in the field of agriculture as the interview participants. During the period of the secondary data collection in Cambodia (from 09/06/2012 to 08/07/2012), five Cambodian government employees participated in the interviews (see Table 5.4). There are nine different types of training courses in Japan’s trainee-hosting programme (see appendix 2). All of my interview participants attended group training courses. The group training courses are ready-made courses in which the contents and details of the training are decided in Japan before trainees are selected. The participants are invited from different aid-receiving countries, and each group training course usually has one trainee allotment per country. There are different agencies including consultant companies and incorporated administration agencies which subcontract the training courses in Japan. The length of the training courses varies from one month to several months.
Table 5.4 Interview participants in the component 2 of data collection

<table>
<thead>
<tr>
<th>Department in MAFF</th>
<th>Type of the training course</th>
<th>Length of the training course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Fisheries Administration</td>
<td>Group training course on Costal Fisheries Management</td>
<td>2 months</td>
</tr>
<tr>
<td>Department of Agricultural Machinery</td>
<td>Group training course on Development Farm Machinery for Small-scale Farmers</td>
<td>8 months</td>
</tr>
<tr>
<td>Department of Rice Crop</td>
<td>Group training course on Rice Cultivation Techniques Development</td>
<td>9 months</td>
</tr>
<tr>
<td>Department of Agro-industry</td>
<td>Group training course on Food Processing and Preservation Technology</td>
<td>2 months</td>
</tr>
<tr>
<td>PDA in Battambang province</td>
<td>Training project for capacity building for marketing</td>
<td>1 month</td>
</tr>
<tr>
<td></td>
<td>Training project for promotion of sustainable entrepreneurs for rural women</td>
<td>1 month</td>
</tr>
</tbody>
</table>

5.5.3 Component 3 of data collection: Japan’s external degree programme in Cambodia’s agricultural sector

Japan’s external degree programme is called Japanese Grant Aid for Human Resource Development Scholarship (JDS). JDS targets are young government employees in 13 Asian countries on the threshold of becoming market economies\(^{104}\). The purpose of JDS is “to support human resource development in countries that receive Japanese grant aid, targeting highly capable, young government officials and others who are expected to engage in formulating and implementing social and economic development plans and to become leaders in their countries”. The JDS programme also aims to increase the number of JDS graduates who “contribute to an expanded and enhanced foundation for bilateral relations between their countries and Japan as persons having well-rounded knowledge of Japan”\(^{105}\). The JDS programme started in 1999 and 2,052 people attended postgraduate programmes in Japan by

\(^{104}\) Those 13 countries are the Republic of Uzbekistan, Lao People’s Democratic Republic, Vietnam, Cambodia, Bangladesh, Mongolia, Myanmar, and People’s Republic of China, the Philippines, Indonesia, Kirghiz, the Republic of Tadzhikistan, and Sri Lanka.

\(^{105}\) Source: [http://sv2.jice.org/e/jds/application/index.htm](http://sv2.jice.org/e/jds/application/index.htm) (Last accessed 08/02/2013)
In the case of Cambodia, 246 people attained master’s degrees in Japan funded by JDS as of 2011.107

Table 5.5 Number of Cambodian people who attended JDS programme (2001-2012)

<table>
<thead>
<tr>
<th></th>
<th>2001</th>
<th>’02</th>
<th>’03</th>
<th>’04</th>
<th>’05</th>
<th>’06</th>
<th>’07</th>
<th>’08</th>
<th>’09</th>
<th>’10</th>
<th>’11</th>
<th>’12</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>20</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>25</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td><strong>Agriculture/ Rural development</strong></td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: [http://sv2.jice.org/jigyou/ryuugakusei.htm](http://sv2.jice.org/jigyou/ryuugakusei.htm) and the local office of JICE in Cambodia (Japan International Cooperation Centre, Inc. (JICE) subcontracts JDS programme in Cambodia)

There is another type of external degree programme in Japan’s ODA. This programme is funded by the Ministry of Education, Culture, Sport, Science and Technology of Japan (MEXT). While the external degree programme funded by the Ministry of Foreign Affairs of Japan (MOFA) is managed as the JDS programme by JICA, the external degree programme funded by MEXT is managed by the Japanese Embassy in Cambodia. The aim of this external degree programme is to contribute to education of Cambodian people in general while the JDS programme aims to assist Cambodian people who can actively participate in foreign affairs. Thus, while the former programme is open to all Cambodian people, the JDS programme targets Cambodian government employees for assistance. Cambodian people who attained Japanese degrees in the programme funded by MEXT can take up any available job after they come back from Japan. On the other hand, the JDS programme requires its ex-participants to work for the Cambodian government after they come back from Japan. For the interviews, I targeted those who participated in the JDS programme and worked in the sectors related to agriculture after returning to Cambodia.

**Participants**

Interview participants from Japan’s external degree programme were also targeted from the participants of the questionnaire in the first data collection. Six ex-participants of the JDS programme, who specialised in the field of agriculture, were available during the period of the second data collection in Cambodia (see Table 5.6).

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106 Source: [http://sv2.jice.org/jigyou/ryuugakusei.htm](http://sv2.jice.org/jigyou/ryuugakusei.htm) (Last accessed 08/02/2013)
Table 5.6 Interview participants from the component 3 of data collection

<table>
<thead>
<tr>
<th>Institution</th>
<th>Type of the external degree programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Directorate of Rubber Plantation, MAFF</td>
<td>Master in Agriculture</td>
</tr>
<tr>
<td>Department of Agricultural Extension, MAFF</td>
<td>Master in Agriculture</td>
</tr>
<tr>
<td>Department of Agro-industry, MAFF</td>
<td>Master in Agricultural Economics</td>
</tr>
<tr>
<td>Ministry of Environment</td>
<td>Master in Agriculture</td>
</tr>
<tr>
<td>JICA project on Gender Mainstreaming, and Food and Agriculture Organisation (FAO)</td>
<td>Master in Agriculture and Rural Development</td>
</tr>
<tr>
<td>Ministry of Economy and Finance</td>
<td>Master in Agricultural Economics</td>
</tr>
</tbody>
</table>

Most of the six interview participants had temporary jobs beside their work for MAFF. Those jobs are mainly consultants of foreign aid projects funded by World Bank, ADB, USAID, AusAid, and JICA. Some of the participants also had temporary jobs as lecturers at universities in the fields of rural development or agro-industry.

### 5.6 Interview design

#### Component 1 of data collection

In accordance with the information collected from the first data collection phase and the theoretical perspectives informed by the research literature, the interview questions for participants from the first component of the second data collection phase were arranged in the following three categories (see Appendix 4 for the all interview questions).

1) Cambodian small-scale farmers and their living conditions

2) The alignment of Japan’s ODA policy with the agricultural policy of the Cambodian government

3) The relationship between small-scale farmers and Cambodia’s market economy

While most questions were asked in the interviews with the Japanese agents of the three TC projects, many questions were dropped in the interviews with some Cambodian counterparts
of those projects according to their reactions during the interviews. One Cambodian counterpart made it clear that interview questions in the second and third categories were not relevant to his TC project.

**Components 2 and 3 of data collection**

The interview questions for the participants in the second and third components revolved around the following topics:

- The kinds of experiences they had in the training courses or the external degree programmes in Japan
- The kinds of activities they were engaged in at work after they came back from the trainee-hosting and external degree programmes
- How they could utilise their experiences in those programmes in the context of Cambodia’s agricultural sector

The interview participants talked about the details of their experiences in the programmes and their opinions about agricultural development and living conditions of small-scale farmers in Cambodia. Most of the time for the interviews was spent by the participants explaining the three points identified immediately above. I occasionally asked extended questions relating to certain details and opinions given by the participants.

### 5.7 Interview procedure

The interviews were conducted anonymously. The Participant Information Sheet (PIS) was sent to agents of Japan’s TC projects in Cambodia’s agricultural sector via the local office of JICA in Cambodia before the interviews. One of the Japanese agents who received the PIS suggested that I should join one of the field activities (Farmers’ Field School) of his project so that I could observe part of Japan’s TC activities in the field. The same Japanese agent was familiar with my interests by the time of the interview. During the interview, the expert had the PIS which he had printed out in advance and had highlighted some parts as important issues. On the other hand, one of other Japanese agents did not go through the PIS before the interview. In his reply to my e-mail after the interview, he mentioned that the interview questions were more difficult to answer than he expected. The same agent also mentioned that he regretted not having read the PIS beforehand. Even though the agent was
not familiar with the content of the interview, he took as much time as he needed to answer each question and provided his opinions based on his experiences in the field. The former interview lasted for two hours and the latter for one and half hours. These examples show that even though most interview questions were planned in advance, it did not necessarily limit variation in the responses of the participants. The examples also indicate that the participants put extra efforts into answering the questions in their own ways.

Citing Woods (1986), Keats, (1988) and McCracken (1988), Punch (2005: 175) states that “the more unstructured the interview, the more communication skills in general, and listening in particular, are important”. Even though most of the interview questions were planned in advance for the agents of Japan’s TC projects, the interviews required a high degree of communication skills on my part due to the sensitiveness of the topic. There were many possible factors which would have affected the contents and details of the participants’ answers in the interviews. Such factors could be, for example, how I responded to the participants’ answers and what kinds of extended questions I asked after the specific answers given by the participants. The interviews also required me to develop listening skills in order to immediately decide what extended questions to ask and which questions to skip according to the answers and reactions of the participants to specific questions. In this sense, those interviews remained somewhere between semi-structured and unstructured interviews; questions were prepared before the interviews, but all questions were not necessarily asked and other questions were promptly added during the interviews.

Even though having this type of interview approach was considered to be the optimal way of exploring the topic of this study, it needs to be acknowledged that there was the possibility for misinterpretation of the questions and answers between Cambodian participants and interviewer who are not English native speakers. This possibility would of course be greater if interviews were semi-structured or unstructured. Considering this point, extra efforts were made to make sure if those participants and I had clearly understood each other.

The interviews with the Japanese participants were recorded with their agreement. The interviews with the Cambodian participants were in English. Except one interview with a Cambodian counterpart, all interviews proceeded smoothly even though English was a second language for both the interview participants and the interviewer. Those Cambodian participants gave me relevant answers to each interview question. When interview questions were not clear to them, they asked me to explain those questions more clearly. Some
interviews with the Cambodian participants were not recorded according to their reactions to being asked to be recorded. One interview with a Cambodian counterpart was held in an office of his TC project while some agents of the project were doing their office work and others were having a meeting. I had the interview with the participant at a corner of the office, and we kept our voices low during the interview not to bother others in the office. Our voices were too low to record and I only could take hand-written notes. All hand-written notes in interviews were typed up within 12 hours.

5.8 Other sources of information

Official documents

There are various official documents of Japan’s ODA in Cambodia’s agricultural sector. Some of those documents were examined in this study. Those documents include preliminary studies, mid-term reports, and after-the-event evaluations of the previous phases of the three TC projects. Those documents were examined in relation to the main aid perspective of each project.

Materials used in the group training courses in Japan

Two of the interview participants in the second component of data collection provided me hard and soft copies of the teaching materials which were used in the group training courses they had attended in Japan. One of the two participants asked me not to use those materials outside this study. The participant explained that the agents of the training course reminded their trainees to strictly follow the copyright protection of the course materials. Those materials were examined in this study in relation to how Japan’s ODA policy was reflected in those training courses.

Observations

During the two data collections in Cambodia, I visited the participants of the interviews and questionnaires in four Cambodian provinces and the capital city Phnom Penh. Those visits gave me opportunities to observe field activities related to Cambodia’s agricultural sector. The opportunities for observations during the data collection phases included the following events:
Observations at those events gave me background information insights that would prove useful later in examining the primary data from the interviews and secondary data from the official documents relating to Japan’s ODA in Cambodia’s agricultural sector.

5.9 Data analysis

The primary data of this study was analysed through the theoretical framework described above in order to explore different types of understandings of aid effectiveness and development effectiveness beyond the official indicators of those concepts. I analysed the interview information by identifying difficulties faced by different informants. I also analysed the primary and secondary data to identify possible explanations for those difficulties. This analysis was done by reference to the given indicators of the study’s two guiding concepts, and allowed the exploration of the potential mismatch between Japan’s ODA programme objectives and the expectations of aid recipients in Cambodia. In relation to the potential disconnect highlighted in the theoretical framework, detailed background information and explanations regarding how small-scale farmers were included in or excluded from the benefit sharing of Cambodia’s market economy were analysed. The semi-structured interview method was useful as it allowed more immediate engagement with data and analysis in a literal manner. I did not use coding to design my interviews, but new categories and linkages of information emerged throughout the analysis of the data. As will be shown in Chapter Six and Chapter Seven, thirty five linkages of information were identified throughout the analysis of the data and grouped into five categories.

According to findings contained with the literature on contemporary Cambodia, Cambodia’s current economic development policy results in both positive and negative
impacts on people’s living conditions in the country. It also needs to be noted that both quantitative and qualitative information about living conditions of small-scale farmers and their relationship with other economic actors is currently limited in the literature on contemporary Cambodia. Given these limitations in the research literature, this study seeks to enhance the understanding of the complicated relationships between governance and market economy on the other hand, and Japan’s ODA in the context of Cambodia’s agricultural sector on the other through the experiences of those who are involved in the activities of Japan’s ODA projects.

5.10 Ethical issues

There were formal procedures to go through relating to research ethics before I engaged the participants during the first and second data collection phases of this study. Those procedures included sending request forms for interviews to the local office of JICA in Cambodia and obtaining the approval from the University of Auckland Human Participants Ethics Committee (UAHPEC) for the data collection in Cambodia (reference number: 2011/240). These formal procedures made me consider how I should communicate with the participants of this study. The participants in this study seemed to appreciate PIS and Consent Form examined by UAHPEC, which emphasised my responsibility not to cause any harm to them. Those formal documents helped me gain trust from the participants to some extent in a limited period of time.

Even though the interview participants read the PIS and agreed with the use of the information provided by them in this study, it is important to further consider what kinds of impacts this study would have on those participants. It is important to acknowledge that information regarding how the likely outcomes from the interviews would be presented and interpreted in this study was limited at the time the participants undertook the interviews, thus I was not able to give definitive answers to some enquiries. This situation created what could be argued to be an unequal relationship between the participants and me. This relationship will remain unequal unless the participants access the final outcome of this study and confirm that there is no misinterpretation of the information they provided in the interviews. It was promised on the PIS that the summary of this study would be submitted to the local office of
JICA in Cambodia, and the participants agreed to participate in the interviews with this condition.

Some participants in the interviews talked about political issues relating to Japan’s ODA policy and Cambodia’s agricultural sector. There were a number of possible reasons for this. For example, the participants would have expected me to present their critical viewpoints of Japan’s ODA policy and Cambodia’s agricultural policy as an issue for the public. Or they might have felt uncomfortable talking only about contributions of Japan’s ODA or progress of Cambodia’s agricultural development while having been facing the gap and tension between those policies and realities in the field. Even though they purposely mentioned some critical issues relating to Japan’s ODA policy and Cambodia’s agricultural policy, they work for the Japanese and Cambodian governments. Thus I promised the participants to strictly observe anonymity, but there is still a risk that a third party may be able to identify some participants on the basis of specific information provided. While the participants did provide me with some information relating to political issues and tensions, it may not be the case that they decided to risk their jobs and careers. Nevertheless, they provided me the information under a trust agreement, and I have a responsibility to avoid putting their careers at risk. Therefore, it is important for this study to analyse the information from the interviews and discuss it on the conceptual level rather than in terms of specifics as an additional safeguard.

5.11 Limitation

The number of the interview participants is limited in this study. As mentioned before, I did not purposely limit the number of the interview participants, but there were some reasons for the limited number specifically due to my position as a visitor inquiring into Japan’s ODA. It also needs to be noted that this study involved only three female interview participants. This imbalance in gender was not intended. The interviews in the first component of data collection were arranged by the local office of JICA in Cambodia. The interview participants in the second and third components were targeted from the available contact information of the Cambodian ex-participants of Japan’s trainee-hosting and external degree programmes. Most individuals with contact information were males. It is acknowledged that agricultural development and gender issues are strongly related to each other. This point was also emphasised by one of the Cambodian interview participants, who worked for the Cambodian Ministry of Women’s Affairs and participated in the JDS programme in the field of
agricultural and rural development. There is secondary data, such as official documents from the Cambodian government and foreign aid agencies, which describe gender issues in rural areas. However, a clear limitation of this study is that it lacks opinions of females who are involved in Japan’s ODA activities in Cambodia’s agricultural sector, and thus may not provide sufficient coverage of this important socio-economic issue.

While the number of the participants is limited, this study puts weight on constructing a perspective on reality on the basis of the information provided by the participants. Such constructions sit at the core of the issue of investigating concepts of development effectiveness and aid effectiveness addressed in this study. Like many studies, this study also faces the limitation identified by Haneke (2005)\(^{108}\) that “there are thousands versions of truth” depending on one’s point of view. This perspective on truth could be applied to the information garnered from the interviews in that what the interview participants told me about one specific issue could be different for each interview in terms of which facts were considered and which facts were not by the respective participants. In this sense, the information given by the different participants cannot be considered to be in contradiction of each other but rather should be considered to be different versions of truth created in the same context but based on different experiences. In relation to this point, Richards and Morse (2007) provide a useful perspective on the “making data.” Richards and Morse (2007: 107) explain that data in qualitative studies are “made” rather than simply “collected”. From this point of view, they (2007: 107) further argue as follows:

**Making data** is a collaborative, on-going process in which data are interactively negotiated by the researcher and participants; the data are rarely fixed and unchanging, never exactly replicating what is being studied. And of course, like any collaborative process, making data is complex and, in the laboratory/experimental sense, impossible to control.

In this process of making data, the researcher gives more weight to some specific things in the data while s/he put other activities in the shade (Richards and Morse 2007: 108). In this sense, a researcher presents and analyses a set of data composed of different versions of truth “made” with different participants in the same context.

When those data are integrated and analysed by a researcher, it becomes a new set of reality as Croswell (1998: 76) states as follows:

\(^{108}\) Source: *Caché (Hidden)* 2005. Michael Haneke Interview
Reality is constructed by individuals involved in the research situation. Thus, multiple realities exist, such as the realities of the researcher, those of individuals being investigated, and those of the reader or audience interpreting a study. The qualitative researcher needs to report these realities, rely on voices and interpretations of information through extensive quotes, present themes that reflect words used by informants, and advance evidence of different perspectives on each theme.

From this point of view, the official documents of Japan’s ODA in Cambodia’s agricultural sector also could be considered to be a set of multiple realities reported by certain people and parochial institutional views on the basis of a certain understanding of the guidelines of Japan’s ODA policy. The Japanese government clearly shows its self interests in providing ODA to Cambodia specifically in relation to economic benefits of Japan’s private sector. Japan’s ODA activities which in Cambodia’s agricultural sector are describes as aid for purly humaniterian issues. In this context, this study presents and analyses the interview information relating to the experiences of those who are involved in the implementation of Japan’s ODA in the sector.
Chapter Six: policy and practice of Japan’s ODA

This chapter presents a summary of the primary information from the first and second data collection phases. The information shown in this chapter is mainly from the interviews. Interview participants were asked about their understandings of economic environment and social conditions faced by small-scale farmers, the relationship of Cambodia’s agricultural sector to the country’s market economy, and the interaction between Cambodia’s agricultural policy and Japan’s ODA. By asking those questions, this study will explore the concepts of development effectiveness and aid effectiveness through the viewpoints of those participants. Five categories of information emerged after the interview information from all participants was analysed and these categories structure the result chapters of this study. These categories are 1) Japan’s Official Development Assistance (ODA) policy, 2) Practice of Japan’s ODA in the field, 3) Cambodia’s agricultural policy, 4) Market economy, and 5) Small-scale farmers in Cambodia. Each of these categories contains information from different participants. Similarly, the information from the same informant is included in different categories according to the content of the information. This chapter presents the first two categories and describes how the effectiveness of Japan’s ODA is understood at the policy-making and practice levels. The interview informants are numerically identified in this chapter. The list of those informants with numeric identification to preserve anonymity is shown in Appendix 6.

6.1 Japan’s ODA policy

The Japanese government recognises that the enhancement of agricultural productivity and the improvement of farmers’ livelihood are both necessary to reduce poverty in Cambodia (JICA 109 2011). Japan’s ODA policy in Cambodia’s agricultural sector has been implemented in line with the assumption that farmers’ livelihoods will improve if their agricultural productivities enhance. While Japan’s ODA for Cambodia’s agricultural sector aims to improve farmers’ socio-economic well-being, it is worth considering that the Japanese government aligns with the development policy of the RS and thus shares the ideal of growth-led poverty reduction in a market economy with the Cambodian government. It also does not deny the assumption articulated in the Rice Policy that small-scale farmers can gain economic return by trading rice on the international market through official channels.

109 Project Prior Assessment of the Irrigation System Renovation Project in West Tonle Sap
Even though it is designed for poverty reduction in Cambodia, Japan’s ODA for agricultural development still reflects the political and economic interests of Japanese people. This section articulates interview information which describes how the role of Japan’s ODA in Cambodia’s agricultural sector is understood at the decision-making and implementation levels. The section also shows experiences of some Cambodian government employees in Japan’s trainee-hosting programme and their understandings of the use of their experiences in the Cambodian context.

6.1.1 Use of ODA between external relations and protection of Japanese agriculture

In its Country Assistance Policy for Cambodia 2012, the Japanese Ministry of Foreign Affairs emphasises that the policy priority of the Japanese government for Cambodia’s development is to assist the Rectangular Strategy Phase II. The Rice Policy of the Cambodian government has been implemented to reflect the development goals of the Rectangular Strategy. It can be assumed that the Japanese government considers the implementation of the Rice Policy as contributing to the progress of Cambodia’s development. However, the information from different interview participants points to some contradictions in Japan’s ODA policy priority in terms of its goals for Cambodia’s agricultural development.

From his perspective as an employee of the Japanese Embassy in Cambodia, informant 1 stated:

‘Japan’s ODA takes a bottom-up approach to Cambodia’s agricultural development and intends to improve living conditions of small-scale farmers. The Japanese government arranges ODA projects for Cambodia’s agricultural sector along the lines of the Rectangular Strategy and the Rice Policy.’

On the other hand, informant 2 (agent of the Agricultural Productivity Promotion Project in West Tonle Sap (APPP)) mentioned a conflict between the Rice Policy and Japan’s agricultural policy, as well as between Japan’s own domestic agricultural policy and ODA policy:

‘Japan’s ODA does not necessarily follow Cambodia’s agricultural development policy. Japan’s own agricultural policy strictly limits the import of agricultural products in order to support farmers in Japan. This restriction includes rice, fruits, pork and chicken. MAFF of Japan is very sensitive to imports of agricultural products specifically rice and fruits. The Cambodian government has announced clearly its plan to export Cambodian rice. From the view point of MAFF of Japan however, it is not necessary [or desirable] to provide ODA for rice production to the country which
can export rice. MAFF of Japan takes up a stand to protect Japanese farmers by avoiding imports of agricultural products. In a sense it is natural for MAFF to take that stance for domestic audience.’

This information shows a contrast between Japan’s ODA approach to the agricultural sector demonstrated by the Japanese government, specifically the Ministry of Foreign Affairs, and the actual priority put on Japan’s domestic issues by the government. What particularly stands out is that while Japan promotes an export-orientated approach to agricultural development, Japan itself is not a potential destination for these exports due to domestic protection, thus is arguably not fully supporting its own policies. The above information from informant 2 is also consistent with the fact that “Japan lifted quotas and tariffs for Cambodia for more than 1,000 tariff lines in addition to the other 226 items” (Sotharith 2010: 30). At the same time, it is difficult for Cambodia in the first place to meet the minimum standard of product quality demanded by Japan except in garments and apparel, and it would be difficult to export Cambodian products in general to Japan at least for next ten years as of 2010 (Sotharith 2010: 30-31). These primary and secondary information together suggest that it is not realistic to assume that the increasing amount of Cambodian rice for export will result in the increased pressure for Japanese producers of rice in the near future. It is also worth noting here that in trade relations between Japan and Cambodia, the volume of trade increased from US$69 million in 2000 to US$146.27 million in 2008, but Cambodia maintains a huge trade deficit with Japan (Sotharith 2010: 30). As described in Chapter Four, this example of trade relations between Cambodia and Japan suggests that more integration of the Cambodian economy into the international market does not necessarily benefit Cambodia in many cases. As mentioned in Chapter Two, JICA emphasises that Japan deals with its surplus production of specific agricultural products, specifically rice, through domestic production adjustment in order to increase market opportunities for farmers in aid-receiving countries in the international market. Nevertheless, the Japanese market is not open to Cambodian rice producers.

In relation to the domestic audience of Japan’s ODA activities, it is worth noting that the political power of Japan’s agricultural co-operatives continues to be significant while the number of farmers is falling. The information from informants 1 and 2 implies that the Japanese government supports the Rice Policy, but it does not demonstrate this to its domestic audience, specifically farmers, that Japan is assisting production of Cambodian rice for export. Informant 2 further explained this complicated situation:
‘What we deal with is rice, but the use of the word “rice” is banned in this project. The MAFF of Japan knows that JICA supports rice production in Cambodia, but it cannot say so to the domestic audience. Thus, MAFF does not allow the project to mention rice in official documents. It is difficult for agents of Japan’s TC projects to work in this contradiction, and we are uncomfortable with this deceitful speech.’

This shows that agents of Japan’s TC projects work as part of Japan’s external relations in a very sensitive political field. It can be seen in the information above that the conflict between Japan’s ODA policy and Cambodia’s agricultural policy has emerged around the desirability of participation in the international market. Informant 2 explained that rice is not the only example of this conflict between Japan’s ODA policy and Cambodia’s agricultural policy:

‘Any project plan of JICA linked to export of agricultural products is rejected by MAFF of Japan at the policy-making level. JICA, the Ministry of Foreign Affairs (MOFA) and MAFF are involved in the policy-making and implementation of JICA projects in the agricultural sector. APPP initially included both rice and oranges as targets of productivity enhancement when the plan was requested by the Cambodian government. Battambang province is an area of orange production. The Cambodian government reported that oranges in Battambang province were having a problem due to a disease and requested the Japanese government to implement a TC project for this matter. MAFF of Japan strongly opposed this request. The reason for this rejection was that Japanese farmers would receive a setback if Cambodian oranges were exported to Japan. Japan already imports fruits including oranges from the United States and Mexico. MAFF does not want to increase the amount of imported fruits coming to Japan.’

Hirata’s (1998) study provides a similar finding to this example emphasising that economic and political interests of ministries have a strong influence on the decision-making with Japan’s ODA policymaking and implementation framework. What informant 2 implies in this case is that the Japan’s ODA supports productivity enhancement of Cambodian local farmers only up to the level of family consumption. The Cambodian government on the other hand wishes to see export-led development in agriculture. Informant 3 (staff member of the local office of JICA in Cambodia) explained how this conflict between Japan’s ODA policy and Cambodia’s agricultural policy is understood in terms of the implementation of ODA projects:

‘In the ODA policy, the Japanese government is sensitive about the export of agricultural products by Cambodia. Thus Japan’s ODA for Cambodia’s agricultural sector tends to contribute to poverty reduction rather than economic growth in Cambodia. For the most part, the Cambodian and Japanese governments are united in aiming for poverty reduction. Rice is an important resource in both Cambodia and Japan. Japan has accumulated rice cropping resources and can use those resources to deal with problems which small-scale farmers face in Cambodia. Whatever the difference in the policies between Cambodian and Japanese governments is, Japan’s
experience in rice cropping and the problems faced by small-scale farmers in Cambodia match up. The Cambodian government and Japan’s ODA are moving toward the same direction. They have the same goal that farmers in Cambodia can have more food to eat and their economic condition improves. JICA focuses on poverty reduction by contributing to the improvement of agricultural productivity in Cambodia, and this improvement will be directly linked to the Rice Policy.’

While it is true that Japan’s ODA and Cambodia’s agricultural policy have a common aim to improve rice production, the difference between these policies exists in the expected result of this improved rice production. The Cambodian government expects that improved rice production will contribute to the country’s economic growth through export. On the other hand, the Japanese government, specifically MAFF, expects that the improvement of rice production will contribute only at the level of individual farm households. This difference is not mentioned as a conflict between the two governments at the level of external relations.

Even though the Cambodian and Japanese governments concentrate on their own agricultural policy and ODA policy seemingly without direct conflict, agents of APPP face difficulties in implementing the project due to the distance between those policies. Counterparts of APPP are government employees and they have a responsibility to encourage local farmers to grow ten specific varieties of rice in line with the Rice Policy. In this situation, agents of APPP have been using the selected varieties of rice for the Rice Policy in their project activities even though MAFF of Japan insists that Japan’s ODA should not contribute to the export of Cambodian rice. In summary, the interview information implies that there are shared expectations in terms of the implementation of Japan’s ODA around Japan’s bottom-up approach to Cambodia’s agricultural sector, which seems to match up with the goal of the Rice Policy. The Japanese government does not explicitly support the export of Cambodian rice. From a poverty reduction perspective, however, those who implement Japan’s ODA projects in Cambodia in general seem to consider that projects for agricultural productivity enhancement will contribute to poverty reduction only if the benefits of the rice export are returned to small-scale farmers.

110 This information is based on author’s observation at a farmers’ field school of APPP in Battambang province, 14/06/2012
6.1.2 Limited utility and sharing of technology between different countries

At the policy-making level of Japan’s ODA, there is a belief that Japanese agricultural technologies and farming methods can be applied in Cambodian agriculture. One employee of the Japanese Embassy in Cambodia (informant 4) explained:

‘Japan’s ODA in Cambodia’s agricultural sector is for reduction of poverty. Development of the agricultural sector contributes to increased job opportunities for Cambodian people. Japan’s ODA in the agricultural sector is based on its development experience after the Second World War such as the improvement of irrigation systems and cultivation of land.’

Another employee of the embassy (informant 1) also mentioned:

‘In terms of Japan’s trainees-hosting programme and external degree programme, it is expected by the Japanese government that Cambodian government employees observe Japanese irrigation systems and activities of agricultural co-operatives and feel that they want to have the same things in Cambodia.’

These answers of informants imply an understanding that Japanese model of agricultural development can be replicated in Cambodia. From a view point of an agent of Japan’s TC in the field, however, informant 5 (agent of the Improvement of Agricultural River Basin Management and Development Project Phase III (TSC3)) expressed his concern about the gap in technology between Japan and Cambodia.

‘The gap in technology between Japanese and Cambodian agriculture is too big, and Cambodian government employees would not be able to acquire Japanese agricultural technology in the training courses.’

This point about the technology gap would apply specifically to Cambodian counterparts of TSCs, which deal with the highly specialised field of irrigation system. In comparison to this example, informant 6 (agent of the Freshwater Aquaculture Improvement and Extension Project Phase II (FAIEX2)) mentioned the relevance of agricultural technology in other Asian countries to Cambodian agriculture:

‘The third countries such as Indonesia, Thailand, and the Philippines have more common grounds with Cambodia in terms of agricultural environment and conditions. Training courses in those countries have more direct usage in Cambodia than ones in Japan.’

At the same time, the same informant acknowledged a difficulty in sharing technology between those countries:
‘There are also problems in terms of sharing technologies among different countries in the same region. For example, Thailand and Vietnam have advanced aquaculture technologies, but according to counterparts of this project, they were shown only a limited part of technologies in training courses in those countries. Cambodia is treated as a rival in the international market by neighbouring countries. In the case of training courses in Indonesia, in contrast, those counterparts were provided more aquaculture technologies and skills available there.’

It appears that economic competition in the regional market is reflected by the difficulty in sharing agricultural technology between different countries even if it is part of an ODA project. The Japanese government used ODA to support the upgrading of both soft and hard infrastructures in Mekong region countries in order to realise regional economic growth as mentioned in Chapter Two and Three. However, even if those infrastructures are developed in the region, it does not mean that neighbouring countries in the region will be cooperating with each other the way Japan expects so as to maximise the potential of economic development of the region. The information above suggests that private traders and economic actors including farmers may remain rivals to each other even if the Japanese government initiates region-wide development.

6.1.3 Mechanisation of Cambodian agriculture

The Japanese government explicitly expresses its interest in increasing Japanese private investments in Cambodia’s market economy\(^{111}\). Even though there is a difficulty in utilising Japanese agricultural technology in Cambodia due to the technology gap, Japanese agricultural companies, specifically ones dealing with machines, are already interested in mechanisation of Cambodian agriculture. Informant 1 (employee of the Japanese Embassy in Cambodia) mentioned:

‘There were about 80 foreign private companies in Cambodia a few years ago. The number of foreign companies has increased to about 270 by 2012. It would be beneficial to Japanese investors if Japan’s agricultural technologies such as tractors can extend their businesses along the lines set by the demand of the Cambodian government. However, Japanese agricultural machines are expensive, and mechanisation of Cambodian agriculture has not been realised yet.’

Informant 2 (agent of APPP) added information about Japanese companies which have started searching opportunities of investments in Cambodia’s agricultural sector:

\(^{111}\) Country Assistance Policy for Cambodia 2012
‘One Japanese company selling rice milling machinery recently visited Battambang province for an investigation. Some Japanese companies are also interested in running the business of buying and selling rice in Cambodia. Japanese tractor businesses have also expanded their interest to Cambodia.’

In relation to this information, it is useful to refer to one survey report published in 2013 for Japan’s new ODA project in Cambodia’s rice sector. This project was designed for the production, sale, and export of rice mill machines managed by a Japanese private company. This project was also designed to be operated in the Special Economic Zone, which was developed with Japan’s ODA loan projects. The survey report explains the connection between this ODA project and Cambodia’s development aims by saying that it would contribute to Cambodia’s GDP growth by increasing the rice processing capacity in Cambodia. The point here is that this ODA project assists the Cambodian government to reduce the amount of unprocessed Cambodian rice being exported through unofficial channels, and in turn shift the direction of Cambodian rice to the export through official channels in line with the Rice Policy.

As described in Chapter Four, there is a point made by Ear (2013) that foreign private investors have a potential to mitigate the influence of local patronage on individuals’ economic activities in Cambodia when those investors collectively promote international rules for labour conditions and the Cambodian central government accepts those rules. Cambodia’s garment sector is an example of this. Ear (2013) explains that the garment sector is a new economic sector in the country, and businesses in this sector are not domestically owned. In the case of Cambodia’s rice sector, it is largely domestically owned and is embedded within the local patronage context. Powerful political and economic actors own businesses in the rice sector formally and informally. Under these conditions, Japan has started to promote ODA projects for producing and selling rice milling machines in line with the Rice Policy. Unlike in the garment sector, it is difficult to assume at the moment that the attraction of Japanese investments in Cambodia’s rice sector necessarily results in better working and market conditions for small-scale farmers.

From his observation in the field, informant 2 was also concerned that many Cambodian farmers are not ready to utilise those machines:

‘There is a risk that farmers’ debts will increase if agricultural machines are introduced to Cambodia while most of those farmers still use traditional farming

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112 JICA, 2013 Cambodia: a project survey for the production, sale, and export of rice mill machine (Promotion of small and medium-sized enterprise cooperation)
methods. Farmers may also excessively rely on methods and technologies which do not require them so much effort and time. There must be a gradual process of introducing large and advanced machines to traditional agriculture. Japan also had a gradual process of technological improvement along with situational demands, evolving from cultivating soil with cattle pulling ploughs to today’s rice planters and plastic greenhouse culture. Rapid mechanisation of traditional agriculture will put excessive pressure on some people, specifically small-scale farmers.’

By saying so, informant 2 emphasises that Cambodia is an agriculture-based economy and not ready for the mechanisation of agriculture. The farming methods of the majority of farmers in Cambodia are hand harvesting and buffalo tilling without high quality agricultural inputs and irrigation (Thanvat 2011: 260). Even though this situation remains, Cambodia has been facing a rapid and uneven process in terms of its agrarian transition in which “a wide range of processes…link a country’s agricultural sector with the market economy to a far greater extent than previously” (Turner and Caouette 2009: 1, cited in Thavat 2011: 287). From the viewpoint of informant 2, the current situation of agrarian transition in Cambodia tends to put extra burden on small-scale farmers.

In addition to the consideration noted by informant 2, informant 7 (counterpart of APPP) described the risk for farmers in using advanced technologies when they are not ready to use them:

‘Some farmers do not have technical knowledge and skills, but they borrow money from others and try to use technologies for pig, chicken raising or growing fruit trees.’

This example also suggests that the use of advanced technologies and machines is risky for small-scale farmers given their current economic conditions and limited knowledge of technology. In other words, farmers may increase their debt in order to use new technologies or machines expecting those technologies will automatically increase their productivity. They may however not understand when or how to use those technologies appropriately.

From the perspective of a participant of Japan’s trainee-hosting programme, informant 8 (employee of the Department of Agricultural Machinery) explained what he experienced in a training course called Development Farm Machinery for Small-scale Farmers in Japan:

‘My training course was a long-term one for eight months. The focus of the training was agricultural machines for small scale farmers. There were trainees from different countries such as Burkina Faso, Ghana, Cuba, Tanzania, Tadzhikistan, Afghanistan, Kenya, and Papua New Guinea. We had a practice to create a new model of farm machinery to apply to our countries. We used the existing models of farm machines, but we still needed to make some small changes considering suitability with the agricultural conditions in our countries and how farmers would accept that modified
model. We were assigned to make a two-year action plan as a follow up activity to the training course. This action plan was about what we wanted to do after we went back to our countries, how we make actual machines from our models, and how we would promote machines we designed to farmers. One of Japanese trainers in the course visited Cambodia to check the progress of my action plan last year.

This content of the training course shows an effort to help trainees design agricultural machines useful to small-scale farmers in their countries. Given the fact that most farmers in Japan are small-scale farmers, the usage of small-scale farm machinery is common in Japan. The same informant mentioned that visiting Japanese companies of agricultural machinery was part of the training:

‘We spent two months on designing our models of farm machinery. For the rest of the time in the training course, we learned about Japanese agriculture and theories of small-scale farm machinery and had field visits. We visited some companies of farm machinery such as Yama Company which mainly produces tractors. All of those companies had all types of farm machines including ones for small-scale farming.’

Even though informant 8 learned about Japanese agricultural machines, he decided to use a Chinese model to design his farm machine considering the needs for immediate use for small-scale farmers in Cambodia.

‘One rice transplanting machine costs US$ 20,000 in Japan. In Cambodia, farmers cannot buy rice transplanting machines. In terms of the Chinese model of rice transplanting machine, farmers speed up the machine by hand. From the Chinese model, I designed a rice transplanting machine with wheels. I used a computer to design my model. To produce this size of farm machine, Black Smith Company has enough capacity in Cambodia. The weight of the machine is about 35 kg, and it costs US$300-400.’

Even though the informant designed a model of small-scale farm machine, he mentioned that the use of machines is still unrealistic for small-scale farmers given their economic condition:

‘The model I designed for a rice transplanting machine has not been used in Cambodia yet. This is because the preference of farmers has recently shifted from farm transplanting to seeding by drum seeders. PDAs have started providing drum seeders to district agriculture offices so that farmers can borrow them. Small-scale farmers prefer to use drum seeders while large-scale farmers prefer to use rice transplanting machines. If the production unit size is small, farmers cannot justify the use of rice transplanting machines. Many Cambodian farmers do not have enough money and have small lands. For those farmers, buying farm machineries by loan is not viable.’

This situation highlights the difference in the economic conditions pertaining to small-scale farmers between Japan and Cambodia. In Japan, small-scale farmers and the government have a political and economic bond. In this case, those farmers have economic protection and
financial support from the government, which allows them to purchase agricultural machinery. In Cambodia, however, there is no such support. Furthermore, the above information explains that the size of farm lands of small-scale farmers is not big enough to make the most of farming machines.

Informant 8 explained the use of drum seeders:

‘MAFF and PDAs are trying to encourage farmers to use drum seeders instead of direct seeding by hands. If farmers use drum seeders, they need to put 80-120 kg of rice seeds per hectare. If they use the method of direct seeding, they need to put 150-200 kg of rice seeds per hectare. After staff members of PDAs demonstrated how to use drum seeders, farmers started to prefer to use drum seeders. Drum seeders do not have an engine. Farmers have to pull it. By using seeders, farmers recognise that they need good land preparation.’

This introduction of drum seeders by PDAs implies that MAFF and PDAs cannot afford to supply agricultural machinery in order to support small-scale farmers. This economic situation of MAFF and PDAs seems to prevent Cambodian agriculture from rapid mechanisation as does the situation of the farmers themselves. Even if Japan’s ODA encourages Cambodian government employees to mechanise agriculture, small-scale farmers in Cambodia need economic support for it from the government as is the case in Japan.

Informant 9 (employee of the Department of Rice Crop) attended a group training course called “Rice Cultivation Techniques Development Course” for nine months in Japan. He also explained his experience of visiting Japanese agricultural machinery companies.

‘The training course was held in Tsukuba. There were nine trainees including me from eight countries. There were lectures, study tours, and experiments. Training activities included group and individual experiments with machines, transplanting of rice plants by hand and machine, and how to prepare land by both machine and hand for cultivation. The focus of the training course was on how to produce more rice and better quality rice. We also visited Kubota Company and other companies of agricultural machinery. We also saw transplanting, combine, and tractor machines. They also showed us how to operate those machines using robots. By using a satellite system with computer attachments and remote controller, the machines were moved by robots. In Japan, there is a lack of labourers in the agricultural sector, and people started using robots instead of human labour.’

These examples of training courses suggest that Cambodian government employees are often introduced to Japanese agricultural machines. The field visits to companies of agricultural machinery are possibly designed to create an opportunity to sell Japanese products in the future, or those visits could be there to fill in a programme and give trainees a break from the classroom. Nonetheless, it is open to question whether anything learned in the training
courses has operational applicability or not for individual training participants once back in Cambodia given the fact that the political and economic environments surrounding small-scale farmers are significantly different between Japan and Cambodia. In summary, the interview information suggests that there is likely an appropriate level of technology to be introduced to Cambodia’s agricultural sector according to the living conditions of local farmers and developmental phase. What the information suggests is that advanced agricultural technology does not always benefit small-scale farmers.

6.1.4 Japanese working discipline

In Japan’s trainee-hosting programme, Cambodian trainees learn about Japanese agriculture. This is different from the case of TC projects in Cambodia. In TC projects, as will be mentioned later this chapter, Japanese agents for agriculture learn about agricultural environment and practice of small-scale farmers in Cambodia. Throughout this learning, those agents modify the contents of their activities to assist local government employees and farmers. Therefore, there is a clear difference in approaching Cambodia’s agricultural development between Japan’s TC and trainee-hosting programme hosted in Japan. Unlike TC projects in the field, the main focus of the trainee-hosting programme seems to be the transfer of Japanese agricultural principles and knowledge about technologies to Cambodian government employees. The experience of informant 10 (employee of the Department of Fisheries Affairs, MAFF) in a group training course on Coastal Fisheries Management in Japan illustrated such an aid approach:

‘The training was intensive, and eight trainees had assignments every day. In the previous training course, one trainee from Myanmar was too stressed and went back to his country in the middle of the course. I also attended a training course in China. In this training course, the main point was sharing and exchange of knowledge among participants through discussion. The training course in Japan was for receiving training from the instructors. They also give us lectures about Japanese history and agricultural development’

Japan’s external degree programme may also influence how Cambodian government employees understand Cambodian agricultural development in a Japanese way. Informant 11 (employee of the Department of Agro-industry, MAFF) earned a master’s degree in Japan. From his experience in the master’s programme, he mentioned his opinion about farmers in Cambodia:
‘In Cambodia, farmers do not know what marketing is. They face many problems when they sell products. There is a lack of marketing knowledge. Before they sell their products, what they need to do is preparation such as a focus on packaging, freshness, safety, and cleanliness. This is fundamental knowledge. They need to know about consumers. Marketers should satisfy customers. In Japan, the customer is king.’

This idea of marketing also reflects Japanese business principles. In addition to this, and the Japanese working discipline and business principles experienced by Cambodian government employees, the Secretary of State of the Cambodian Ministry of Education, Youth and Sports expressed his understanding of the Japanese idea of “self-disciplined” individuals at the Joint Meeting of Ex-participants of JICA’s Training and Dialogue Programmes (09/12/2011):

‘Cambodia and Japan have the similar experience of the destruction of the country by wars. The most important concept we can learn about Japan is self-discipline. Cambodia should learn from Japan. Self-discipline means that we do not wait until others tell us what to do.’

These Japanese ideas and disciplines are introduced to and shared by some government employees through Japan’s ODA. At the same time, Cambodian small-scale farmers face difficulties in gaining economic benefits from Cambodia’s market economy given the deep-seated hierarchy. In this situation, it is uncertain if those farmers will enjoy any benefit from government employees employing Japanese working discipline, and/or if marketing principles are applied to Cambodia’s agricultural sector.

6.1.5 Summary

The information in this section describes a situation where Cambodia’s economic growth through agricultural development is not always adequately supported by the Japanese government. There are issues such as the tension between the interests and goals of Cambodian and Japanese farmers that pervades Japan’s ODA policy. In this way, it appears that the Cambodian and Japanese governments are looking at different directions in terms of the ultimate goals and conceptualization of development in Cambodia’s agricultural sector.

Furthermore, other contradictions exist. While the existing simple but important agricultural skills have not been sufficiently provided to farmers by the Cambodian government, Japan has provided advanced agricultural technologies and skills to Cambodian government employees specifically through training courses in Japan. Those courses attempt to contribute to the ultimate goals of Japan’s ODA in the sector, which is to improve
agricultural productivity and diversification of food. What the interview information illustrates, however, is the gap that exists between the advanced level of technologies introduced in training courses and the agricultural skills and economic security which small-scale farmers need before utilizing such technologies. In addition, as emphasised by some informants, even with skills and security, the cost of machinery is too high relative to that of labour for farmers with small size of land holdings in Cambodia, making technology-intensive production processes sub-optimal. Still, it cannot be generalised that what is taught in the training courses and those courses represent the overall policy or the actual policy implementation of Japan’s ODA in the agricultural sector. It needs to be acknowledged that the contents of training courses may themselves diverge from policy.

6.2 Practice of Japan's ODA in the field

This section presents interview information which illustrates how the interview participants understand the effectiveness of Japan’s TC projects in relation to their experiences in the field and interaction with local farmers. These understandings can be compared with what the Cambodian and Japanese governments understand to be effective agricultural development and effective aid at the policy-making level.

6.2.1 Limited utility of Japanese agricultural technology in Cambodia

In relation to the effectiveness of TC understood in the field, some agents of Japan’s TC projects placed more importance on the need for immediate use of agricultural technologies and methods for local farmers in Cambodia. On the other hand, while Cambodian government employees learn advanced agricultural technologies in training courses in Japan, they cannot immediately apply the related techniques in Cambodia. Some interview participants provided information which describes this limited applicability of Japanese advanced agricultural technology in Cambodia. First, informant 12 (employee of the Department of Agro-industry, MAFF) talked about his experience in a group training course on food processing and preservation technology in Japan and the difficulty in utilising it in Cambodia.
‘In my training course, I practiced the analysis of food components such as vitamin C and anti-oxidants. Mushroom was one of the materials used for this analysis. The training course was useful to learn about food preservation, food safety, and critical analytical points. We learned both basic and advanced levels of techniques to identify food components. I cannot apply what I learned in the training course to Cambodia at the moment due to a lack of laboratories. I expect I can apply what I learned in the training course probably in two years because the Chinese government has decided to donate laboratories for food research to MAFF. The feasibility study by the Cambodian government for this plan has already started. The laboratories will be housed in the Prek Leap National School of Agriculture. In the training course, the focus was on improving our skills to analyse food components, but Cambodia needs laboratories to do it.’

Beside the lack of laboratories, there are other issues to be considered in order to apply what he learned to Cambodia’s agricultural sector. Those issues are the after-mentioned lack of a local model for agricultural extension service and funding support for agricultural extension workers from the government. Even if laboratories for agricultural research are built in the near future, the outcomes of research conducted at those laboratories may not be able to be immediately used to improve local farmers’ agricultural activities without agricultural extension services. This may be why some informants emphasise the role of TC in introducing local farmers to agricultural techniques which have immediate use to them. In relation to this point, informant 13 (ex-agent of Japan’s TC project for rice production) mentioned that the expected role of Cambodian government employees who attended training courses is to create new environments in which agricultural knowledge and techniques can be smoothly shared with others:

‘The contents of training courses for Cambodian government employees in Japan are rarely compatible with actual conditions in Cambodia. Government employees acquire skills at research centres in Japan. There are not many potential government employees to train after they come back to Cambodia. JICA selects Cambodian candidates for training courses putting more weight on their personalities than specialised knowledge and skills. JICA selects people who are suitable for leading others.’

By saying so, the informant suggests a gap exists between the contents of training courses in Japan and what JICA in Cambodia considers important for Cambodian government employees in the agricultural sector. The trainee-hosting programme puts a focus on introducing advanced agricultural technologies to trainees. On the other hand, informant 13 implies that the content of skill development training for the selected Cambodian government employees should be suitable to other government employees so that those trainees can transfer what they attain in the training to other government employees.
Besides the role of government employees who attended training courses in Japan, informant 6 (agent of FAIEX2) explained that holding training courses in countries in which agricultural environments are similar to Cambodia’s may have more immediate effect on the improvement of farmers’ agricultural activities in Cambodia:

‘JICA has implemented many training courses for aquaculture. Those training courses are implemented at fisheries experiment stations in Japan, but it is difficult for Cambodian government employees to apply Japan’s advanced technologies after they come back to Cambodia. Training courses in third countries in Asia make more contributions to the development of agriculture in Cambodia. Training courses in third countries have been implemented three times in FAIEX. The project took ten people, including counterparts, agricultural extension workers of PDAs, and local farmers, to a training course in a third country last year. Farmers who produce juvenile fish tried to apply what they observed in the training courses in third countries soon after they came back to Cambodia. Those farmers had a more positive attitude towards absorbing technologies and skills in the training courses than the counterparts and extension workers.’

This describes the issue what farmers actually find useful in their agricultural activities in the local context may differ from the expectations of others. The informant also acknowledges that Japanese advanced agricultural technology does not have an immediate use for local farmers in many cases. The information suggests that the immediate and appropriate use of new agricultural methods is an important factor for farmers to catalyse their motivation to utilise those methods.

6.2.2 Role of technical cooperation

The interview information suggests that the difference in technology and agricultural environments between Japan and Cambodia needs to be carefully considered if TC projects intend to contribute to productivity enhancement of small-scale farmers in Cambodia. Given this difference, informant 6 (agent of FAIEX2) explained his understandings of the role of experts on agriculture in the field:

‘Japanese aquaculture technologies cannot be utilised in Cambodia since the farming environment is very different between Japan and Cambodia. Japan has leading-edge aquaculture technology, but this technology can be managed only after other necessary conditions are prepared. Those conditions include plenty of electricity and water, quality assorted feed, and hormones to improve fish’s productivity. These conditions are not available in Cambodia. In this situation, the required ability of technical specialists is to identify specific Japanese aquaculture technologies or skills, which are compatible to the environment in Cambodia. Technical specialists also need to collect and analyse information about aquaculture technologies in other countries in Asia and identify which technologies in those countries can complement aquaculture
in Cambodia. It is one of the tasks of technical specialists to choose the right host countries for Japan’s training courses based on current conditions related to Cambodian aquaculture.’

Informant 6 further explained his understanding regarding the importance of the acceptable kinds of agricultural techniques for farmers:

‘FAIEX provides aquaculture skills which are practical for local farmers to use. We point out how farmers can improve their current practices of aquaculture. JICA used to build agricultural research centres and fisheries research centres in aid-receiving countries and train government employees and engineers there. Most of those aid projects were not successful and technologies provided in the projects did not remain in those countries. Local people could not maintain those research centres and government employees also did not provide their acquired knowledge and skills to other local people. Thus recent JICA projects directly train local government employees in aid-receiving countries to provide agricultural extension services to local farmers. JICA expects that farmers who learn about new agricultural skills from trained agricultural extension workers teach other farmers how to use those skills. FAIEX assists local farmers to test new agricultural skills by themselves at home. Farmers choose which agricultural methods they use and test those methods. Those farmers share the result of the test with other farmers. This level of progress is enough to improve farmers’ productivity. The role of TC is to assist this type of activities in the field.’

In terms of TSC3, the activities of the project are related to the management of irrigation systems, and agents of the projects need to adjust some of their aid activities to the local agricultural condition to make their project useful for farmers. Informant 5 (agent of TSC3) explained:

‘We need to transfer Japanese agriculture technology into something applicable to the Cambodian environment since there are gaps in weather and terrain condition between Cambodia and Japan. In terms of irrigation, some Japanese technologies can be applied to Cambodia without adjustment. There are some difficulties to apply Japanese irrigation technologies to Cambodia due to the lack of our knowledge about Cambodian agriculture. For example, we use irrigation systems to run water in Japan, but we use irrigation in Cambodia to hold water since land in Cambodia is level. Cambodian farmers do not receive running water from canals but pump up water held in canals into their paddy fields. The way farmers use water from irrigation systems is different between Cambodia and Japan. We need to shift from Japanese agriculture to Cambodian agriculture.’

This means that the role of agents of TC projects is not only to identify suitable agricultural techniques for farmers and government employees but also to learn about the local agricultural environment and adjust the activities of the project on that basis. The information from informants 6 and 5 shows that the local agricultural condition and preferences of agricultural methods by farmers should determine what TC projects can offer for farmers’ productivity enhancement.
6.2.3 Long-term aspects of agricultural development

The information related to the role of TC projects shows informants’ views regarding agricultural development for small-scale farmers from a long-term perspective. Informant 3 (Japanese staff member of the local office of JICA in Cambodia) further explained what he considers important for TC projects:

‘The most important thing for the improvement of the constrained circumstances of farmers is to invest plenty of time. We tend to produce visible results in a short time in the modern age, but local farmers strongly refuse new agricultural technology and methods as they have the rainy season only once a year between June and November. Farmers would suffer a major setback if they failed in this once-annual rice cropping exercise. It is a difficult decision to make for farmers as they take a risk when using new technologies and farming skills to improve their productivity. Local farmers need at least one or two years to accept new agricultural methods introduced by TC projects. Japan’s TC projects are usually implemented over three to five years, and it is difficult for agents of those projects to arrange conditions where local farmers accept new agricultural methods and continually practice them over a limited length of time.’

This limitation regarding time is similar to what Godfrey et al. (2002) describe as a trade-off in technical assistance by foreign aid providers. Godfrey et al. (2002: 356) explain that there are immediate and ultimate objectives of technical assistance projects. The immediate objective is usually to facilitate resource flows in technical assistance projects as dictated by the bureaucratic environment. The ultimate objective however is to increase outputs and incomes in aid-receiving countries. They argue that a trade-off arises where both types of objectives are being pursued. More specifically, some aid providers tend to use international experts to deal quickly with the necessary procedures of planning technical assistance projects rather than letting local government employees take primary responsibility for those projects. What informant 3 mentioned above implies that Japan’s TC projects face a similar situation to this trade-off in order to complete the projects in a limited length of time and submit project evaluations.

Informant 5 (agent of TSC3) also mentioned a difficulty he had faced in implementing his TC project within a limited time frame:

‘Communicating with local farmers is the most difficult part of transferring Japanese irrigation technologies into Cambodia. It is not difficult to provide Japanese irrigation technology to counterparts of TSC3. Technology transfer in this TC project would not be difficult if we were given plenty of time. This project would be successful as long as counterparts gradually acquire knowledge and skills of the management of irrigation systems and provide those skills to local farmers one by one. If we consider the result of this project within a limited length of time such as five years, the
shortage of government employees becomes an issue. Many farmers show their negative reactions to this TC project. In terms of farmers who positively cooperate with this project, there is no big problem with their ability to acquire skills of irrigation management. Once farmers accept new technologies and skills, their adaptation to those technologies is fast.’

What the informant emphasises is that local farmers show their high ability to attain new technologies once they accept them, but it takes a TC project long time to achieve this point even though some farmers accept those technologies at the relatively early stage of the project. From the perspective of agricultural development in the long-term, it seems to be important for a TC project to make sure local farmers fully understand the usefulness of specific agricultural technologies and accept them. As a successful example of TC activities from this perspective, informant 6 (agent of FAIEX2) explained how agricultural techniques were quickly spread among farmers once they accepted those techniques:

‘We can still provide technologies and skills of aquaculture to local farmers even if we do not have enough agricultural extension workers. To do so, however, we need to establish a network of farmers so that some farmers teach other farmers new knowledge and skills of aquaculture. In its first phase, FAIEX trained farmers who produce juvenile fish in most communes of the target area, and the number of farmers who cultivate fish increased in those communes. If there are 20 to 30 farmers who cultivate fish in one province, other farmers usually start imitating the practices of those farmers. If there are only one or two farmers who produce juvenile fish in one province, the Cambodian government and foreign aid projects need to work on the establishment of farmers’ networks first. Otherwise, skills of aquaculture do not spread among farmers. Our TC project does not target all provinces in Cambodia and selects specific provinces. It is expected that skills of aquaculture will be transferred in Cambodia if the Cambodian government takes over the activities of this project and provides similar supports to farmers in different provinces.’

Informant 14 (counterpart of FAIEX2) further explained how this type of technical transfer among farmers was helpful to implement the project within a limited time frame:

‘FAIEX provides training to producers of juvenile fish to enable them to teach other farmers how to produce juvenile fish. Since the given time to implement this project is limited, capacity building of farmers is important for the sustainable transfer of skills of fish cultivation. Producers of juvenile fish in each province in the project site established their networks in the phase 1 of FAIEX. In these networks, the producers of juvenile fish exchange fish for breeding purposes. Those producers cooperate through their networks. In phase 1 of FAIEX, 48 networks of producers of juvenile fish were established in four target provinces of the project. In phase two of FAIEX, there is a plan to establish 45 networks of the producers in three new target provinces. In phase 1, FAIEX encouraged the producers of juvenile fish to establish their networks in each target province. Those producers still have meetings every two months even after the TC project was completed. In phase 2 of FAIEX, counterparts take the producers of juvenile fish in the new target provinces to the previous target
provinces in the phase 1 so that the new producers can learn about the producers’ networks established during the phase 1.’

The above informants suggest that there are innovative ways of addressing the limitations regarding under resourcing of extension workers and limited time frames for implementation of projects. In the case of Japan’s TC projects for rice production, however, they are not the same successful experiences as demonstrated in the FAIEX case. Informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) explained why target farmers of those TC projects for rice production did not practice farming methods introduced by the projects for a long time:

‘In the previous TC project for rice production, the number of supported farmers was 18 to 20. They improved their skills and shared their techniques with other farmers. When other farmers were about to start learning those techniques, the project was finished, and there were no follow up activities by PDA, Battambang. The target farmers in the previous TC project were left outside the activities of the new TC project for rice production.’

As will be described in the next chapter, informants 2 and 13 found it was difficult to encourage local farmers to establish farmers’ groups. As mentioned before, it is difficult for farmers in Cambodia to increase returns by selling more rice in the existing rice markets. This situation could be one of the reasons why target farmers of TC projects for rice production have low motivation to work as a group or to establish networks among them.

In summary, the information suggests that many local farmers need at least one to two years to test the utility of different farming methods. A period in which Japanese agents identify the unique conditions of Cambodian agriculture and characteristics of local farmers is also part of the process of TC. Each TC project requires a preliminary period to introduce new farming methods to farmers before they independently start using those methods. If those methods are not preferred and practiced by local farmers, TC projects become merely an introduction to different agricultural methods and their activities but do not affect actual practices by local farmers in the long-term. This tends to happen when the period of a TC project is short such as three to five years. Technical transfer from some farmers to other farmers can be effective when agricultural extension services from the government are not sufficiently provided to local farmers.
6.2.4 Difference between Japan and other foreign aid providers

In relation to the aid approach of other aid providers in the sector, interview information suggests that they placed more importance on the marketing strategy of small-scale farmers rather than on productivity enhancement. Even though there is a difference in the focus of aid between Japan and other aid providers in the sector, some informants did however mention that activities of all aid agencies complement each other. For example, informant 16 (employee of PDA, Battambang) understood that aid activities of all aid agencies were integrated under the aim of supporting small-scale farmers from a poverty reduction perspective:

‘Foreign aid donors had different ways of supporting Cambodia’s agricultural sector previously, but they have the same goal of supporting local farmers under the Rice Policy. This policy is supported by ADB, WB, JICA, and other aid donors. Some aid donors also work with the private sector such as rice millers. Rice millers also need some financial support to improve their equipment. If they want to export rice to other countries, they need better equipment. That equipment is imported from developed countries and is not cheap.’

The informant appreciates the material support from aid agencies to rice millers. However, it is not certain if provision of better equipment to rice millers by aid agencies will actually help small-scale farmers gain greater economic returns than they do now by selling rice.

In addition, some secondary information shows that foreign private investors have already started to invest in rice processing plants in Cambodia in line with the Rice Policy. For example, according to the Latin American Fund for Irrigated Rice, FLAR\(^\text{113}\), “[a] number of large Chinese firms have signed up to build a hi-tech rice processing plant and to purchase Cambodian rice for Chinese market”. Those firms include the China Grain Reserves Corporation (Sinograin) Guangzhou Branch, the China’s Yunnan Overseas Investment Co., Ltd., and China Oil and Foodstuffs Corporation. The Chairman of the rice exporters Baitang Kampuchea Co., which invests in modern post-harvest technology in Battambang, said that “Chinese investment in the rice processing plant is on the right time…The company had exported nearly 20,000 tons of processed rice in the first half of this year [2011], double rice compared to the same period last year…the Battambang Kampuchea had also sighed a MoU [Memo of Understanding] with a Chinese firm for the supply of 10,000 tons of milled rice to

China per year and the exports will be starting from next year”¹¹⁴. These examples show the expectations of those who are involved in the business of exporting Cambodian rice under the Rice Policy, including government officials, regarding the potential for Chinese investment in Cambodia’s rice sector. In contrast to such an expectation, Burgos and Ear (2010: 636-637) argue as follows.

China has assumed a leadership role in Southeast Asian economies and aggressively pursues free trade agreements as a direct result of stagnant or declining regional trade with Europe and America. Under these circumstances, which policy options Cambodian authorities embrace to foster social stability will depend on the presence or absence of political will. Policy initiatives (such as contract transparency) that harm patronage networks have the least likelihood of success given the country’s political economy landscape. Naturally, officials in Beijing and Phnom Penh see this as a win-win situation.

Moreover, Burgos and Ear (2010: 638) explain that “For aid, Cambodia can always turn to China, a generous donor that despite its superpower status seems to treat its partners with fairness and respect, never asking sensitive questions”. This understanding of the China-Cambodia relationship also suggests an interpretation of development effectiveness in the Cambodian case as a ‘win-win situation’ between Beijing and Phnom Penh, while traditional aid providers are expected to be a catalyst of national development by the Cambodian government. These examples from the primary and secondary data all together raise the question as to whether increasing the exported amount of Cambodian processed rice through official channels, with support from aid and private investors, or, as some studies (Yagura as shown in Chapter Four, Burgos and Ear) suggest, the government’s political will to provide socio-economic support to the population, that directly matters to small-scale farmers’ socio-economic well-being at the moment.

In Chapter Four, an example of aid projects implemented by the Australian government in Cambodia’s agricultural sector was mentioned. The example shows that the Australian ODA emphasises the importance of the linkage between Cambodian small-scale farmers and the market economy. On the other hand, Thavat’s (2011) study, which was also mentioned in Chapter Four, concludes that the existing market economies tend to put excessive pressure on Cambodian small-scale farmers to meet the expectations of consumers of rice without there being any significant increase in economic returns for those farmers. Thavat’s study implies

¹¹⁴ Cambodia – Cambodia’s rice export scheme sees good omen with Chinese investments (27/08/2011)
that there are various layers of stakeholders in the international rice market, in which small-scale farmers are limited opportunities in terms of their ability to make more money selling rice. Therefore, there is a need for careful consideration about whether the activities of all foreign aid providers are really integrated under the Rice Policy, and would actually help small-scale farmers increase their returns by selling rice.

While informant 16 mentioned that JICA and other aid agencies have started sharing the same aid approach in Cambodia’s agricultural sector, informant 3 (Japanese staff member of the local office of JICA in Cambodia) explained the difference in focus of aid between Japan and other aid providers:

‘There are many foreign aid donors in Cambodia’s agricultural sector such as WB, ADB, France, Australia, and Korea. Those aid donors provide more support to marketing and export of Cambodian agricultural products. On the other hand, JICA focuses on the improvement of agricultural productivity and irrigation systems. Japan’s strong point in agriculture is production based on its past experiences. JICA projects in Cambodia’s agricultural sector focus on productivity enhancement. This focus of JICA projects shows an element of a compartmentalisation of foreign aid in Cambodia’s agricultural sector.’

This implies that foreign aid providers can complement each other in the support for small-scale farmers even though they have different foci in their aid activities. On the other hand, informant 2 (agent of APPP) emphasised that the difference in aid approach between aid agencies could disturb each other’s aid activities:

‘Japan’s TC provides agricultural tools to local farmers only when technical specialists need those tools to show specific agricultural methods. We provide farmers only necessary materials such as fertilisers and quality rice seeds to let farmers see the effects of those materials. We try not to finish TC projects by just providing materials and showing participants how to use those materials. This type of TC requires farmers to invest their time and efforts to acquire specific skills while it takes a long time until farmers see the actual effect of those skills. Therefore, this type of TC is not appreciated by local farmers at the beginning. Farmers want more materials such as fertilisers and cultivators. USAID specifically provide local farmers with a large amount of agricultural materials. Farmers in the target area of our TC project often mention that USAID gave them all of the agricultural tools they wanted. That type of TC does not invest so much time in assisting local farmers’ farming practices. The problem is farmers tend to excessively rely on foreign aid if aid projects provide them all the materials farmers want upfront.’

From the perspective of a Cambodian counterpart of Japan’s TC projects, informant 14 (counterpart of FAIEX2) shared the point made by informant 2 that other aid agencies tend to provide agricultural materials to local farmers more than is necessary:

‘There are different aquaculture projects by different foreign aid donors in Cambodia. They target the same areas to implement their aid projects. JICA has a clear policy of
supporting local farmers, and it is difficult to cooperate with other aid donors who have different aid policies. Other foreign aid donors such as USAID and EU have more funding than JICA, and farmers in the target areas of other aid donors receive more materials for fish cultivation. This situation sometimes disturbs the target farmers of FAIEX which focuses on TC and the establishment of farmers’ networks.’

Informant 14 also emphasised the difference in importance placed on networks among local farmers between Japan and other aid providers in the field of aquaculture:

‘It is important to establish networks among farmers. There were many foreign aid projects from different donors for fish cultivation in Cambodia in the past, but they did not focus on networks among farmers. Compared with those foreign aid projects, JICA is easier to work with. The counterparts and Japanese experts in FAIEX often discuss their projects. In foreign aid projects of other donors, counterparts mainly receive ideas from experts on the donor’s side [ie one-way communication]. In FAIEX, all of the Japanese experts, Cambodian counterparts, and staff members of PDAs exchange opinions for the better implementation of the project. The Cambodian counterparts give advice to the Japanese experts about the aid activities in the Cambodian context.’

From the above point of view, agents of TC projects cannot only give advice to Cambodian counterparts but they also need advice from those counterparts to make TC projects helpful for farmers in a long-term. The informants seem to suggest that other aid agencies may be more short-term in their aid outlook and focus on the provision of resources without much concern for sustainable implementation.

While informants 2 and 14 mentioned significant differences in aid approach between JICA and other aid agencies, informant 16 (employee of PDA, Battambang) suggested that it is time for JICA to shift its aid focus from productivity enhancement to marketing strategy for local farmers as other aid agencies have already done:

‘In Battambang, about 60 percent of farmers understand that they can improve their productivity if they use quality rice seeds. Farmers have started asking about good seeds. JICA has been working for the productivity enhancement projects last ten years, but for the next ten years, JICA needs to change its target from productivity enhancement to marketing strategy. There are other aid donors dealing with the marketing strategies, but many of those projects were already completed.’

This shows that informant 16 understands that farmers’ agricultural skills and productivity have improved enough, at least in Battambang. This understanding differs from what informant 2 believed was a problem, namely, the lack of local model for agricultural extension services, which will be mentioned in the next chapter. Informant 2 mentioned that improving awareness of only one or two agricultural methods, such as how to use fertilisers, did not help farmers to produce quality rice. In this sense, using quality rice seeds alone would not help enhance their productivity of rice in terms of quality and quantity. Similarly,
from the perspective of informant 2, there are questions regarding whether helping farmers with marketing strategies would help farmers in a significant way while the local model of agricultural extension services does not exist in Cambodia. From this point of view, it is difficult to say foreign aid for marketing strategy is more important than aid for productivity enhancement in Cambodia’s agricultural sector at the moment and in the near future. In relation to markets, it seems that small-scale farmers suffer from a lack of market information and market strategy as well as the hierarchy in the existing agricultural markets. Even if foreign aid agencies concentrate on the improvement of market strategies for small-scale farmers, there is still a difficulty for farmers in that the existing structures and mechanisms of current markets are a barrier to the acquisition of greater economic returns from the sale of agricultural products. From this point of view, it is worth considering the role of Japan’s ODA in the sector in relation to productivity enhancement and the creation of new markets for small-scale farmers that allows them to circumvent the existing relations of economic and political power.

6.2.5 Summary

The interview information shows that the agents of Japan’s TC projects do in certain circumstances adjust the contents of their activities in line with what is appropriate and suitable for local farmers. Japan’s TC projects are designed to help local government employees improve their skills of agricultural extension services. There was a realisation however that the activities of those projects cannot be sustained without involving local farmer participation. It is expected in Japan’s ODA policy that farmers’ productivity will be enhanced if the quality of agricultural extension services improves. In practice, however, it is necessary for Japanese agents of TC to communicate with local farmers in order to adjust themselves to the local agricultural practices and community dynamics. This adjustment seems to be an element related to the transformation of the concept of aid effectiveness and development effectiveness understood at the policy-making level, into the practical implementation of effective aid and effective development linked to realities in the field. This transformation requires communication between Japanese agents, Cambodian counterparts (government employees), and local farmers for it to be successful however.

The interview information also shows that agents of Japan’s TC projects play a role in identifying suitable types of agricultural skills for local farmers rather than directly applying
Japanese agricultural technologies to Cambodian agriculture. Some interview participants expressed their understanding that development perceived by local farmers should ultimately determines the role of Japan’s TC projects, and gives a guide to measure the effectiveness of those projects. Local farmers observe the external farming methods and technologies and decide to utilise or not to utilise those methods at their own pace. Agents of Japan’s TC projects also observed characteristics of Cambodian farmers, their farming practices, and the economic environment around those farmers. Local farmers need to engage in a process of sense-making when they interact with Japan’s TC projects, specifically by seeing the actual effect of external farming methods in real-life situations. Similarly, the agents of the projects need to undergo a process of adjustment to local agricultural practices and the preferences of farmers in Cambodia. When these processes are linked through interactions between farmers and the agents, the agents’ understanding of effective aid starts to align with farmers’ understanding of effective development.

6.3 Summary

Japan’s ODA for the sector concentrates on agricultural productivity enhancement of small-scale farmers. However, its aid activities can be influenced by the hierarchy in the regional and domestic rice markets, specifically in relation to farmers’ lack of motivation to increase their productivity of rice and actively participate in those aid activities. Outside this difficulty relating to the structure of the regional and domestic rice markets, Japan’s ODA for the sector still faces difficulty in assisting small-scale farmers to enhance their productivity. This difficulty is based on the gap in technology between Japanese and Cambodian agriculture. In addition, the systems of agricultural extension service, agricultural cooperatives, and irrigation systems have been established in Japan while the Cambodia’s agricultural sector is far behind in this regard.

In addition to this difference in agricultural environment between Japan and Cambodia, there is a difference in aid approach between Japan’s TC projects in Cambodia and Japan-hosted trainee-hosting programmes for Cambodia’s agricultural sector. One noticeable example is that TC projects for agricultural extension service intend to introduce only simple agricultural methods to Cambodian small-scale farmers. On the other hand, the training-hosting programme introduces Japanese advanced agricultural technology to Cambodian
government employees. Agents of the training courses guide those government employees to make plans based on how to utilise their knowledge and skills obtained in the courses in the Cambodian context. There may be an understanding held by the Japanese government that those TC projects and trainee-hosting programme are actually complementing each other. In other words, TC projects should focus on upgrading the level of agricultural skills which are currently practiced by Cambodian small-scale farmers to enable the immediate use of those techniques to enhance existing practices. At the same time, the trainee-hosting programme introduces Japan’s advanced agricultural technology, techniques and systems to Cambodian government employees for future use. While this aid approach may make theoretical sense, the information from interviews and the research literature suggests that there are factors which prevent the participants of the trainee-hosting programme from ultimately utilising what they experienced in Japan and planning for the introduction of more advanced technologies and techniques in the long-term. One of those factors is a lack of funding support from the government to the agricultural sector. This point can be attributable to the assumption seemingly held by the Cambodian government where foreign aid agencies will assist small-scale farmers to improve their productivity while the Cambodian government concentrates on preparations for enhancing private sector-led agricultural development and economic growth.

Some interview participants clearly point to desirable role of Japanese experts on agriculture to identify the suitable level of farming methods which are likely to be accepted by local farmers and transferred by farmers to other farmers. From this point of view, TC in the agricultural sector does not necessarily mean that aid agencies bring something new to aid-receiving countries in terms of knowledge and technical skills. It can have other functions such as improving on the existing agricultural practices of local farmers, increasing the capacity of aid organizations to communicate with local farmers, and facilitating networks of cooperation, which would all enhance the effectiveness of aid. In this sense, the advanced technologies and techniques provided in the trainee-hosting programme are not always helpful to small-scale farmers in Cambodia. Local farmers only show their high ability to acquire skills once they accept new agricultural methods introduced by Japan’s TC projects. Even if farmers’ educational level is limited, TC projects can contribute to the improvement of their productivity to the extent farmers are accepting of new methods, which in itself can depend on whether approaches taken by aid agencies to introduce these methods are appropriate or reassuring to small-scale farmers. TC projects could introduce more advanced
methods to farmers if farmers’ educational level increases, they are sufficiently assured and are given time to consider the methods in real-life situations, and if the more advanced methods suit local conditions, needs and ultimately socio-economic limitations.
Chapter Seven: policy and reality of agricultural development in Cambodia

This chapter presents the last three categories of the summary of the information from the first and second data collection phases. Those categories are Cambodia’s agricultural policy, market economy, and small-scale farmers in Cambodia. Similar to Chapter Six, each of the categories contains information from different interview participants, and the information from the same informant is also included in different categories according to the content of the information. The same numerical identifications of the informants as Chapter Six are used on this chapter.

7.1 Cambodia’s agricultural policy

As shown in Chapter Four, the Cambodian government has a national development policy focused on opening the country’s market to private investment and trade. This trend shows that Cambodia has subscribed to what some scholars describe to be a neoliberal policy. The interview information shows how such a development policy is reflected by the country’s agricultural development policy.

7.1.1 Passive attitude of the Cambodian government

The Japanese government has set the ultimate goal of improving small-scale farmers’ living conditions in its ODA projects in Cambodia’s agricultural sector. Some informants described that while all of Japan’s ODA projects in the sector are designed under this aim, the implementation of those projects could not be maintained without proactive cooperation of the Cambodian government. According to informant 2 (agent of APPP), the cooperation of the Cambodian government has been insufficient.

‘It is likely that all activities of the APPP will stop after the project finishes. The Cambodian government does not have any initiative for agricultural extension services. The Ministry of Agriculture, Forestry and Fisheries of Cambodia (MAFF) only receives progress reports from APPP and does not request anything. Except for those assigned to APPP, employees of MAFF do not come to inspect the activities in...
the field. MAFF basically leaves the project to Japan. This passive attitude of the
government was also seen in the previous JICA project in Battambang province to
establish a framework for the production of brand-name rice. This project activity
involved the provincial government, MAFF, the Ministry of Commerce, and other
ministries relating to import and export. This framework completely stopped
functioning after the project finished. Farmers also lost motivation to produce that
specific variety of rice since there was not a market for it.’

By supporting this statement, another agent of one of Japan’s ODA projects in Cambodia
(informant 17) mentioned:

‘JICA assisted production of a brand-name rice crop in Battambang province for four
years, but there was no target market to sell that brand-name rice to after the JICA
project ended. As a consequence, the situation ended up being one where Cambodian
farmers did not know for what purpose they produced that specific variety of rice.
Cambodian farmers seemed to enjoy receiving agricultural inputs from the JICA
project, but no marketing strategy was advanced that would enable the brand-name
rice to be sold over the four years. Farmers’ motivation to produce the brand-name
rice declined after the JICA project, and the quality of the rice dramatically decreased.’

The information from informants 2 and 17 shows that Japan’s TC project associated with
marketing did not last long in Cambodia. The project was not taken up by local government
employees even though it involved officials of different ministries. This example poses the
question of whether the marketing strategy of the project was appropriate for the demands for
rice in the existing markets inside and outside Cambodia or if the Cambodian government did
not have an interest in promoting the marketing of the brand-name rice after the TC project
ended. In either case, the example shows that the conditions of Cambodia’s market economy
may not be advanced enough for small-scale farmers to extract economic returns even if they
produce high-priced, quality rice.

Informant 5 (agent of TSC3) also acknowledges the importance of the active participation
of government employees in this project:

‘Both the number and the attitude of Cambodian government employees assigned to
TSC3 influenced the achievements of the project. Even if government employees lack
experience in theoretical techniques of irrigation systems and mathematical formulae,
it can be compensated by the use of computers and calculators to some extent. In the
everyday practice on TSC3, I expect Cambodian counterparts to actively learn
through trial and error how to manage irrigation systems in the Cambodian context
including communication with each other and local farmers. If government employees
can change their attitude and find more efficient ways of working, the implementation
of TSC3 would be smoother, although it may take longer to achieve the goals of the
projects.’
This point of view suggests that he places importance on the utilisation of Japanese irrigation technologies by those government employees (counterparts of the project) in the Cambodian context even if it may take longer to demonstrate the desired outcomes of TSC3.

Six counterparts of TSC3 attended a training course arranged by JICA and hosted by the Land Improvement District (LDI) in Hokkaido, Japan. One of them (informant 18) explained what he experienced in the training course:

‘We visited farmers and received lectures in the LID office. We also visited a hydro irrigation systems and facilities of main and secondary canals in a dam.’

To a question about what he obtained during the training course, he explained that:

‘I picked up specific skills which I could apply to Cambodia. I observed similarities and differences between Japan and Cambodia in terms of the environments of irrigation systems. In practice during TSC3 in Cambodia, I also learned new irrigation technologies from Japanese experts.’

Given the technical aspects of irrigation management, it seems to be natural for Cambodian counterparts of TSC3 to be passive in the activities of the project. They were shown advanced irrigation systems in the training courses in Japan, and what they practice in TSC3 in Cambodia is also technical. In the training course of TSC3 in Japan, a top-down approach was taken, and counterparts constantly learned Japanese irrigation technology and management. Learning technologies of irrigation systems could be passive for counterparts of TSC3, but they were expected by one agent of the project to actively manage those technologies in the local context.

Within the target area of an irrigation project funded by Japan’s ODA loans, TSC3 focuses on the maintenance of small canals and closely works with Cambodian employees of the Provincial Department of Water Resources and Meteorology (PDWRAM) in different provinces. PDWRAMs are responsible for the management of the Farmer Water User Community (FWUC). Another counterpart of TSC3 (informant 19) expressed a clear opinion in terms of his role in the project:

TSC3 targets only model sites in Japan’s general irrigation project. The Japanese government already conducted a baseline survey on the living conditions of farmers in the target area of the general irrigation project. The issue of poverty is dealt with by the main irrigation project. TSC3 is only part of the general project. The main goal of
TSC3 is farmers’ participation in the maintenance of irrigation systems, and it provides on-the-job training to employees of PDWRAM.

It is not certain if this idea relating to the role of TSC3 is shared by other Cambodian counterparts of the project, but this statement suggests that it could be natural for counterparts to focus on technical issues rather than the living conditions of small-scale farmers or on communications with farmers even though the ultimate goal of TSC3 is to improve living conditions of those farmers in the target area.

The passive attitude of the Cambodian government to Japan’s ODA projects could be attributable to how those projects were planned. Japan’s ODA projects are based on requests from the Cambodian government, but it is uncertain how actively Cambodian officials participated in the decision-making related to the selection of those projects. JICA has an annual proposal of its projects. The Cambodian government, the Japanese embassy, and JICA discuss what types of aid projects and training courses Cambodia needs. According to an employee of the Japanese Embassy in Cambodia (informant 1), the Japanese government has not had a problem with the Cambodian government in planning Japan’s ODA projects in the agricultural sector.

‘The Japanese government sends policy advisors to different ministries in Cambodia. Those advisors play a role in preventing the ideas of Japan’s ODA from being absolutely refused by the Cambodian government. In terms of agriculture, there are Japanese policy advisors in MOWRAM and MAFF.’

In this case, the requests for Japan’s ODA projects from the Cambodian government may already contain the preferences of the Japanese government. If the main goals of agricultural development in Cambodia differed between the Cambodian and Japanese governments, it is likely that the Cambodian government did not actively pursue this difference and played a minor role in the selection of Japan’s ODA projects for Cambodia. In terms of Japan’s trainee-hosting programme, for example, JICA issues letters to MAFF about available training courses for Cambodian government employees. MAFF nominates candidates for those training courses from its employees. However, this process in MAFF is slow according to a Cambodian staff member of the local office of JICA in Cambodia (informant 20):

‘Information about available training courses is usually not sufficiently promoted within MAFF. The information is usually left on the notice board or somewhere in the ministry. Once the ministry nominates a candidate for a training course, the JICA office in Cambodia assesses the ability of the nominee through document examination and interviews. In addition, collecting feedback from ex participants of training courses in Japan is difficult. JICA sends feedback forms to the ex-participants and

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asks how they have implemented their action plans and lessons from experiences in their organisations. The ex-participants are reluctant to fill in those feedback forms. About 30 percent of the ex-participants return answered feedback forms.’

It was often mentioned by agents of Japan’s TC projects that there was passive attitude taken by the Cambodian government in terms of involvement in the activities of such projects. The information above from different informants suggests, however, that the government or government employees (counterparts of Japan’s ODA projects) are not solely responsible for such an attitude. It seems that, as mentioned in the previous chapter, the reason for this situation is partly related to the differing primary aims for agricultural development between the Cambodian and Japanese governments. The Cambodian government puts priority on economic growth through agricultural development, and the interview information above suggests that the government does not actively take part in Japan’s TC projects for the purpose of improving small-scale farmers’ living conditions.

7.1.2 Lack of original model of agricultural extension service

Japan has been implementing TC projects for agricultural productivity enhancement in Cambodia for more than ten years. The difference in the main aim of agricultural development between the two governments is also reflected by the lack of a pre-existing local model for the provision of agricultural extension services in Cambodia. An agent of APPP (informant 2) notes that the Cambodian government does not have its own model for agricultural extension services, and that this is crucially lacking in the agricultural sector:

‘Cambodian government employees refer to activities of NGOs and foreign aid agencies when they talk about agricultural extension services in Cambodia. I once asked some of counterparts of APPP if there was a local model for extension services in Cambodia. They answered that they had joined a project funded by AUSAID and that they thought that project was a Cambodian agricultural extension service. This shows that there is a crucial lack of an original model for agricultural extension in MAFF. It is important for APPP that the Cambodian government has a model for extension services applicable to the local context in order to contribute to the improvement of living conditions of local farmers. In the case of Myanmar, for example, government employees have their own model for agricultural extension. Each extension worker looks after more than 2000 or 3000 farm households. Some extension workers are in charge of more than 5000 farm households. Even though the number of extension workers is limited there, the government has agricultural extension offices in each region and county, so that Japan’s TC can contribute to improve specific conditions or deal with certain problems. In Cambodia, agents of Japan’s TC projects teach government employees about extension services from
scratch. Japan’s TC has a different approach to local farmers from other donors such as AUSAID and USAID. Therefore, local farmers tend to be confused by different agencies about the role of extension services.’

Informant 2 emphasises that agricultural extension services are necessary for small-scale farmers to improve their agricultural productivity. As mentioned in Chapter Four, this point is also emphasised in the study of Ngo and Chan (2010). If the Cambodian government shared this idea, it would have made greater efforts to establish its original model of extension services at an earlier stage. As mentioned in Chapter Four, more government focus has been directed towards implementing legal economic arrangements for private investors in Cambodia’s agricultural sector than to agricultural extension services. Together with the interview information above, it seems that the government’s first priority, the realisation of private sector-led agricultural development, may not in this particular case match with the main aim of Japan’s ODA project to improve living conditions of small-scale farmers at the policy-making level. In this case, the government appreciates foreign aid projects which aim to support small-scale farmers, but it does not necessarily mean that the government actively takes part and supports the activities of those projects with a view to sustaining them in the long-term.

The same agent of APPP (informant 2) also mentioned the lack of funding supports from the government to agricultural extension workers:

‘Beside the lack of an original model for agricultural extension, MAFF does not have enough funding to provide extension services to farmers, such as travel costs and salaries for extension workers. APPP provides salaries for Cambodian extension workers who are involved in the project. It is likely that those extension workers will stop providing services to farmers after this project finishes.’

In response to the lack of local models for agricultural extension services, and funding support for those services, FAIEX2 seems to have taken a different approach to assisting small-scale farmers from APPP and TSC3. FAIEX2 intends to establish a framework in which farmers actively teach each other aquaculture skills. This project also involves local government employees, but it does not take a top-down approach that government employees always provide agricultural skills to farmers. According to one counterpart of FAIEX2 (informant 14), the project concentrates on the establishment of networks among farmers in which they share information and the skills of fish cultivation at the provincial and communal levels:
‘FAIEX provides training to the producers of juvenile fish so that those producers can train other farmers to be producers of juvenile fish. Since FAIEX cannot last long, capacity building for farmers is important for the sustainable transfer of skills of fish cultivation. Producers of juvenile fish in each province in the project site have established their information networks during phase one of FAIEX. In these networks, the producers exchange their fish for breeding purposes in the information of local markets to sell their juvenile fish. In the phase one of FAIEX, 48 networks of the producers of juvenile fish were established in four target provinces. In the phase two of the project, it is planned to establish 45 networks of the producers in three new target provinces.’

The above example of FAIEX shows that there are some foreign aid approaches and projects which consider the local situation and limitations in Cambodia’s agricultural sector, allowing them to have a more direct and immediate impact on the goal of improving small-scale farmers’ living conditions. The lack of an original model or institutional process for the regular provision of agricultural extension services arguably reflects the priority put by the Cambodian government on economic growth and private sector-led agricultural development, as opposed to the improvement of small-scale farmers’ living conditions. If foreign aid agencies do place priority on the improvement of farmers’ living conditions, they may need to employ direct methods by approaching farmers rather than limiting the direct targeting of assistance and TC knowledge to government employees.

7.1.3 Not a lack of technology but a lack of public funding for agricultural extension services

The interview information from some informants suggests that the lack of Cambodian models for agricultural extension services is attributable to a lack of commitment by the government to financially support extension workers. This is why, an agent of APPP (informant 2) states, agricultural skills do not ultimately come down from extension workers to farmers:

‘There are agricultural research centres in Cambodia, but there is no established system in which employees of PDAs receive exposure to agricultural technologies and skills from those centres. There are many agricultural extension training courses held by MAFF, and extension workers have many certificates. However, these skills do not come down to local farmers. The problem is not the lack of technology. The main problem is that officials of MAFF do not recognise that the existing technologies are not provided to farmers. The Cambodian government claims that agricultural technologies are not available in the country and farmers are not productive. However, the government does have simple but important agricultural
skills which can contribute to the improvement of farmers’ productivity. Cambodian counterparts of APPP have some material which they received in training courses for agricultural extension held by MAFF, at a level similar to secondary school education in Japan. This information about agriculture is not provided to local farmers by extension workers. It is a big problem that such information is not provided to farmers. MAFF does not have enough funding to assist agricultural extension workers, and extension workers cannot provide simple agricultural skills to farmers.’

This information suggests that the lack of funding support for extension workers from the government is more serious than the lack of advanced technologies in Cambodia’s agricultural sector. An ex-agent of one of Japan’s TC projects for rice production in Battambang province (informant 13) painted a similar picture to the situation described by informant 2 above:

‘In a previous TC project for agricultural productivity enhancement in Battambang province, one Cambodian counterpart attended a training course in Japan. According to the counterpart, she had many opportunities to attend training courses in Cambodia and acquired various agricultural skills as an extension worker before she attended the training course in Japan. However, she did not have opportunities to use her skills in Cambodia. She wanted to provide her knowledge and skills to farmers, but her salary was not enough to support her family, and there was no financial support for travel cost such as gas money from the government.’

Both of the agents of Japan’s TC above explain that there are simple but important agricultural technologies in Cambodia. In terms of the existing agricultural technologies, a Cambodian employee of the Department of Rice Crop, MAFF (informant 9) explains that:

‘I teach employees of PDAs how to conduct research on the quality of rice. This teaching includes how to produce rice, how to identify problems which farmers face, the timing and amount of fertilisers to put in the paddy fields, how to keep the space between rice plants, how to manage water in paddy fields, how to purify rice seeds. There are centres for agricultural research and development under the Department of Rice Crop in some provinces such as Battambang, Kampong Thom, Kampong Speu, Takeo, Prey Veng, and Svay Rieng. Employees of the department work at those centres. These centres are for training and experiments. Employees of the department train employees of PDAs at those centres.’

While this type of training activity exists between MAFF and PDAs, the lack of financial support from the government for agricultural extension workers seems to be a crucial missing link. In relation to this point, two Cambodian government employees talked about the similar problem as the agents of Japan’s TC mentioned above. One employee of the Department of Agri-business, MAFF (informant 12) explained that:
‘The lack of funding in the department is a big problem. The department applies for funding support from MAFF for agricultural extension services. There are enough employees in the Department of Agro-industry to provide agricultural extension services, but the department does not have enough funding for it.’

Similarly, one employee of the Ministry of Women’s Affairs (informant 21) who attended Japan’s external degree programme in the field of agriculture demonstrated how Cambodian agricultural extension services depends on foreign aid:

‘If foreign aid donors do not support farmers, Cambodian government does not support farmers due to the lack of finance. Employees of the Department of Agricultural Extension have skills to communicate with farmers, but if the department does not have funding, they do not work for farmers.’

One employee of the Department of Agricultural Extension (informant 22) however raised doubts about the sufficiency of human resources for agricultural extension services in Cambodia:

‘The difficulty for the Department of Agricultural Extension is the limited number of human resources. The capacity of staff members is also not specialised in agricultural co-operatives. There are many experts of agricultural co-operatives in other countries. Graduates of universities start working at PDAs as technical persons and extension workers. Staff members of the department go to PDAs and train those new extension workers. There are extension workers allocated from MAFF at the district level but not at the commune level.’

While other informants (2, 12, 13, and 21) regarded the lack of financial support from the government to the existing agricultural extension workers to be the key problem, informant 22 regarded the limited number of extension workers to be the main problem. The informant specifically mentioned the skills of extension workers in relation to agricultural co-operatives. This implies that each informant’s understanding of the problems related to agricultural extension services in Cambodia differ according to how they understand the role of extension services. For example, while informant 22 may have thought of the importance of increasing the number of extension workers with specialised skills and knowledge such as agricultural co-operatives, informant 2 places more importance on communication between extension workers and farmers:

‘Agricultural extension does not exist unless extension workers communicate with farmers on a daily basis. The same applies to agriculture in Japan. Even if young college-educated extension workers visit famers, they are made irrelevant by farmers at the beginning. New agricultural extension workers frequently visit farmers without a purpose and chat and drink tea with them. Once they become acquainted, extension services start. Japanese extension services are mainly provided by employees of prefectural governments. For example, there are agricultural units in which
Similarly, informant 21 emphasised the role of agricultural extension workers in communicating with farmers. His perspective on agricultural extension service is based on his observations and work experience in the Ministry of Women’s Affairs:

‘In terms of capacity development of PDAs, it is not about their technical skills. It is more about their sensitiveness and awareness to gender issues and how to provide training to women. Men tend to learn quicker in training than women. This is due to the gap in education and social experiences between them. There is a belief in rural areas that women should stay home. This belief and people’s attitudes towards women give women inferior feelings to men and discourage them to learn from agricultural training. In this situation, agricultural extension workers for technology transfer need to be aware of gender discrimination.’

The opinions of informant 2 and informant 21 implies that funding support from the government to agricultural extension workers is important in order to help them have the opportunity to communicate with farmers and provide them basic but important existing agricultural skills in Cambodia. From their perspective, this type of funding support from the government seems to be more essential and needed to be addressed before increasing the number of extension workers who have attained knowledge and skills related to advanced agricultural technologies. Informant 21 emphasised the importance of awareness and sensitiveness of extension workers to farmers’ social and economic conditions. This point is related to what informant 2 talked about regarding the importance of a local model for the provision of agricultural extension services in the Cambodian context.

7.1.4 Economic condition of agricultural extension workers

In terms of the lack of funding support to agricultural extension workers from the government, informant 2 explained how their salaries limited their ability to go out and provide extension services to farmers but even the ability to rely on this work to support their livelihoods:

‘MAFF assigned its employees to APPP as counterparts. Those counterparts receive a salary from MAFF. The amount of their monthly salaries varies from US$70 to US$120. Agricultural extension workers of PDAs receive about US$40 -50 per month as salary. JICA pays counterparts of APPP about double amount of their salaries. For extension workers involved in APPP, JICA pays them about three times more than their salaries from PDAs. These are not enormous amounts of money given the living costs of those counterparts. They cannot manage to make a living only with their
salaries from MAFF and PDAs. Most employees of PDAs have part time jobs. As you can see, the building of PDA, Battambang is often empty.’

The same informant continued:

If employees of MAFF have four or five children and want to let them attain higher secondary level education, they need at least US$200 per month. Most employees of MAFF and PDAs receive less than half of the amount of money they need for them and their families. Many government officials in MAFF work as temporary lecturers at universities. Agricultural extension workers of PDAs usually cultivate rice on their own lands and have different part time jobs. They do not have time and money to provide extension services to farmers. The main role of extension workers in Cambodia is to collect data about crop yields of farms. The government has integrated data on farm households in Cambodia. On the other hand, most farmers in the target area of APPP say they have not received agricultural extension services. Those who received extension services refer to services provided by foreign aid agencies and NGOs.

This information is consistent with Ear’s (2013: 32) argument that salaries of government employees are marginally above the poverty line. The above information from informant 2 suggests that the actual activities of agricultural extension services are crucially limited and that extension workers themselves are not responsible for this situation. The issue of their salaries raises a question about how inclusive Cambodia’s agricultural development policy is. The information also contrasts with the MAFF’s claimed progress in terms of the propagation of agricultural extension services, as mentioned in Chapter Four, which puts strong emphasis on the number of extension workers who had participated in training courses as a key input.

### 7.1.5 Forced public support for small-scale farmers

The information above described how the salaries of employees are limited in PDAs and MAFF. In this situation, one employee of the Department of Agro-industry (informant 12) explained how employees of MAFF are expected by the government to support small-scale farmers without financial support:

‘I and some other employees of MAFF have recently established an association to support business activities of small-scale farmers. The members of the association include business operators who want to start new businesses in the private sector and employees of other ministries such as education. The association only deals with mushroom-growing at the moment. The association does not have enough members, and some students of RUA voluntarily provide market information which they find from the internet. The association has received a license from the Ministry of Interior, and it is independent from MAFF. The members of the association hold meetings every weekend and talk about future plans and the marketing of mushrooms. We
provide training to farmers about how to grow mushrooms and how to protect mushrooms from diseases. Small-scale farmers sell their mushrooms to the association, and the association sells those mushrooms in a market. The association does not have any funding support from the government and takes a 15 percent commission fee from farmers. The government forces employees of different ministries to support small-scale farmers, but there is not enough funding support from the government for it.

This example implies that the Cambodian government expects that agricultural extension services will be complemented by voluntary work performed by government employees before it will financially support agricultural extension as a public service. In this situation, government employees, who were forced to serve small-scale farmers, need the participation of business operators and even support from university students in their activities. This situation suggests that the government expects small-scale farmers to actively participate in a market economy before it provides sufficient agricultural extension services.

7.1.6 Tension and connection between the government and private sector

While the Cambodian government expects government employees to facilitate the active participation of farmers in a market economy, there are questions over whether the government can intermediate in that economy to ensure economic returns to small-scale farmers are forthcoming. One employee of PDA, Battambang (informant 16) provided an example of how powerful private business operators make their decisions contrary to the government’s expectations and preferences relating to the Rice Policy:

‘Rural Development Banks of Cambodia (RDBs) provide financial support to local middlemen so that they can buy ten specific varieties of rice for the Rice Policy from farmers, but many middlemen refuse to buy those varieties of rice since there is no good market to sell them. There are two powerful middlemen in Battambang province. MAFF directly asked them to buy the ten varieties of rice, but they were powerful enough to reject the request from the MAFF. The authority of MAFF cannot force those rice millers to buy ten specific varieties of rice from farmers. This is due to the lack of demand for those varieties of rice in the market. The government offers financial support to rice millers so that they can buy those ten varieties of rice using loans from RDBs with low interest rates, but large-scale rice millers still do not have any incentive to buy them. They can earn more by buying other varieties of rice from farmers.’

In terms of the relationship between the government and rice millers, the example from informant 16 is similar to the finding of Ishikawa’s study. According to Ishikawa (2010: 103), new types of merchants, private rice millers, and logistics emerged one after another in the
domestic rice market after the liberalisation of the Cambodian market in 1993. In this situation, various types of market systems were established, and the role of the government in controlling the rice market was reduced (for a detailed illustration of the flow of Cambodian rice, see Appendix 5). Together with the information from informant 16, Ishikawa’s study suggests that the private sector has become more powerful than the government in Cambodia’s rice market to some extent since the liberalisation of the country’s economy.

In contrast, Ear (2009, 2013) describes the relationship between powerful rice millers and the local patronage networks in Cambodia based on information attained from his research interviews. As mentioned in Chapter Four, the ruling class in Cambodia’s patronage networks is composed of oknhas. Ear (2013: 53) also mentioned that, there are active oknhas in Cambodia’s rice sector and that one of them heads a rice miller’s association. In relation to this point, Ear (2009: 14) also describes a deep-rooted relationship between the CPP (the ruling political party), oknhas, and rice milling business in Cambodia:

[I]f immediate profitability is any indicator, only a handful of Oknhas are known to operate in the [rice milling] sector, one of whom, Neak Oknha Men Sarun – who is also a CPP Senator, owns a flour mill which is believed to also include a rice mill and would fit his role as a rice wholesaler who has historically sold to the Cambodian military. One of the leading rice millers is an Oknha, while another heads state-owned GTC [publicly-owned Green Trade Corporation].

Ear (2013: 75) further explains this relationship:

There were only two licensed big rice exporters in Cambodia until the central government removed rice export licensing requirements from the Ministry of Commerce in 2010. While those two licensed rice exporters “are connected to the government (with one supervised by the Ministry of Commerce), it is also known that outside this duopoly some independent rice millers have better relationships with Agriculture than with Commerce. Even the leadership of the National Bank of Cambodia is said to have owned shares of a rice mill that successfully exports to Europe. The allegiances are therefore fractured across government, though all officials involved belong to the Cambodian People’s Party.

This relationship between the CPP, oknhas, and rice milling business illustrates the embedded power relations in Cambodia’s rice sector within an informally regulated market. In this context, it is uncertain how much economic return small-scale farmers can gain if more Cambodian rice is exported under the Rice Policy given these preexisting conditions.

Similarly, information from informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) illustrates a type of benefit-sharing between public institutions and rice millers in the implementation of the Rice Policy:
‘Even if the Rice Policy is implemented, only a small percentage of profit goes to farmers. Under the policy, around US$ 40 million is allocated to RDB. Those banks provide that amount of money to the Federation of Cambodian Rice Millers Association (FCRMA). This association oversees rice millers in Cambodia. They manage and allocate budgets to rice millers so that they can buy rice from farmers. The framework is like this, but there is corruption between RDB and FCRMA. The funding is shared by RDB and FCRMA as a form of commission before it is allocated to rice millers. This is not written on any official document. This is the problem. Farmers started producing the ten selected varieties of rice in line with the Rice Policy. Farmers do not know about the corruption between RDB and FCRMA.’

According to the same informant, the government knows about the corruption between RDB and FCRMA, but it does not take any action to solve it. This information implies that more public financial support is given to rice millers and less public support through extension services is provided to small-scale farmers, despite the corruption. The Cambodian government is trying to redirect the destination of the export of Cambodian rice so that more Cambodian stakeholders of the rice market can enjoy benefits. What the information from informant 15 suggests is that the main beneficiaries of the export of Cambodian rice through official channels are likely to be (possibly corrupt) RDBs and rice millers based on the current arrangement. In relation to this information about FCRMA, it is useful to refer to Ear’s (2013: 70) study, which argues that:

The [rice] sector’s prospects are limited, however, by its poor potential for collective action. The battle for supremacy among the rice milling trade associations began with the clash of the Federation of Cambodian Rice Millers Association (FCRMA) and the government-recognized National Cambodian Rice Millers Association (NCRMA)…The FCRMA was set up as an alternative to the NCRMA due to claims of vested interest among the NCRMA board in 2000. It is made up of nine associations of provincial rice millers.

In addition to this information of conflicts between rice milling trade associations, Ear (2013: 74) provides an insight from one of his interviewees which accords with the above information from informant 15:

He [one rice miller] argued that to make rice an exportable commodity required “a very big company with lots of money,” but no Cambodian rice miller had the required funds. He opined that if the government were to give $10 million to a collective of rice millers that would in turn use it solely to fund a major export initiative, “we can make it.” Instead, the weak collectives in the rice sector would “split that money for their own business,” while the government would focus its efforts on stockpiling rice for sale to keep prices down. He noted that for the cost of 100,000 tons of rice, the government could pay to process 2 million tons of rice for export. “What we are doing is like leaving money in the bank, while we should better invest it,” he said.
Given the desired outcome of the Rice Policy of the Cambodian government and aid providers, namely to promote inclusive agricultural development, it is important to consider the relationship between rice millers and small-scale farmers, and the structure of rice millers’ networks in Cambodia’s political economy in particular. It is worth questioning how far individual rice millers can break free from the local patronage networks, or how many of them are part of these networks. The Rice Policy was activated in 2010, and it has been difficult to acquire detailed survey data about the benefits accruing to small-scale farmers from the Rice Policy, as the market for the ten selected varieties of rice for the policy has not even been established in the domestic and international rice markets.

Even though the government provides the financial support to rice millers, it still seems to be difficult for it to convince those millers to work along the lines of the Rice Policy. As additional information to this, Ishikawa’s (2010: 105) study shows that companies in Thailand and Vietnam already have modern rice milling machines. It is more profitable for Cambodian rice millers and middlemen to sell a large amount of unpolished rice to those companies than to spend significant amounts on transportation fees to sell rice in the domestic market. This information explains that Cambodian rice millers do not necessarily need to own modern rice milling machines and large containers to store rice as long as there is a large demand for Cambodian rice from neighbouring countries. It would be more profitable for rice millers if they can polish and store rice in Cambodia so that they can sell rice to neighbouring countries at high prices when there was more demand for it. However, there is not sufficient demand for the selected varieties of rice for the Rice Policy to convince rice millers to change their markets.

While there are arguments regarding how to best take advantage of Cambodian rice to promote for Cambodia’s economic growth, such arguments principally apply to those who are in the patronage network and powerful rice millers and large-scale farmers. On the other hand, some authors (Yagura 2005, Springer 2011) point out that the rural population in Cambodia receives little socio-economic support from the country’s development policy under the CPP. This lack of socio-economic support from the central government is also found in Yagura’s (2005) study. This may be why informant 21 (employee of the Ministry of Women’s Affairs) was concerned that:

‘There is no precise picture of agricultural development in Cambodia for the near future. The Cambodian government has a national plan to export one million tons of rice by 2015. Small-scale farmers might lose their lands due to this rice export project
since they lack experiences in technology and capital for investment. Small-scale farmers cannot benefit from the rice export if the government is not favourable to them.’

There is an existing hierarchy among stakeholders in the rice market in Cambodia. In this situation, it is perhaps too optimistic to expect that small-scale farmers will enjoy benefits from private sector-led agricultural development. The Cambodian government expects that foreign aid agencies and NGOs support small-scale farmers on a daily basis, but those agencies tend to have different approaches to support local farmers. It is difficult for those agencies unless the Cambodian government has its own model and institutional practices dedicated to supporting small-scale farmers. Japan’s ODA basically does not interfere with the power relations of stakeholders in the rice market. In this case, small-scale farmers are still likely to be left behind in the private sector-led agricultural development.

Beside the hierarchy between public institutions and rice millers, informant 16 added information about the hierarchy between rice millers in Battambang province:

‘In Battambang province, there are many middle-scale and small-scale rice millers, but the preferences of those rice millers depend on the preferences of two powerful rice millers. Middle-scale and small-scale millers buy specific varieties of rice from farmers according to the preferences of the powerful rice millers and sell their rice to those powerful millers after polishing.’

One Cambodian informant who is familiar with Japan’s TC projects for rice production in Battambang province (informant 15) also mentioned the structure of rice milling business in Cambodia, focusing on collusion in particular:

‘Farmers do not negotiate with middlemen and rice millers about the prices of their rice. Most rice millers are relatives and friends, and they can set the same prices of rice in one area. Even if farmers are not satisfied with the price of their rice set by a rice miller, other rice millers set the same price in the same area. Prices of rice are mostly dominated by local rice millers in Cambodia. If rice millers tell farmers to cultivate specific variety of rice, farmers follow the instruction. Rice millers provide seeds and other inputs and money to those farmers. Rice millers deduct the cost of those inputs from the profits of farmers when they buy farmers’ rice.’

This information suggests the monopoly of buying rice by rice millers who are related to each other through relative and friend networks exists, while “Nine million Cambodians engage in rice production, making collective action difficult if not impossible” (Ear 2009: 14). In line with the information immediate above, Ear (2009: 14) mentions that “It is known that there are several big rice millers; there used to be many small ones, but recently most of the small
millers have gone out of business and do trading of paddy rice to Vietnam for milling”. Ear (2013: 70) continues that:

Provincial rice millers’ associations themselves are slowly becoming more influential, with the Battambang Rice Millers Association said to be among the most developed...Organization of the sector has also been assisted by efforts to improve public-private sector dialogue at various levels. At the local level, rice millers’ associations are linked to local chambers of commerce.

While Ear does not mention the relationship between rice millers and farmers in Battambang province, Ishikawa (2010) concludes, as mentioned in Chapter Four, that there is a win-win relationship between rice millers and farmers in the area along the main supply route (National Route 5). However, this win-win relationship only applies to the area where rice millers concentrate and are competitive, and not necessarily to rural areas where there are more small-scale farmers. Ishikawa’s survey data was collected from rice millers but not from farm households. It is also not mentioned in his study whether farmers who sell rice to the surveyed rice millers are small- or large-scale farmers. In rural areas, therefore, it is still difficult to evaluate the extent of any real win-win relationship between rice millers and small-scale farmers, or whether the monopoly in buying rice in the rice exporting business under the Rice Policy leads to greater benefits for the rice millers.

Ishikawa’s (2010) study provides the information about trade relations between rice millers and farmers in informal market regulation. There are many individuals who are already, or are willing, to take part in the export business of Cambodian rice under the Rice Policy. The business includes investments from China, the Philippines, Brunei, Senegal, Kuwait, Qatar, and Bangladesh. Given this situation, it is difficult to assume at the moment whether the relationship between rice millers and farmers in an informally regulated market will remain the same, or there will be new factors which may change this relationship due to those vested interests under the Rice Policy. If contract transparency relating to trade agreements does not apply to local patronage network including oknhas, as Ear notes may be the case, it is difficult to expect that the involvement of new economic actors in the business of exporting Cambodian rice under the Rice Policy will make a significant change in the existing power structure that characterises the rice sector.

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The Cambodian government has put a large amount of funding into the export of specific varieties of rice as mentioned in Chapter Four. One crucial problem seems to be that the Rice Policy was implemented before the government investigated the actual demand for those varieties of rice in the market. In terms of the idea of inclusive agricultural development demonstrated in the Rice Policy, the government also seems to underestimate the significance of the hierarchy of entrenched power relations between people involved in the rice sector. Funding is already used for the implementation of the Rice Policy, but there is no guarantee that small-scale farmers will enjoy any benefit by producing the ten specific varieties of rice for the export.

7.1.7 Priority put on large-scale businesses over the protection of small-scale farmers

In addition to the underestimated influence of the hierarchy in the domestic rice market on small-scale farmers, one agent of FAIEX2 (informant 6) mentioned an example of how the Cambodian government has contributed to the existence of certain problems in the country:

‘The Cambodian government has some regulations that restrict the import of specific species of fish from Vietnam. For example, the government prohibits the import of some species of fish with strong teeth from Vietnam because those fish eat other natural fish in Cambodia. Most fish from Vietnam and Thailand are cheaper than fish in Cambodia. The Cambodian government considers small-scale aquaculture to be important for the livelihoods of many farmers. On the other hand, the government has not been able to control the activities of large-scale fish cultivation and the inflow of low quality cheap juvenile fish from Vietnam. There are many people who cultivate fish in the Tonle Sap Lake. They cultivate carnivorous fish such as snakehead and use little fish as feed. Those carnivorous fish can be sold at higher prices than other species of fish in markets. The Cambodian government prohibits this type of aquaculture since little fish are important food for people in constrained circumstances. However, the government actually gives special permission to some of those who cultivate carnivorous fish.’

This example implies that there might be entrenched interests governing government decisions, specifically between the government and powerful private business operators, or that the government may gain greater economic return from large-scale fish cultivators by giving them special permission to continue their activities in Cambodia. Even though that type of large-scale fish cultivation has a negative impact on the food consumption of small-scale farm households, the government still seems to leave that situation as it is for some reason.
7.1.8 Farmers left behind the private sector-led agricultural development

Information from different informants illuminates a situation where small-scale farmers in Cambodia have been left behind by private sector-led agricultural development. Based on the idea of development effectiveness, the government promotes an image of inclusive agricultural development in which the private sector would provide job opportunities to people in rural areas. In reality, an employee of the Department of Agro-industry, MAFF (informant 21) notes that the realisation of such goals is difficult since the government has not appropriately linked the private sector and the country’s working population:

‘Many young labourers in Cambodia leave for other countries to find jobs. There are actually job opportunities for new labourers in the Cambodia’s agricultural sector, but they do not know about it. There is not a strong linkage of information between labourers and agricultural companies in Cambodia. The government gives Economic Land Concessions (ELC) to private companies in the agricultural sector. Some companies obtain more than 1,000 hectares of land. Companies with ELC need labourers, but they do not know how to find labourers. At the same time, Cambodian labourers do not know that companies need labourers. There are many companies which need more workers in Cambodia’s agricultural sector. There is no facilitation undertaken by the government to link those companies and Cambodian labourers. The government has not focused on this issue. The government lets the private sector deal with this informational linkage and just assumes that people will have more job opportunities if it helps the private sector increase investments.’

This information suggests that the government assumes that the private sector would contribute to increased job opportunities for the country’s population in the agricultural sector as long as it provides support for legal economic support to the sector. As the informant implies, this assumption seems to be inappropriate. In terms of the increasing job opportunities in Cambodia’s agricultural sector, one teaching staff member of the Royal University of Agriculture (RUA) (informant 23) describes the current situation:

‘Not less than 80 percent of graduates of RUA find jobs. Most of them find jobs at NGOs or private companies. In last four to five years, employment opportunities at private companies have increased in the field of agriculture. Those companies make, for example, fertilisers, animal medicines, composts, new seeds, and new breeds. Some graduates of the university find jobs at the government sector, universities or technical institutions.’

Even though this information is limited to the case of job opportunities for graduates of the university, it shows that the number of private companies has been increasing in the agricultural sector. In relation to the role of market information in helping workers in the
agricultural sector gain benefit, one employee of PDA, Battambang (informant 16) mentioned the following example:

‘The market information for farmers is very limited. PDA has one subsector in the training office. The office collects market information from wholesalers and some retailers. Before, PDA had support from the Canadian government to broadcast market information through national FM radio. For last three years, this support has not been provided by the Canadian government. Before, we trained some retailers and collectors of agricultural products how to check the market information and give it to PDA by phones. There were also some district members who collected market information relating to the prices of agricultural products, and they sent the information to PDA. PDA submitted reports of that information to the national radio television department, and the department broadcasted the information three times a week. This broadcasting service worked well, but we need some funding to sustain this activity. If farmers can get the market information, they can produce as much as they can. In some seasons, cassava is very cheap to sell.’

This example suggests that the Cambodian government could be helpful for small-scale farmers if it provided similar types of information services to those farmers. Small-scale farmers or the working population in the agricultural sector will seemingly continue to be excluded from the benefit-sharing in the private sector-led agricultural development in Cambodia without some sort of information assistance from the government.

7.1.9 Public support for farmers through business activities

The information above notes that the public supports for market information and agricultural extension services have not been sufficiently provided to small-scale farmers. Other interview information shows that the Cambodian government has been relatively supportive of agricultural co-operatives. Information from informant 22 (employee of the Department of Agricultural Extension, MAFF) implies that the government considers agricultural co-operatives to be an important mechanism for the efficient provision of agricultural extension services:

‘Farmers’ associations and agricultural co-operatives are important for agricultural extension workers to introduce technologies to farmers. In 2003, the government set up the first agricultural co-operative in Cambodia. There were agricultural co-operatives before 2003, but they were not officially registered. There are more than 250 officially registered agricultural co-operatives in Cambodia as of 2011. Agricultural co-operatives register at PDAs. It is more effective to introduce agricultural technologies through agricultural co-operatives than directly going to individual farmers.’
Informant 22 is an ex-participant of Japan’s external degree programme and trainee-hosting programme in the field of agriculture. In both programmes, he learned about the Japanese model of agricultural co-operation. In relation to the Japanese model of agricultural co-operatives, it is worth referring to Francks (2000: 47) that agricultural co-operatives in Japan have essentially functioned as the political tool of bureaucrats and entrenched institutional interests like JA-Zenchu. Agricultural co-operatives in Japan have received economic advantages from the government in terms of legislation and financial assistance for many years, and have maintained a strong political bond with government officials. For example, the Liberal Democratic Party (LDP) has maintained a strong political bond with farmers in Japan. The LDP has remained as Japan’s leading political party for more than 50 years from its founding in 1955 except for relatively short periods between 1993 and 1996 and between 2009 and 2012. As already mentioned in Chapter Two, more than 90 percent of farmers who received individual income support allowance from the government still deposit this allowance into their accounts in the JA (Japan Agricultural co-operatives) Bank as of 2012. The JA is a well-known lobbying organization for the LDP. Even though Japan’s ODA has introduced the Japanese model of agricultural co-operatives to Cambodian government employees through external degree and trainee-hosting programmes, it is worth noting that this model has been backed and supported over time by a specific set of political interests in the Japanese context.

One employee of the Ministry of Rural Development (informant 24) attended Japan’s trainee-hosting programmes twice. He described what he experienced in the first group training course about agriculture and rural development:

‘I visited Japanese farmers and paddy fields. I learned about success stories of Japanese agricultural co-operatives. Agricultural co-operatives play an important role in agricultural production. I also visited places related to agricultural machinery such as factories and companies.’

While he observed these examples of Japanese agriculture, he emphasised that:

‘Agriculture is already industrialised in Japan. In Cambodia, people still use raw materials to work in agriculture.’

By saying so, informant 24 suggested that the economic and technological conditions of agriculture are very different and that examples of Japanese agriculture did not have an

116 The LDP was one of the component political parties of the coalition government between 1993 and 1996. The Democratic Party remained as the leading political party between 2009 and 2012.

117 The Asahi Shimbun Digital on 22/11/2012 (http://www.asahi.com)
immediate application to Cambodia. One interesting point about his experience in Japan’s trainee-hosting programme is that the second training course he attended was about Mekong region industrial development. This was a group training course based on discussions. This arrangement for the training programme implies that the Japanese government considers the role of agricultural development in Cambodia in the larger context of the industrialisation and development of the Mekong river basin and is attempting to pursue a unified approach.

In addition, informant 24 mentioned that the Ministry of Commerce opened an international trade investment forum in December 2011 and that the Japanese Ministry of Economy, Trade and Industry bought about 60 Japanese business men to Cambodia prior to the forum. In terms of investment in the agricultural sector, he explained:

‘Rice export and agricultural production are potential areas for investors. Many business operators are interested in Cambodia’s agricultural sector. Foreign investors regard agricultural machinery, fertilisers, technical transfer, and transportation as potentially profitable areas in Cambodia.’

These examples show that the Japanese government may be encouraging the Cambodian government to mechanise and industrialise agriculture. This point also explains why the Cambodian government is supportive to the establishment of agricultural co-operatives through which small-scale farmers participate in a market economy, as co-operatives are more likely to facilitate the uptake of the industrial and machine technologies in the sector.

While the importance of agricultural co-operatives in Cambodia is emphasised in Japan’s ODA policy and by the Cambodian government, it is still uncertain if small-scale farmers can gain actual benefit by participating in agricultural co-operatives. Unlike the case of Japan, there has not been economic protection of small-scale farmers by the Cambodian government, such as the purchasing of rice by the government at prices higher than the market. In this situation, the government has instead arranged economic regulations to levy farmers who produce rice for exports. An employee of the Ministry of Economy and Finance, Cambodia (informant 25) mentioned:

‘Farmers who grow rice and crops for family consumption do not have to pay income tax. Farmers or companies who produce rice and crops for exports or big sales have to pay income tax.’

This legal economic situation suggests that small-scale farmers who are members of officially registered agricultural co-operatives would have to pay income tax if they produce rice for the Rice Policy. In this case, it is not certain if farmers can gain more net income from rice
export through official channels than unofficial domestic ones in which they do not have to pay income tax.

Informant 5 (an agent of TSC3) also assumed that it would not be easy to introduce the Japanese model of agricultural co-operative to Cambodia:

‘Farmers have a prejudice against group activities, which is linked to the Pol Pot regime in the past. Farmers in the same village would support each other if they belong to agricultural co-operatives, but this type of co-operative has not been common in Cambodia. The impact of forming agricultural co-operatives on local farmers would also be limited in Cambodia since there is already an existing economic relationship where many Thai and Vietnamese traders buy most of the Cambodian rice for sale.’

This insight implies that Japanese model of agricultural co-operatives may not be applicable to Cambodia due to the difference in historical backgrounds between farmers in Japan and Cambodia. It also suggests that farmers who do not belong to co-operatives are becoming more vulnerable as they are exposed to competition in the market economy without protection from the government in Cambodia.

In light of the above insight, it is worth referring to what informant 16 (an employee of PDA, Battambang) posited regarding the potential of small-scale farmers in Cambodia to gain economic benefits through agricultural co-operatives.

‘Agricultural co-operatives can develop their businesses into areas such as agricultural input supply, food processing, marketing, credit, and savings and deposit. The government provides financial support to registered agricultural co-operatives. PDAs request some funding from the government for the activities of officially registered agricultural co-operatives. The variation and scale of those businesses depend on the amount of capital available to each agricultural co-operative. One of the businesses of agricultural co-operatives is to produce good rice seeds and sell them to the members of co-operatives and other farmers. PDAs have district staff members to provide technical assistance to farmers and members of agricultural co-operatives. If farmers make good decisions, they can enjoy enough profit from agricultural co-operatives. In the market, there are no good rice seeds for Cambodian farmers. If an agricultural co-operative can produce quality rice seeds, it can sell those seeds at a high price in the market. There is demand for quality rice seeds from farmers in Cambodia. An agricultural co-operative in Battambang province can sell more than 100 tons of rice seeds in one year. In this way, they can make more profit by being members of an agricultural co-operative than being individual farmers.

While informant 16 indicated that there are situations where agricultural co-operatives can provide farmers benefits, he also acknowledged some problems in maintaining the activities
of co-operatives. Those problems are related to educational levels of farmers and lack of young members in agricultural co-operatives:

‘In Battambang province, there are about 60 registered agricultural co-operatives. Only 10 percent of the members of those co-operatives can manage businesses. About 50 percent of the members are fine, and 40 percent of the members are not active because their understanding of business activities is limited. Those members wait for financial support from the government. There are some problems in maintaining agricultural co-operatives relating to book keeping and accounting due to the limited experiences of members. For this reason, the Department of Agricultural Extension in Phnom Penh organises a training course in Battambang province once a year. Three representatives of each agricultural co-operative are usually invited for the training course. The members of agricultural co-operatives need help in maintaining their funding. Farmers need many explanations in the training. Elderly farmers did not believe in the leadership taken by young farmers previously. The situation has changed, and elderly farmers understand that agricultural co-operatives need members who can read and write specifically those who can deal with accounting jobs. Young people in rural areas are encouraged to participate in agricultural co-operatives by older farmers. However, 95 percent of young people in Battambang province leave for different places looking for jobs.’

These examples suggest that the experiences of farmers during the Pol Pot regime do not always prevent them from participating in group activities. It is suggested here that elderly farmers have tried to adjust to the changes in social and economic environments around them. The Cambodian government has been relatively supportive of farmers who wish to establish agricultural co-operatives and develop their businesses in the country’s market economy. What the information above shows is that youth in Battambang province tend to leave agriculture or rural areas. This situation seems to be crucial for the sustainability of agricultural co-operatives. In relation to this information, it is useful to refer to survey data about youth in Prey Veng province, which was collected as part of the master’s thesis by the author of this dissertation (Horita 2009). The survey involved 91 secondary school students, parents of 43 students out of the above 91 students, and representatives of 23 local households in Angkor Reach commune in Prey Veng province. The province is a densely populated agricultural region in southern part of Cambodia along the border with Vietnam. The survey were designed to gain insights into what were the motivation of young people from farm households to obtain education, and how they tried to utilise education in their living conditions. Eighty seven percent of the households of participants had farming as a source of income and 23 percent of the surveyed households had both agricultural and non-agricultural income sources. Eighty two percent of the surveyed school students answered that education
was important to increase their knowledge, but their answers were more related to obtaining a job outside agriculture than agricultural development.

In addition, most surveyed students answered that amount of income and social standing are more important than other factors when deciding on their future occupation. Most of the parents of those students and representatives of local households also answered that the amount of income and social standing were more important than other factors for their children’s future jobs. In relation to this trend, more than half of the surveyed students answered, out of multiple potential answers, that they wanted to work for a NGO or be a teacher. Only 20 students answered that they wanted to do farming in the future. On the other hand, the largest number of those school students surveyed answered that agriculture is important because it provides food for their families. This information suggests that youth in rural areas would consider agriculture not necessarily for increasing income but for securing food for family consumption. Even if youth from farm households intend to find a job outside agriculture in the future looking for better opportunities to earn more money, agricultural activities, especially farming, are important for them and their families to secure their food. Furthermore, for farmers who are already in their fifties and sixties and did not have school education, agriculture is the most secure source of food for family and they would decide to keep their land even if it is small in size rather than selling it to others and working for large-scale farmers or companies. Therefore, while farmers would agree with or encourage their children to find a job outside agriculture to gain more income, they would continue to produce rice and other food for family consumption as well as for sale. This situation is not incoherent with the situation in Battambang province described by informant 16. However, this similarity in the interview and survey data cannot be generalised for the case of the entire country. More survey data with farm households is needed to gain insights into where Cambodian youth in rural areas go to find jobs. This could be the subject of future research, but is not central to this current study.

In the case of Battambang province, even if the government supports the activities of agricultural co-operatives, there is a lack of young members. This point is likely related to other examples of limitations regarding the lack of public support provided to farmers in terms of market information or the connection of the working population in the agricultural sector to agricultural companies throughout the country. The government supports the establishment and activities of agricultural co-operatives, but it may need to provide more comprehensive support to people in agricultural households.
From an educational perspective, informant 16 also noted that:

‘Some families face difficulties with their incomes and children of those families give up school education mostly between the seventh grade and ninth grade. Many children in rural areas give up school education in the middle. On average, children in Battambang province have attained education up to the level of the ninth grade. Children have already started to read and write before they complete the ninth grade. They are potential members of agricultural co-operatives in rural area, but most of them leave their home towns. The Cambodian and Japanese governments’ aim is to support activities of agricultural co-operatives, but farmers need the participation of youth in agricultural co-operatives.’

One agent of Japan’s ODA project in education in Cambodia (informant 26) provided similar information about children’s education in Battambang province:

‘In Battambang province, only eight percent of school-age children can have upper secondary education. The proportion of primary school students who drop out in the middle is about 50 percent. The number of teachers at primary schools is limited in rural areas compared with the central area of the province. It is not rare that there are only three teachers and three class rooms for 400 students at primary schools in rural areas. Students in the first year are too small to work as family labourers, and many of them continuously come to school. The number of students who drop out schools increases from the second year’

This information suggests that the gap in living conditions between people in the province is reflected by the differences in school conditions between the central and rural areas as well as the ratio of children who cannot complete primary education and work as family labourers.

Informant 26 also mentioned that there are wealthy farmers in Battambang province specifically near Tonle Sap Lake. This area is central for rice production in the country.

‘There are many farmers who own tractors specifically near Tonle Sap Lake. Those farmers rent their tractors to other farmers. Farmers can cultivate rice twice a year in that area and each farm household is relatively wealthy. In Battambang province, there are some cases where people earn more income by farming than having other jobs. For example, some employees of the Provincial Department of Education, Youth and Sports told me that their income from farming is larger than their salaries from the department. Their monthly salary from the department is US$ 110.’

This information establishes that a gap in living conditions between farm households near Tonle Sap Lake and farm households in remote areas has opened up. It was discribed earlier in this chapter and Chapter Four that Ishikawa (2010) found a win-win relationship between rice millers and farmers along the main supply rout (National Route 5) in Battambang province. This area is also close to Tonle Sap Lake. While Ishikawa’s study highlights this win-win relationship, the focus of his study is on the rice market system and
price changes in Cambodia’s market economy, but it does not include information relating to the gap in living conditions between farmers in Battambang province. What the information from informant 26 suggests is that there are widening gaps between farm households in Battambang province partly reflected by the conditions for children’s education. It is possible that only a limited number of farmers in Battambang province have increased the amount of rice that they put on the market. The situation described above poses a question regarding the official reports by the Cambodian government about agricultural development specifically relating to whether increasing the amount of rice production is reflected in the actual living conditions of farm households. The same point may apply to the progress reports of the Japanese government about ODA activities for rice production. Those reports describe the increased amount of rice production in the target area of Japan’s ODA projects, but it is difficult to conceptualise the actual impact of those projects on different farm households without considering the educational condition of children in the area and other differentiating factors. The examples above suggest that while the Cambodian government and Japan’s ODA are supportive of agricultural co-operatives, this support may not be able to improve living conditions of small-scale farm households in Cambodia generally. This point is also related to the finding of Yagura’s (2005) survey of village agricultural activity, as described in Chapter Four, that together with the lack of socio-economic support from the central government to farm households, illness causes more serious damage to their living conditions than do crop failures.

7.1.10 Farmers’ associations linked to large-scale agriculture

While MAFF and PDAs are responsible for the activities of agricultural co-operatives, the Ministry of Interior controls the activities of farmers’ associations. According to informant 16, the characteristics of those two organizations are different:

‘The characteristics of agricultural co-operatives and farmers’ associations are different from each other. Agricultural co-operatives are identified as business organisations while farmers’ associations are not. Farmers’ associations register with the Ministry of Interior. It is very different from the registration of agricultural co-operatives in MAFF. Farmers’ associations receive support from NGOs for rice banks and some small credit. Individual farmers usually cannot receive that support.’

This information implies that the main role of farmers’ associations is to assist farmers gain necessary financial and technical supports from NGOs for their agricultural activities. It
could be assumed that farmers would be able to access something similar to agricultural extension services through farmers’ associations. However, the information from an employee of the Department of Agricultural Machinery (informant 8) implies that there is another role of those associations in the government’s vision of agricultural development:

‘In line with the Rice Policy, the Cambodian government has been trying to establish a legal support system for farmers’ associations. By being members of farmers’ associations, farmers have more opportunities to participate in the Rice Policy. The department wants to encourage local farmers to combine their lands into a big unit of lands and share the benefits from the combined lands as members of farmers’ associations. Farmers’ associations are important for farmers to share benefits, but it still takes time to establish farmers’ associations in Cambodia. If farmers’ associations are established, the department can introduce farm machinery to farmers. Many farmers have less than one hectare of land, and buying farm machines on loan finance is risky for those farmers. This is why MAFF encourages farmers to form farmers’ associations.’

This information implies that one of the given roles by the government to farmers’ associations is to efficiently mechanise agriculture and realise large-scale agriculture. Even though the understood roles of farmers’ associations and agricultural co-operatives are different in Cambodia, it seems that those organisations are both designed to contribute to private sector-led large-scale agriculture. Both farmers’ association and agricultural co-operative are given a role by the government to help farmers acquire benefits from participation in the market economy. However, it is still uncertain if this idea of inclusive agricultural development linked to large-scale agriculture actually contributes to the improvement of small-scale farmers’ living conditions in the context of the absence of agricultural extension services and other limitations.

7.1.11 Limited coordination of irrigation projects

The interview information above suggests that the Cambodian government has been trying to realise large-scale agriculture and that MAFF is not the only ministry which implements this plan. Additionally, the direct targets of Japan’s TC projects in Cambodia’s agricultural sector are local government employees. Those TC projects aim to improve the capacity of the public sector with the ultimate aim of improving the living conditions of small-scale farmers. However, the information above also showed a situation where essential agricultural skills have not been provided to farmers by the government through agricultural extension services.
One ex-staff member of the Japanese Embassy in Cambodia (informant 27) mentioned the similar situation in the management of irrigation systems:

‘The division of roles between MOWRAM and MAFF is not clear. For example, there are some cases that MOWRAM manages the primary canal and MAFF manages the secondary and tertiary canals of the same irrigation system. MOWRM and MAFF do not always share the information of those canals. In this situation, it is important that the Farmer Water Use Community (FWUC) functions well. MOWRAM has established a framework of FWUC, and committee members were selected among local farmers for FWUCs.’

This information shows that there is a lack of communication about the management of irrigation systems at the ministry level in the Cambodian government. An agent of APPP (informant 2) mentioned a point relevant to this issue:

‘In Japan, irrigation systems are well prepared and each prefectural office of agriculture cooperates with local farmers to manage the distribution of agricultural water.’

One of the objectives of TSC3 is to develop cooperation between government employees and farmers in Cambodia. Communication between MOWRAM and MAFF seems to be a crucial part of achieving that objective. However, a Japanese staff member of the local office of JICA (informant 3) explained how the coordination of foreign aid projects for irrigation systems is complicated by the Cambodian government. This problem implies that the lack of communication about water irrigation systems is not only an issue between MOWRAM and MAFF but also other ministries in the government:

‘There are many foreign aid projects for the development of irrigation systems implemented in the same areas in Cambodia. It is difficult for JICA to coordinate its project plans with other foreign aid and private investment projects. For example, JICA projects renovate the existing irrigation systems while other foreign aid agencies construct dams upstream. JICA provides the information of its aid projects to concerned government ministries in Cambodia. It is important for the local administration to gather the information of all projects of irrigation systems and dams and properly allocate investments. Private companies and emerging foreign aid donors such as China and India implement their projects very quickly. Even if JICA collects information and makes plans for the renovation of irrigation systems, those companies and aid agencies implement their projects faster.’

Burgos and Ear (2010: 423) adds to this information saying that “the most important infrastructure projects embarked on by China are related to development of the Mekong River through the building several hydroelectric dams”. The same informant further explained the complicated situation around the coordination of foreign aid projects for irrigation systems:
‘The implementation of projects for irrigation systems by emerging foreign aid donors is fast. The construction of irrigation systems usually needs one year for feasibility studies. After these feasibility studies, a large amount of money is invested in the constructions. In the case of Japan’s ODA, the Japanese government selects investigators and consultants for JICA projects in order to prepare detailed designs and documents for the projects. Contractors for construction of irrigation systems are decided by the Japanese government, and construction finally starts. The emerging foreign aid donors shorten these procedures, and feasibility studies of their projects are rough. This kind of fast implementation of aid projects may be convenient for the Cambodian government, but it is difficult for JICA to adjust to the pace of those projects. Moreover, there is a hierarchy in the Cambodian government, and there are different contacts for foreign aid donors such as China, Japan, and ADB in the Cambodian government. The Cambodian government appreciates all foreign aid projects for irrigation systems, but projects of different aid agencies are not coordinated by the government.’

This information implies that coordination of aid projects between aid agencies is necessary to appropriately implement aid projects for the improvement of irrigation systems. The information also describes that both the Cambodian government and foreign aid agencies have issues to deal with in terms of the coordination of aid projects. The improvement of rice production may not be simply affected by the increased number of irrigation systems provided, but may also be affected by the way different aid providers and different ministries implement their approaches to implementing aid projects in the same area. It seems that this situation is related to the issue that those areas where aid projects are concentrated tend to have greater rice production potential compared to other areas in Cambodia, which further increases the unevenness of aid implementation.

7.1.12 Disconnection between the managements of irrigation systems and rice cropping

The interview information above provided insights into certain problems within the Cambodian government in terms of the provision of agricultural technologies to farmers and the administration of aid projects for irrigation systems and management of irrigation systems. According to one counterpart of TSC3 (informant 5), there is also a disconnection between the management of irrigation systems and rice cultivation technologies at the ministry level:

‘In terms of rice cropping, farmers suffer from insects. Employees of MAFF do not have enough experience of teaching farmers how to protect paddy plants from insects. Even if the irrigation system improves, there are related problems of farming, and there is not enough support from MAFF for it.’
This example suggests that the improvement of irrigation systems will not necessarily help farmers increase their rice productivity unless farmers are also provided agricultural extension services. Foreign aid agencies have continuously implemented projects for the improvement of irrigation systems in Cambodia, but there is a question relating to how much those aid projects bring benefit to local farmers. In terms of the impact of Japan’s ODA projects for irrigation systems on local farmers, one Japanese staff member of the local office of JICA (informant 3) notes:

‘Farmers’ productivity and income have increased due to Japan’s TC. Farmers earn about US$ 500-600 per hectare using traditional farming methods. Some farmers earn about US$ 900-1000 by using new agricultural methods introduced by JICA projects. The per capita income is about US$ 900 in Cambodia. If farmers can reach this average, they can improve their living conditions above the poverty line.’

In relation to this point, it is worth considering the information about the gap in living conditions between farmers in the target area of Japan’s ODA projects for rice production as mentioned before. Farmers near Tonle Sap Lake can cultivate rice more than twice a year and are relatively wealthy. It is possible that the farmers who earn about US$900-1000 or more per year are concentrated in that area. It also could be the case that irrigation projects are concentrated in that area, further increasing the discrepancy in incomes and productivity between local farmers. Discrepancy in rice productivity between farmers is also mentioned in the study of Ngo and Chan (2010). By referring to a national survey by the Cambodia Development Resource Institute (CDRI 2008), they (2010: 38) mention that only 35 percent of Cambodian farm households produce enough rice to sell in markets, and the rest produce less than enough for family consumption or only sufficient.

One Cambodian informant who is familiar with Japan’s TC projects in Battambang province (informant 15) also mentioned the impact of Japan’s ODA projects on farmers in that area near Tonle Sap Lake:

Farmers earn about 50 percent of their family income from their waged labour activities. If they invest in their rice cultivation, they can earn more income than working as waged labourers, but we don’t have enough irrigation to let farmers cultivate twice or three times a year. In the areas where irrigation systems are constructed, mostly in the Kamping Pouy area, farmers cultivate rice three times a year. In this area, people do not migrate to other areas or outside Cambodia. The Kamping Pouy irrigation rehabilitation was the first target of the JICA project in Battambang province. Since 2003, farmers have built big houses and bought many automobile bicycles and agricultural machines. Most areas in Cambodia do not have irrigation systems, and many farmers cultivate rice only once a year.
On the other hand, informant 2 (an agent of APPP) commented that the amount of total production and income has increased partly because farmers use more cultivated lands for rice cropping and not necessarily because of the improved irrigation systems by JICA projects. In relation to the effect of irrigation systems, the same informant mentioned:

‘In Cambodia, irrigation systems are controlled by MOWRAM and rice cropping is under the supervision of MAFF. MOWRAM makes many fine canals, but it does not touch the issues related to actual practices of rice cropping. In addition, even though irrigation systems are prepared, farmers still do not have water when they need it for farming because there is not enough water in Cambodia. There are many cases where there is only a small amount of water drifting in canals before and after the rainy season.’

Given this information, it would not be inappropriate to assume that main beneficiaries of the improvement of irrigation systems would be farmers near Tonle Sap Lake given the greater access to continuous water supply. If the amount of available water for agriculture is limited even after the irrigation systems are implemented, the introduction of the existing farming skills through agricultural extension services may make a more immediate contribution to farmers’ productivity enhancement.

7.1.13 Connecting irrigation systems and rice cropping

Given the problems in managing the irrigation systems in the Cambodian government, one Cambodian staff member of the local office of JICA (informant 28) talked about how this situation would be improved with an example of TSC:

‘In Cambodia’s agricultural sector, there are issues regarding how to develop and maintain irrigation systems, how to form farmers’ groups to take care of canals, and how to distribute water in rural areas. However, the government did not have any agricultural institution dealing with research on irrigation system. There was no efficient training programme arranged by the Cambodian government in relation to irrigation systems for farmers. In this situation, the Technical Training Centre was established as part of TSC. This is the only training institution which provides training for the maintenance of irrigation systems to government employees and engineers in Cambodia. This is an example of institutional human resource development activities based on the local needs in Cambodia’s agricultural sector.’

While some difficulties in coordinating Japan’s ODA projects with the Cambodian government were mentioned above, this example describes how foreign aid projects can involve local government employees not only to build irrigation canals but also to construct and operate those canals. This example also describes that a local model of operating
irrigation systems has been emerging in the Cambodian context. One Cambodian informant who is familiar with Japan’s TC projects for rice cropping (informant 15) also mentioned examples of how the disconnection in the management of irrigation systems and rice cropping at the administration level is being increasingly considered in Japan’s ODA project implementation:

‘TSC3 has developed 11 model sites for the management of irrigation systems and water. Each model site covers 100 hectares of paddy lands. In one of those model sites, APPP holds demonstrations of methods of rice cropping. Beside this collaboration, APPP invites counterparts of TSC3 for training in rice cropping. These activities to link Japan’s TC projects for irrigation systems and rice cropping have just started in June 2011.’

This information implies that there are some activities which connect government employees who deal with irrigation systems and rice cropping, even though those activities may not always initiated by the Cambodian government. Informant 28 described how the difficulties in creating a local model for operating irrigation canals could be dealt with through foreign aid projects by involving local government employees. Similarly, informant 15 also explained that there is an aid approach that links local government employees involved in the management of irrigation systems and rice cropping respectively. These examples suggest a potential for a bottom-up approach to agricultural development. However, in relation to the hierarchy in Cambodia’s agricultural sector, which includes high level officials, the examples of aid activities to connect irrigation systems and rice cropping may still face difficulties to realise the desired outcomes through the Cambodian government.

7.1.14 Emerging resistance within the Cambodian government

While the issue of hierarchy in the Cambodian government was mentioned as a difficulty in implementing aid projects, informant 5 (an agent of TSC3) described an emerging change within the government:

‘The government seeks to realise national economic growth before it responds to small-scale farmers’ economic needs. On the other hand, there is an emerging resolve of government employees to resist decisions of the central government. I think this trend of government employees will become a force to reduce barriers to carry on development projects reflecting farmers’ needs.’

This information suggests that a feeling of dissatisfaction towards government authority has been growing among government employees in Cambodia. As described before, informant 12
(an employee of the Department of Agro-industry, MAFF) mentioned that government employees were forced to help small-scale farmers participate in the country’s market economy through volunteering activities even though the government does not provide financial support for those activities.

Informant 13 (one ex-agent of one of Japan’s TC projects for rice production in Battambang province) also described the power structure within the Cambodian government.

‘There were eight Cambodian counterparts in my TC project. Three of them attained only primary education. On the contrary, one of the counterparts had higher education in Russia. Cambodian government employees were staffed over the country as quickly as possible after the peace agreement was signed in 1992. At this time, the role of the government was not put into place. This seems to be the reason why education level varies among Cambodian government employees. Some government employees have experience of living under the Pol Pot regime, and some government employees were born after the regime and had opportunities to have higher education in their twenties and thirties. There are many government employees who belong to the generation between those two groups of employees. It is common in Cambodia that government employees who do more than what they are told by senior employees are seen as trouble makers. There are many people who became government employees through personal connections with the cabinet and military.’

From this information and other information above, it can be assumed that the number of government employees who are dissatisfied with their working conditions has been increasing. It also can be assumed that those government employees probably belong to the generation in which they tend to be regarded as trouble makers depending on senior employees’ likes and dislikes. The information also implies that those dissatisfied government employees may raise a voice in protest against the current hierarchy within the Cambodian government in the future. This type of conflict within the government may contribute to mitigate unequal power relations pertaining to small-scale farmers in Cambodia’s market economy. The interview information also sheds light on the difference in the political situation related to the agricultural sector between Cambodia and Japan. In Japan, the government economically assists small-scale farmers to maintain political stability in the country. In Japan, there is a structure of political and economic bond between the government and small-scale farmers. In Cambodia, the situation does not seem to be that simple.
7.1.15 Summary

The interview information in this section suggests that some of the TC projects by foreign aid agencies could make a valuable contribution to the improvement of the management of irrigation canals and the transformation of rice cultivation at the administrative level by involving local government employees. On the other hand, it seems to be more difficult to coordinate aid projects in terms of the number and types of constructions of irrigation systems due to different relationships between government officials and specific aid agencies. In addition, there seems to be differing economic and political motivations between different foreign aid providers in implementing aid projects for irrigation systems in Cambodia. The hierarchy in the Cambodian government and competition between foreign aid providers in implementing aid projects tends to complicate the improvement of irrigation systems. The information also suggests that this situation is further complicated by the growing presence of the emerging investors such as China and India. The management of irrigation canals and agricultural extension services could be improved at the ministry and provincial levels by reflecting greater concern with the living conditions’ of small-scale farmers. Local government employees may play an important role in this improvement and TC projects by aid agencies can and should assist in this improvement. It seems that more serious problems exist at the level of external relations between the Cambodian government and foreign aid providers in terms of coordination of aid projects as well as the allocation of available resources by the government.

Japan’s TC projects provide training to Cambodian government employees. Even if those counterparts acquire specific knowledge and skills relating to irrigation systems, rice cropping, and aquaculture, there is a problem relating to a lack of funding in MAFF. Most employees of MAFF and PDAs do not receive enough salary for their survival and have part-time jobs. As described in Chapter Four, the Cambodian government expects that foreign aid can deal with poverty reduction while it concentrates on economic growth. The government’s development vision seems to be that private sector-led export of Cambodian rice will benefit farmers and increase their income while foreign aid agencies and NGOs provide Cambodian government employees and local farmers technical assistance which will assist this strategy. This development policy is also reflected in the way in which the government understands the role of farmers’ associations, agricultural co-operatives, and extension services in the country’s market economy. At the moment, salaries of government employees are limited, and it is uncertain if their salaries would increase. If the government does not increase
salaries of government employees and ensure agricultural extension services are available, it will not realise inclusive agricultural development.

7.2 Market economy

As described in Chapter Four, the Cambodian government’s report on development effectiveness identifies its plan to let all possible contributors to national development cooperate with each other as partners in a market economy. Foreign aid providers share such a development approach with the government by implementing their aid projects along the lines of the Rectangular Strategy. The interview information illustrates how those identified development partners actually interact with each other in Cambodia’s market economy.

7.2.1 Existing market for farmers’ survival

Contracts for rice production in the regional rice market are the main income source of Cambodian small-scale farmers. Regarding this situation, informant 3 (Japanese staff member of the local office of JICA in Cambodia) notes that:

‘Thai and Vietnamese traders have their own preferences for the varieties of rice they want to buy from Cambodian farmers. Vietnamese traders specifically buy a variety called IR504 which grows very quickly. The Cambodian government recommends farmers to produce ten specific varieties of rice for the export through official channels. IR504 is not included in those ten varieties. At this moment, many farmers grow IR504 in Cambodia. There is a huge demand for this variety in the regional market. This demand is different from the selected varieties of rice for the export under the Rice Policy. The target of the Rice Policy and the trend of the regional rice market are not aligned with each other. Farmers use a large amount of fertilisers to grow IR504. The government is concerned that this type of farming lowers the quality of land, but it does not prohibit the production of IR504 because many farmers already rely on income from selling IR504.’

While it is noted that the demand for rice of Cambodian small-scale farmers in the regional market is the most reliable source of their income, informant 2 (an agent of APPP) mentioned the difficult condition with a limited income to buy agricultural inputs:

‘Even if farmers learn agricultural techniques and enhance their productivity, they need to spend a large amount of money for inputs such as fertilisers and chemicals. They need to buy agricultural inputs such as rice seeds, fertilisers and agrichemicals before they start cultivating rice. In many cases, farmers cannot afford to buy those
inputs and conclude contracts of rice production with foreign traders from Thailand and Vietnam or Cambodian middlemen. Those contractors provide cash to farmers at the beginning of the contract so that farmers can buy necessary agricultural inputs. When contractors buy rice from farmers, they pay cash after deducting the equal amount of farmers’ loans.’

In regards to this situation, informant 3 notes that producing rice in the regional market is still the most convenient and reliable way of earning income for small-scale farmers:

‘It is common that Thai and Vietnamese traders employ Cambodian middlemen who visit local farmers in Cambodia and conclude contracts of rice production with them. It is convenient for farmers because middlemen come and buy their rice for certain as long as they produce the requested varieties of rice. This economic system has already been established. Thai and Vietnamese traders buy Cambodian rice and polish that rice in their countries.’

On the other hand, informant 17 (Japanese agent of Japan’s ODA projects in Cambodia) expressed a different perspective on the situation for small-scale farmers in the contract rice production in the regional market:

‘Cambodian farmers buy rice seeds from Thai and Vietnamese traders or Cambodian middlemen. Those traders collect the final products from farmers and sell it in Vietnam and Thailand. The varieties of rice requested by those traders need more inputs, specifically fertilisers. It is common in Cambodia that Thai and Vietnamese traders come to Cambodia and pay local farmers in cash beforehand and conclude contracts of rice production with them. This cash includes the costs of rice seeds, fertilisers, and the purchase of the final products. In this case, local farmers have no exit.’

Informants 3 and 17 describe the same situation of the regional rice market, but one difference between them is that one notes that the contract rice production is convenient for small-scale farmers, while the latter notes that those farmers are ultimately trapped in those contracts. In either case, it seems that the economic condition in the regional rice market discourages small-scale farmers to sell their rice outside that market. In addition, informant 2 (agent of APPP) described that how this economic condition had influenced the attitude towards saving and being in debt:

‘About 80 percent of farmers in the target area of APPP borrow US$ 500 to US$ 1000 depending on their capacity to return. They borrow money from local rice millers and Thai and Vietnamese traders before they start cultivating rice. Farmers buy rice seeds and agrichemical from those foreign traders by loan when they conclude contracts of rice production with those traders. After harvesting, farmers give their rice to the traders as debt repayment. Farmers do not have a desire to eliminate debt since they have been able to secure the means of living by concluding these contracts with foreign traders. Farmers also do not seem to have an idea of saving.’
The information about the conditions surrounding regional rice markets from the different informants above shows that they share a common understanding of the nature of contract rice production of Cambodian small-scale farmers in terms of it being an established practice respondent to the regional market economy. Even though farmers remain in debt as long as they conclude contracts of rice production in the regional market, the biggest demand for their rice exists in that market at this point. Together with other information in Chapter Six and this chapter, the information about the contract farming suggests that there are different factors in cultural, political, and traditional contexts, which influence the living conditions of small-scale farmers. Those factors are sometimes non-economic relations between small-scale farmers and their traders. Those non-economic factors have impacts on the economic conditions of small-scale farmers, and their economic conditions also influence their non-economic relations with others in their society. This kind of relationship can be looked at through Benton’s analytical perspective. From his structural Marxist perspective, Benton (1984: 72 cited in Peet and Hartwick 2009: 160) explains as follows.

Economic relations, centrally those between owners and direct producers, are always determinant (in the last instance) but…this determination by the economic structure takes the rather indirect form of assigning to the other, non-economic levels, their place in a hierarchy of dominance with respect to one other, and the kind of articulation between them.

In this sense, the socio-political structure and bargaining power of economic agents is not solely determined in a free market. Buyers of rice have greater power in the market place in part because of their social and political networks. Therefore, it is difficult to say how the economic returns of small-scale farmers is limited in their relations with their contractors by simply referring to the trading prices of their rice, or the amount of money they receive from their contract buyers after their loans are deducted. It may not be only the relationship between small-scale farmers and buyers of their rice that determine their economic conditions. The factors which influence their living conditions need to be considered in the bigger picture of relations between people involved in Cambodia’s market economy. Examining those factors in the bigger picture also illuminates the mismatch between foreign aid programmes objectives and small-scale farmers’ expectations. This is the main concern of this study and is explained in several places.
7.2.2 Economic power relations between foreign and Cambodian contractors of rice production in the regional rice market

While agents of Japan’s TC projects provided their opinions about the conditions faced by small-scale farmers in the regional rice market, some Cambodian informants provided more details of the market. Informant 16 (an employee of PDA, Battambang) described the economic power relations between foreign traders, Cambodian rice millers, and small-scale farmers in the market as follows:

‘Thai and Vietnamese middlemen directly come to buy Cambodian rice. They offer better prices to farmers than local rice millers. Thai and Vietnamese middlemen set their agendas to offer better prices of rice to farmers than local rice millers. Chinese investors also make contracts with Cambodian farmers. Cambodian farmers depend on rainfalls. Those contracts with private investors depend on the natural conditions. If the rainfall conditions are not good, investors do not conclude contracts with Cambodian farmers for the next year. In Thailand and Vietnam, farmers have developed irrigation systems. In those countries, investors make long-term contracts with farmers because their productivity is stable. In Cambodia, contracts of rice production are yearly based.’

As weather condition and the lack of irrigation systems are crucial factors which can affect the productivity of farmers, a significant difficulty of relying on the regional markets, even though they can get higher prices, is that there is unstable demand. Reliance on this unstable demand is particularly problematic considering these contracts provide money in the form of loans upfront for inputs.

In relation to the contract rice production, informant 16 (an employee of PDA, Battambang) added that local rice millers also buy rice from farmers and sell it in the regional rice market.

‘In Battambang province, there are only two big rice milling companies. They buy rice from farmers at cheap prices and process them and sell polished rice at high prices. If the government sets prices for the ten selected varieties of rice for the export through official channels, it would be helpful for farmers, but at the moment the prices of those varieties of rice still depend on local middlemen and rice millers.’

This information describes a situation where competition between buyers of small-scale farmers’ rice is limited in the regional rice market, thus reducing the options and economic power of small-scale farmers. This limited competition is attributable to both the control of Cambodian rice price by foreign traders and the hierarchy between local rice millers and small-scale farmers in Cambodia. Also, as mentioned before, the relationship between rice millers and the patronage network has contributed to the current structure of the rice market.
It is useful to review the presented primary and secondary information of the rice market in Cambodia here to illustrate the socio-economic and political conditions facing small-scale farmers in the context of Cambodia’s market economy.

First, there are established networks of rice millers, which are connected to oknhas, high level officials of different ministries, and the CPP. Even though not all rice millers in Cambodia possibly occupy a place within the structure of the rice market, the secondary and primary data suggest that the influence of rice millers in this power structure on small-scale farmers’ market conditions is significant. Even though Ishikawa’s (2010) study finds a win-win relationship between rice millers and farmers in Battambang province, his survey data does not necessarily include small-scale farmers. Ear’s studies (2009, 2013) suggest that while there is some potential for external factors, such as rice trading and investment contracts between Cambodia and rice importing countries such as Kuwait and France, to induce good enough governance in Cambodia’s rice sector, his studies also do not cover the conditions of small-scale farmers. Those studies provide information of the patronage network and the involvement of rice millers in that network in Cambodia’s rice sector but not go into detail about the influence of that network on small-scale farmers in particular. What the primary information of this study suggests is that there is a hierarchy between small-scale farmers and rice millers’ networks in the rice sector.

Second, there is a shared perspective in the primary information that suggests that small-scale farmers are trapped in yearly contracts of rice production with foreign traders, in which the prices of their rice are controlled by those traders. On the other hand, some informants note that yearly contracts with foreign traders are the most secure means of managing their lives for small-scale farmers at the moment since those traders provide farmers the necessary inputs for rice production upfront. Thavat’s (2011) study also finds that foreign traders are more efficient and less fussy about the quality of farmers’ rice than buyers of the studied foreign aid programme at similar rice prices. It is also likely that small-scale farmers are not, or less affected by the local patronage network in Cambodia’s rice sector if they directly sell their rice to foreign traders. Ishikawa’s (2010: 103-104) study illustrates the complicated situation surrounding contract rice production in the regional and domestic rice markets (see Appendix 7). Some farmers directly conclude contracts of rice production with foreign traders or middlemen. There are also many cases where Cambodian rice millers buy rice from farmers and sell it to foreign traders. In this case, it is possible that the trade price of farmers’ rice is influenced by the rice millers’ networks linked to the local patronage in Cambodia’s
The examination of small-scale farmers’ living conditions in this bigger framework highlights the potential mismatch between those farmers’ expectations and development alternatives demonstrated in the official indicators of development effectiveness and aid effectiveness.

7.2.3 Cambodian government and the private sector moving toward different directions

There interviews emphasised two important aspects of the regional rice markets. One is that the regional market is important as a source of income for Cambodian small-scale farmers. The other is that those farmers gain only limited amounts of income in the face of power relations between farmers and contractors of rice production. In response to the latter aspect, the Cambodian government has implemented the Rice Policy as an alternative option for the country and farmers to realise economic growth and poverty reduction through agricultural development. Informant 2 (agent of APPP) described the potential of this development plan:

‘Local farmers are not exposed to competition in the market economy since middlemen directly visit farmers and buy their rice. In this situation, it seems that farmers do not have any motivation to improve the quality of their rice. The Cambodian government is trying to change this situation by polishing rice in Cambodia and exporting it through official channels. If the power relationship between farmers and buyers of their rice is equal, it is anticipated that farmers would respond to demands of the market and can increase their income.’

As one example of this effort by government, informant 25 (employee of the Ministry of Economy and Finance) explained:

‘Even if farmers can manage to buy agricultural inputs, there is another problem with markets. This is related to the fact that the prices of farmers’ rice are mostly decided by foreign traders and Cambodian rice millers. Within the Rice Policy, the government allocated some money to control the purchase of rice by local rice millers. The government started providing loans to rural development banks in 2011 to provide loans to rice milling companies so that those companies can buy rice milling machines and extend their facilities to store rice. In this way, rice millers can save more money to buy more rice from farmers. Modern rice milling machines and large containers of rice storage cost a large amount of money, and many local rice millers cannot afford to buy those facilities.’
Informant 25 added information relating to legal economic arrangement along the lines of the Rice Policy:

‘In relation to the Rice Policy, the government encourages private investors to process and export rice. The Ministry of Economy and Finance has provided economic incentives to people who export rice in the form of a reduction of export tax, and to people who process rice in the form of a reduction of income tax.’

While informants 1 and 25 described the government’s motivations and strategy underpinning the implementation of the Rice Policy, informant 24 (an employee of the Ministry of Rural Development) mentioned the actual impact of the Rice Policy on the agricultural sector in Cambodia:

‘The Government made a new plan to export one million tons of Cambodian rice by 2015. In response to this policy, the prices of paddy lands have increased. The prices of one hectare of land suitable for rice cropping were under US$ 500 five years ago, but the prices have increased to about US$ 1,000-3,000 as of 2011. MAFF and MOWRM have plans to increase irrigation systems, set standards of rice, improve packages of rice, and to improve the capacity of rice millers. The Ministry of Commerce also has a plan to set the standard of quality rice and support rice millers to process rice without breaking and losing nutrition.’

One point to be considered in relation to benefits for local farmers from this type of rice export is that there is no guarantee from the government that farmers’ rice will be bought at certain prices. One clear point is that there is only an assumption of the government that farmers would enjoy economic return by producing rice for the Rice Policy but no protections or guarantees to ensure this outcome if the overall policy does not succeed.

According to the assumptions made by the Cambodian government, farmers would produce rice for the Rice Policy if they could sell their rice at higher prices than by exporting it to Vietnam and Thailand through unofficial channels. What the information from some interview informants suggests is that farmers cannot sell their rice at high prices given the limited demand for the selected varieties of rice under the Rice Policy. Informant 16 (employee of PDA, Battambang) mentioned this situation:

‘Farmers’ understandings about rice cropping methods have improved. They have started changing their farming methods and the quality of their agricultural products has improved. However, the market itself is not providing good advantages to farmers. Farmers still receive a small percentage of profit from the market. Most farmers work hard, but they gain marginal benefit. Traders and rice millers take most of the profits from the market. The point in question is the imbalance between stakeholders in the market.’
The same informant also mentioned the difficulty of employees of PDAs in encouraging farmers to produce rice for the Rice Policy given the actual situation of the market:

‘If farmers produce the selected varieties of rice for the Rice Policy, local middlemen buy those varieties of rice at cheaper prices than other varieties of rice which are commonly produced by farmers at the moment. MAFF tells employees of PDAs to encourage farmers to grow those selected varieties of rice, but it is difficult for us to convince farmers to produce rice for the Rice Policy. Cambodia does not have a policy to support farmers. The government must facilitate cooperation with private exporters and large-scale rice millers and encourage them to buy the ten selected varieties of rice from farmers. If prices of those varieties are high, farmers are willing to produce them. If farmers buy rice seeds from Vietnam, it costs them a lot. If we have our Cambodian varieties with fair prices, and rice millers buy those varieties, farmers will produce the ten selected varieties. But now, the policy is going one way and the market is going another way, different directions.’

Informant 2 (agent of APPP) also expressed his concern about the situation that small-scale farmers had been left behind in the economic arrangements surrounding the Rice Policy.

‘If rice export is to make progress, Cambodia needs more quality rice. The quality of rice which Cambodian farmers currently produce is not high. If farmers produce quality rice and the export of rice increases, farmers can enjoy benefits from the market. Japan’s TC projects can contribute more to improve the economic conditions of small-scale farmers if there are more opportunities for farmers to sell their rice and farmers’ motivation to enhance their productivity is high. It is important for TC projects that farmers know about the government’s effort towards promoting rice export and have the motivation to produce more rice. That connection between the government and farmers has been absent. This is the fault of the government.’

By saying so, informant 2 implies that the lack of agricultural extension services is a key influence on the quality of rice. This information is coherent with the finding of Ngo and Chan (2010: xi) that agricultural extension services are most suitable and beneficial for small-scale farmers in Cambodia. The informant also suggests that small-scale farmers would have the motivation to produce rice for the Rice Policy if they knew exactly what the government was arranging for the plan. However, informant 9 (employee of the Department of Rice Crop, MAFF) showed a different understanding on this point:

‘Cambodian farmers know about the ten selected varieties of rice for the Rice Policy, but they also know that the market is not ready for those varieties. They are not keen to grow those varieties. Many Cambodian business operators and staff members of the Ministry of Commerce visit farmers and talk about the ten selected varieties of rice. Private investors and the ministry cooperate to prepare for the market for the ten varieties of rice. The chairman of the Ministry of Commerce has meetings with private investors to talk about the export of Cambodian rice. Rice millers also attend those meetings. The Ministry of Economy and Finance also supports this business activity. MAFF mainly supports farmers to enhance their productivity and quality of
their rice. The Ministry of Industry is responsible for checking the quality of rice. Agricultural production and rice export are the potential areas for investors. Many business operators are interested in Cambodia’s agricultural sector. Foreign investors also regard agricultural machinery, fertilisers, technical transfer, and transportation as potential areas in Cambodia relating to the Rice Policy.

This describes that powerful business operators in the private sector take part in the decision-making of the export of Cambodian rice without much input from farmers. The information also implies the characteristics of the export business of Cambodian rice, which includes not only the ministry of agriculture but other ministries and agencies. Ear’s (2013: 75) finding regarding rice business in Cambodia raises the importance of another possible aspect of the relationship between different ministries involved in the business:

Currently, the regime for ensuring that sanitary standards are met is fragmented, and competition around it between the Ministry of Agriculture, Forestry and Fisheries and the Ministry of Commerce’s CamControl is a repeat of what is known to have happened with livestock: CamControl is the quality arm of the Ministry of Commerce, launched for the purpose of ensuring WTO compliance, which the ministry championed and for which Commerce is the focal ministry; other line ministries, including the agriculture ministry, do not feel that Commerce has the right to venture into their technical “turf,” since it has no technical expertise. More control over the sanitary standards regime invariably means more rent-seeking opportunities for one ministry at the expense of another.

Different ministries are involved in the export of Cambodian rice through official channels, and a large amount of funding of the government is allocated to the activities of those ministries. On the other hand, as mentioned earlier in this chapter, employees of MAFF face a significant lack of funding support for their activities in each department and for PDAs. Informant 29 (employee of the Department of Personnel and Human Resource Development, MAFF) provided more details about this situation:

‘Each department in the MAFF asks for funding from the ministry. Each department has officials of finance and accounting and asks for funding from different institutions such as MAFF, ADB, WB, NGOs. The department sends its application forms for funding to the MAFF, and the ministry issues the Memo of Understanding if it approves the application. This is the basic procedure of application for funding at the departmental level. Since less funding is allocated to MAFF from the Cambodian government than other ministries, each department in MAFF needs to apply for funding from different international aid institutions.’

Given this lack of funding dedicated to MAFF for basic public services, it is open to question whether the government is able to make sure that profits of rice export through official channels will be returned to local farmers in Cambodia.
7.2.4 Emerging job opportunities in Cambodia’s agricultural sector

Rice production trends in Cambodia show how agricultural development has been understood by the government in the country’s market economy. While the interview information mainly describes those trends, it is also worth referring to information about the trends of the production of other agricultural products in Cambodia’s market economy. This information provides insights regarding how Cambodia’s agricultural sector has been linked to the global market through the private sector-led agricultural development.

Among cash crops in Cambodia, rubber plantation has attracted private investment at a significant level compared with other crops such as cassava and corn. This situation resulted in the privatisation of rubber plantations. Informant 30 (employee of the General Directorate of Rubber, MAFF) explained the current business situation:

‘There are seven big rubber plantations mainly in Kampong Cham province. Those plantations used to be state-owned plantations. In 2007, they were privatised. Six of them are owned by Cambodian investors and one is owned by an investor from Hong Kong. MAFF has a framework to let big rubber companies become the nucleus of rubber development in Cambodia. If there are big markets for rubber, small-scale holders of rubber plantation can sell their latex.’

The same informant also described the types of small-scale holders involved in this rubber plantation business:

‘There are three kinds of rubber plantation in Cambodia: former state-owned rubber plantation, new plantation areas under the Economic Land Concession (ELC), and small-scale plantation by individual farmers. Small-scale holders of rubber plantation usually own 2-3 hectares of land. They are relatively rich individuals. There are many small-scale holders of rubber plantation in Kampong Cham province. If a small-scale holder has 3 hectares of land for rubber plantation, the holder can earn good income. People who do not have any skills for managing rubber plantation also try to produce rubber trees by planting small rubber trees. One rubber tree costs US$1. Farmers do not know how to identify the quality of planting materials. Therefore, extension workers of the General Directorate of Rubber visit provinces to train farmers how to purify planting materials 4-5 times a year.’

The above information suggests that private sector-led development of rubber plantation has helped relatively wealthy local farmers who own 2-3 hectares of land. On the other hand, informant 19 (employee of the Ministry of Economy and Finance) explained that rubber plantation business can provide new jobs for farmers who do not own land:

‘There is plenty of land to extend agro-industry such as rubber plantations in the southeast part of Cambodia. My uncle owns 200 hectares of lands for rubber plantation. He hires many farm families and provides houses, motorbikes, and
electricity to those families. This type of supply for workers in the rubber plantation sector is common in Cambodia.’

The information from informants 30 and 25 implies that private investment in rubber plantation may benefit both wealthier and small-scale farmers. While this information is mainly about domestic private investment, informant 32 (teaching staff member of the Faculty of Agriculture and Food Processing, the University of Battambang) talked about foreign private investment in rubber plantations in Cambodia:

‘Rubber plantations are expanding due to foreign investments in Cambodia. Those are mostly Chinese investments. In Kampong Cham province, many farmers earn income by raising and selling bananas and cashew nuts, but those farmers started cutting down those fruit trees and planted rubber trees because the price of rubber is rising. Farmers can buy those rubber trees from Vietnamese traders or just cut some branches of a rubber tree and plant them. When farmers see rubber trees, they see US dollars. Rubber plantation is an investment market. Chinese investors pay Cambodian middlemen in US dollars and those middlemen pay Cambodian farmers in US dollars. MAFF wants to increase the number of rubber plantations, and farmers also want this. MAFF will establish a faculty of rubber at the Royal University of Agriculture in 2012.’

This situation shows that the Cambodian economy is linked to the global economy through Chinese investments in rubber plantation and the payment by US dollars to Cambodian middlemen and small-scale farmers. This example also shows that the content of tertiary education in the agricultural sector have been influenced by the trend of foreign investment in rubber plantation in Cambodia. Cambodia is looking to participate in the global market not only through private investment and trade but also through changes in the education system.

Informant 25 also mentioned Chinese private investment in Cambodia’s agricultural sector:

‘Chinese private investors usually do not buy land in Cambodia, but they obtain economic concession for lands from the government. The length of the concession varies from 3 years to 90 years at a maximum. Those Chinese private investors use their land in Cambodia mainly for rubber and cassava plantations.’

From the Cambodian government’s point of view, China would be an important development partner as both an emerging foreign aid provider and private investor. One point to be considered here is how much the Cambodian government would be able to or intends to control the economic power of China in agricultural development decision-making and practices. This type of control would influence the situation of some issues such as
construction of dams for rice cropping and expansion of areas for rubber plantation. These activities would cause land disputes involving local residents.

An employee of the Department of Agricultural Extension, MAFF (informant 22) argued that foreign investments have positively contributed to agricultural activities of local farmers in Cambodia:

‘The prices of Cambodian agricultural products have been increasing. Agriculture is a promising sector. Farmers are happy with the prices of rice, cassava, rubber, for example. The size of area of agricultural production is significantly expanding due to foreign investments.’

Yet, it needs to be noted that there is a significant gap in wealth between farmers in Cambodia. At this moment, it is still not clear how foreign investment would benefit small-scale farmers.

7.2.5 Summary

The information in this section shows that Cambodia’s agricultural development policy has been influenced by both regional and global markets. It also illustrates that small-scale farmers have been left behind in domestic rice markets while their ability to benefit from the regional rice market is crucially limited. It appears that the government and powerful actors in the private sector are not working together in a way which contributes to inclusive agricultural development. Give this situation, it is open to question if foreign aid can function as a catalyst to help small-scale farmers participate Cambodia’s market economy and gain benefit from it.

The information also highlights the insufficiency of the public support to small-scale farmers while they are exposed to uneven power relations with foreign traders in the regional rice market and hierarchy among stakeholders in the domestic rice market linked to the international market. In relation to the Rice Policy, the government allocates a large amount of funding to support private investors and rice millers. On the other hand, the government has not guaranteed local farmers the minimum prices for rice which is produced in line with the Rice Policy. This situation implies that the government assumes that benefits deriving from the export of Cambodian rice through official channels will automatically trickle down to local farmers if it financially supports business operators in the rice market. This assumption of the trickle-down effect by the government seems to be at the core of its
understanding of development effectiveness in the rising market economy as well as a reason for the contradiction between the policy and reality.

7.3 Small-scale farmers in Cambodia

This section presents how agents and counterparts of Japan’s ODA projects understand the current living conditions of small-scale farmers and how they perceive farmers’ reactions to their ODA projects. This information will give insights on how participants understand the effectiveness of foreign aid. The information presented in this section can be compared with other information presented earlier this chapter and Chapter Six, which touched upon the trends of Cambodia’s agricultural development policy and Japan’s ODA policy.

7.3.1 Definitions of small-scale and large-scale farmers

Japan’s ODA projects aim to improve the living conditions of small-scale farmers in Cambodia. In documents from those projects, specific terms and definitions relating to small-scale farmers and underprivileged farmers are used. Throughout interviews, however, it was noted that there was no common definition of small-scale farmers among the different informants. Informant 19 (counterpart of TSC3) gave their view on the average size of farm land:

‘In Cambodia, some farmers have less than 1 hectare of land, and some farmers have more than 2 or 3 hectares of land. In average, farmers have about 1.5 hectares of land in Cambodia.’

In terms of the sizes of farm lands in Battambang province, informant 7 (counterpart of APPP) noted that:

‘Farmers who own more than 50 hectares of land can be called large-scale farmers. About 10 percent of farmers in Battambang are large-scale farmers. The sizes of their lands vary from 50 ha to 100 ha. About 80 percent of farmers own 2-5 hectares of land and have one hand tractor per household. One hand tractor costs about US$2000 and one tractor costs about US$15,000. Small-scale farmers do not have tractors. Large-scale farmers have both hand tractors and tractors.’

In comparison with informant 19’s view, it would appear that small-scale farmers in Battambang province have larger sizes of land than the average size of farm land owned by farmers in Cambodia. In its report called the APPP Detailed Planning Study Report (2010: 1), JICA mentions that the Cambodian government requested the Japanese government to assist
rice production in Battambang province which is next to the Tonle Sap Lake and well known as a high potential area for rice production. This geographical characteristic of the province would explain why farmers have relatively larger size holdings of lands. Informant 21 (employee of the Ministry of Women’s Affairs) also explained why there are many Battambang farmers who own large pieces of land:

‘In Battambang province, the land is fertile. The land law in Cambodia allows each household to own up to 5 hectares of land, but many households own more than that in reality.’

Informants 16 (employee of PDA, Battambang) also provided information which explains why there are relatively a large number of farmers who own more than the average size of land in Cambodia.

‘Small-scale farmers have 3-5 hectares of land, and large farmers have more than 100 hectares of land in Battambang. Cambodia was under the communist regime before, and land belonged to no one. People in higher positions during the communist regime obtained more land than others when the regime ended. Those people remained as large farmers after the regime. Less than 5 percent of the population in Battambang does not have land and they depend on fishing or other jobs.’

The information about farm sizes in Battambang province shows that rice is already commoditised and farmers produce extra rice to sell. This means that ODA projects for rice production in the province are mainly for helping farmers produce more rice to sell rather than to achieve sustainability especially in the areas near the Tonle Sap Lake. However, it also needs to be considered that many farmers conclude yearly contracts of rice production with buyers of their rice not so much to increase their income, but to ensure continuing ability to secure food for family consumption. As will be described later in this chapter, it is likely the case for many farmers that they will continue to produce a marginal amount of rice for sale, with most production being for family consumption. The market facilitates the acquisition of the necessary inputs for rice cropping, which are provided by their buyers upfront. As described before in this chapter, youth in Battambang province tend to leave for central cities or other countries looking for job opportunities. This information suggests that many farm households, especially in rural areas, in the province are not necessarily well-off. At the moment, the scale and details of the gap in socio-economic conditions between large-scale and small-scale farmers in Battambang province is not sufficient enough to make any conclusion about their relations. More information about the availability of non-farm activities in the province is also needed for a better understanding of socio-economic conditions of farmers in the province and the country.
7.3.2 Relationship between large-scale and small-scale farmers

There is a distinctive difference in the sizes of farm lands between large-scale and small-scale farmers in Cambodia. Some informants mentioned that those farmers with different sizes of land work cooperatively while other informants mentioned that there is an inequitable power relationship between those farmers. Reflecting an understanding that there is no major conflict between farmers with different sizes of lands, informant 5 (agent of TSC3) explained his viewpoint:

‘The Cambodian political system is becoming stable with the Cambodian People’s Party (CPP) in the lead. All counterparts of TSC3 are also members of CPP. The party and government aggregate in Cambodia. This political system is extended to the village level. I have an image that things are decided in the target area of TSC according to people’s political stance regardless of the sizes of farmers’ lands. I have an image that even small-scale farmers can decide things as long as they have a greater voice as members of CPP.’

As described in Chapter Four, it is explained in the research literature that building local infrastructure such as schools, irrigations, and roads through party financing is one of the examples of how the CPP wins rural votes (Craig and Kinchoeun 2011). The above information from informant 5 adds to this point in the research literature that small-scale farmers in Cambodia support CPP in order to gain stronger voice in communicating with others such as large-scale farmers in their social and political enviroment. In other words, small-scale farmers gain stronger voice to negotiate with others by politically supporting CPP. It was also shown in the research literature that the excessive amount of aid resources reduces the political will of the government to tax in Cambodia. In addition to this argument, the information from informant 5 provides a possible explanation of why the CPP can win rural votes even though it does not provide socio-economic support to small-scale farm households.

Based on informant 5’s point mentioned above, people in rural areas can exercise political power to some extent through support for the CPP. Informant 6 (agent of FAIEX2) shared the same viewpoint as informant 5 regarding fair treatment of farmers:

‘I have not heard about power relations between farmers. It seems that farmers in the target area of FAIEX relate to each other as people in the same business.’
In addition, informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) mentioned that relationships between large-scale and small-scale farmers approximates that of employee and waged labourers.

‘There is no power relation between them. After they finish cultivation, small-scale farmers sometimes sell their labour to large-scale farmers. There are wage rates for labour per day. For example, for transplanting, large-scale farmers pay four dollars to workers, and for harvesting, they pay five dollars to workers. There is no classification of those rates of wages between large-scale and small-scale farmers.’

On the other hand, informant 7 (counterpart of APPP) mentioned power relations between those farmers:

‘Small-scale farmers are afraid of large-scale farmers. Small-scale farmers talk as if everything that large-scale farmers say is right. If small-scale farmers work for large-scale farmers as waged labourers, some small-scale farmers gain sufficient benefits, but sometimes large-scale farmers gain an advantage by cheating on small-scale farmers with cheaper wages and longer work shifts than is supposed to be. If small-scale farmers know that large-scale farmers are cheating on them, some of them speak to the large-scale farmers, but some of them do not.’

This use of power by large-scale farmers may however not be seen in the all cases as shown by the different views between informants. In addition to this point, informant 9 (employee of the Department of Rice Crop, MAFF) added that small-scale farmers may need to work as a group in order to negotiate with those large-scale farmers:

‘Small-scale farmers usually do not have the power to negotiate with large-scale farmers about wages and working hours when they work for large-scale farmers as waged workers. This is partly because there is no farmers’ association. In Japan, all farmers belong to farmers’ associations. The Cambodian government is preparing official regulations and support for farmers’ associations.’

At this moment, the information above suggests that power relations between large-scale and small-scale farmers could be modified if small-scale farmers negotiate with large-scale farmers as a larger group. As described before, the information from some informants illustrates that farmers in Battambang province in general own bigger plots of lands than the average size in Cambodia. On the other hand, it was also described earlier in this chapter that there is a widening gap in living conditions between large- and small-scale farm households in the province. Both quantitative and qualitative information about socio-economic conditions of small-scale farmers is also limited in the literature on contemporary Cambodia. The primary information collected during this study shows both cooperative and
confrontational aspects of relations between small- and large-scale farmers in Cambodia. It is acknowledged that further information is needed to gain more insights into socio-economic conditions of small-scale farmers in Cambodia’s market economy. This point also leads to the question as to whether it is the commercialisation of rice or something else that actually matters to the immediate needs of small-scale farmers in Cambodia. This question is worth taking seriously given the fact that a large amount of aid resource, in addition to private investments, has already been put into the activities of productivity enhancement and commercialisation of rice linked to the global market, which may mainly benefit those who already have bigger assets and better access to resources in Cambodia’s agricultural sector. Thus, a wider research programme with details of farmers’ living conditions could make a contribution to a better understanding of the relationship between aid programmes objectives and actual expectations of small-scale farmers in Cambodia.

7.3.3 Relations between local farmers and rice millers

Informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) also emphasised the importance of negotiating power for small-scale farmers in their relations with local rice millers:

‘The Profit for farmers is small unless farmers belong to groups or cooperatives. Farmers need support to establish farmers’ groups. Even if there is corruption in the government, farmers can increase their benefits by forming farmers’ associations. Right now, farmers do not negotiate with middlemen and rice millers about the prices of their rice. Most rice millers in Battambang are relatives and friends. So they can set the same prices of rice in one area to buy them from farmers. Even if a farmer is not satisfied with the price of his paddy set by a rice miller, other rice millers set the same price in the area.’

This information describes a deeply-rooted political and economic hierarchy in Cambodia’s domestic rice market. Even though informant 15 mentioned the potential for farmers’ associations to challenge this hierarchy, rice millers seem to have much more economic power and a stronger market network among them than do small-scale farmers, thereby limiting their options. Informant 15 further explained:

‘Mostly, the quality and price of rice is dominated by rice millers. Farmers follow what rice millers tell them. If a rice miller tells farmers to cultivate a specific variety of rice, farmers do so. Rice millers provide seeds and other inputs and money to those farmers. Rice millers deduct the cost of those inputs from the profits of farmers when
they buy farmers’ rice. Rice millers have their own targets for selling specific varieties of rice.’

This situation shows that the relationship between small-scale farmers and local rice millers is similar to the relationship small-scale farmers have with foreign traders through unofficial channels in the regional rice market. Informant 16 (employee of PDA, Battambang) further mentioned the business hierarchy among local rice millers:

‘In Battambang, there are many rice millers, but their market activities depend on the preferences of two big rice millers. Small-scale rice millers process rice for those large-scale rice millers.’

This information implies there are several layers of hierarchy of business activities among those who are involved in the domestic rice market in Cambodia. In any respect, small-scale farmers’ opportunities to gain economic return from selling rice seem to be crucially limited in both the regional and domestic rice markets.

7.3.4 Economic conditions of local farmers

In addition to the limited opportunities for small-scale farmers to address the issue of unequal power relations with rice millers and foreign traders, some interview participants explained how those farmers’ economic conditions were also limited for other reasons. Some informants emphasised how the availability of agricultural water is important for farmers to produce more rice and increase their income. Informant 25 (employee of the Ministry of Economy and Finance) mentioned:

‘Rice cropping in Cambodia depends on rainfall. Many farmers harvest rice only once a year. Some provinces still lack irrigation systems. Even if there are irrigation systems, farmers do not have enough money to buy pumping machines and gasoline.’

In addition, informant 15 emphasised that there is a gap in wealth between farmers who can cultivate rice more than two times and those who can cultivate it only once a year:

‘Farmers earn about 50 percent of their family income from their activities of waged labour. If they invest in their rice cultivation, they can earn more income than working as waged labourers, but we don’t have enough irrigation to let farmers cultivate twice or three times a year. In the areas where irrigation systems are constructed, mostly in the Kamping Pouy Area, farmers cultivate rice three times a year. In this area, people do not migrate to other areas or outside Cambodia. Kamping Pouy irrigation rehabilitation was the first target of the JICA project in Battambang. From 2003 to until now, farmers built big houses and bought many automobile bicycles and
agricultural machineries. Most areas in Cambodia do not have irrigation systems, and many farmers cultivate rice only once a year.’

This information shows a gap in wealth between farmers connected directly to the availability of agricultural water. In terms of those who can cultivate rice more than twice a year, informant 31 (Staff member of a local NGO CEDAC) mentioned that some farmers’ incomes are even larger than those who work in the industrial sector:

‘Farmers can earn more income than those who earn about US$ 70 per month in the garment factories if the conditions of farming such as weather and irrigation are good.’

Informant 26 (agent of a Japan’s TC project in education) also provided similar information:

‘In Battambang province, some farmers earn more money than people who have non-agricultural jobs. For example, the monthly salary of employees of the Provincial Department of Education, Youth and Sport in Battambang is US$ 110. Some farmers in the province earn more than this amount.’

Informant 2 (agent of APPP) added some details of how much money farmers earn from rice cropping and how much money they have left after deducting the costs of agricultural inputs:

‘The net income farmers can earn from one hectare of land is US$ 800 per year at a maximum. This is the case for farmers who cultivate rice twice a year. There are many farmers who earn less than this amount. Farmers need to spend money on fuel for cultivation, agrichemicals, and wages and eventually they would have about US$ 400 left.’

This implies that agricultural inputs cost farmers about half of the income from rice cropping. It can be assumed that the burden of the cost of those inputs is greater for farmers who can cultivate rice only once a year, even though they may manage cultivation only with their family labour. According to informant 2, the situation where only a small amount of cash is left over is reflected by the fact that farmers need to borrow money from others to buy agricultural inputs for the next cultivation period after harvesting rice:

‘Most farmers do not have enough income and borrow money from others. About 80 percent of farmers in the target area of APPP borrow money from others before they start planting rice. Farmers who own more than three hectares of land usually do not borrow money. Most farmers in the target area of APPP borrow US$ 500 to US$ 1000 depending on their capacity to return. They borrow money from local rice millers and Thai and Vietnamese traders. Farmers buy rice seeds and agrichemical from those foreign traders by loan when they conclude contracts for rice production with those traders. After harvesting, farmers give their rice to the traders as debt repayment. Farmers do not have any idea on how to eliminate debt since they have been able to
secure the means of living by concluding these contracts with foreign traders. Farmers also do not have the concept of saving.’

This implies that those farmers who cannot get away from the contract rice production will always be in debt. Informant 16 (employee of PDA, Battambang) added information suggesting that high interest rates on the loans afforded to farmers involved in contract rice production contributes to their limited income:

‘Most small-scale farmers have difficulty accessing credit when they purchase inputs at the beginning of farming every year. Farmers need fertilisers, but they have to borrow money from others. This is a big payment because of the high interest rates. Farmers have to reimburse most of their profits. Money lenders come to collect farmers’ rice after harvest. If farmers want to harvest in the next year, they need to borrow money again.’

This information about the limited availability of credit to farmers aligns with the survey data of Ishikawa’s (2010: 111) study, which was introduced in Chapter Four and is detailed in Appendix 1. Ishikawa’s study showed that surveyed rice millers in rural areas in Battambang province do not provide lending to farmers at all while 29.4 percent (average) of rice millers along the main supply route provide lending (free of interests) to farmers from whom they buy rice. The same survey data also shows that 58.8 percent (average) of rice millers along the main supply route provide rice seed to farmers compared with 11.5 percent in rural areas. Even though this survey data only covers the information relating to rice millers as a source of credit for farmers, it does highlight the difference in economic and market environments between farmers in rural areas and areas along the main supply route in Battambang province. Given this situation, small-scale farmers have to engage in different activities outside farming to gain enough food for family consumption. Informant 18 (counterpart of TSC3) mentioned some examples of those activities:

‘Farmers in the model sites also grow vegetables, keep live stocks, and make palm juice for house consumption. Farmers need those activities to feed family members if one farm household with many children owns less than 1 hectare of land.’

Informant 16 also mentioned that small-scale farmers need to engage in other economic activities outside farming in order to manage household cost of living:

‘Beside rice cultivation, small-scale farmers sell their labour. Family members work as automobile bicycle taxi drivers, construction workers, garment factory workers. After cultivation, farmers move to border areas or upland areas to sell their labour by working for cash crop farms such as corn, peanuts, cassava, and sesame. Mostly
farmers leave their lands after harvesting and go to work as waged workers at cash crop farms.’

According to informant 25 (employee of the Ministry of Economy and Finance), small-scale farmers need to engage in additional economic activities not only to feed their family members but also to provide for family medical care:

‘In rural areas, there are few middle-aged farmers. They work in the service sector such as factories and restaurants. Farmers often need to sell their lands when their family members have health problems and need medication. After they sell their lands, they need to work in cities.’

Overall, the information from different informants when taken together illustrates that there is a big gap in economic conditions between farmers who have access to agricultural water and small-scale farmers who rely on rain water for farming. This suggests that foreign aid as well as ‘development partners’ such as private investors have contributed to the gap by concentrating large-scale irrigation in areas where there is access to water other than rainwater. The information also describes a situation where those farmers with enough access to water have relatively large sizes of land near high potential areas of rice production and hire waged labourers to cultivate and harvest rice. In the case of small-scale farmers, there is an existing situation where they borrow a large amount of money from others at high interest rates to buy agricultural inputs for contract rice production, which creates a relationship of dependency.

7.3.5 Trends in local farming practice

In addition to the limited access to agricultural water and credit, there are other factors which influence small-scale farmers’ decision-makings in their agricultural activities. As one of those factors, informant 2 mentioned historical experiences during the civil wars in Cambodia:

‘Direct seeding is common among local farmers. According to some farmers, they were forced to plant rice in a straight line during the Pol Pot regime. It is possible that there were some people who were familiar with rice cropping in the regime and farmers were trained by them. It was not explained to farmers why they needed to plant rice in a straight line, and they completely stopped doing it after the regime. Some farmers still resist to plant rice in a straight line when we encourage them to do so.’
While this experience of forced work during the Pol Pot regime may not be applied to all farmers in the target area of APPP, informant 2 mentioned another common attitude of local farmers and government employees towards farming:

‘It is very difficult to convince agricultural extension workers and local farmers that production of quality rice requires various skills. Both extension workers and farmers believe that they can enhance their productivity only by using fertilisers. There are other skills related to how to cultivate land, how to plant rice, sterilisation of rice seeds, weeding, timing of putting water in paddy fields that are important. Employees of MAFF also do not recognise this point.’

The farming methods mentioned above are simple and do not require advanced technology. What the informant emphasises is that farmers need to combine all of those methods to be successful. As shown earlier this chapter, the same informant mentioned that Cambodia already has simple but important agricultural technology available and that this technology is sufficiently useful to improve the current productivity of local farmers. This means that the existing agricultural technology in Cambodia can be of immediate use to small-scale farmers than Japan’s advance technology. However, even this is not being taken up.

Trends in terms of local farmers’ farming practices are also reflected by the manner in which they work as groups. Some interview participants explained that it is difficult for local farmers to work as members of a group. Informant 2 described what he experienced in his APPP activities:

‘There are not many farmers who can take leadership to gather farmers and sterilise rice seeds as a group. Cambodian farmers are not good at acting as a group. This difficulty in acting in a group seems to be more linked to social conventions than education.’

By sharing the same idea above, informant 9 (ex-agent of Japan’s TC project for rice production in Cambodia) also talked about his experience with local farmers:

‘A previous JICA project in Battambang province tried to establish farmers’ groups, but it was not successful. There are various types of group activities. Selling agricultural products with other farmers can also be called a group activity. Some farmers’ associations are certified by the government and some are not. Most farmers’ associations cannot persist without support from NGOs and foreign aid. Once there was a request from farmers to a JICA project to assist them to form a farmers’ association so that they could attend training courses. It was not clear if they only wanted to attend training courses or actually wanted to enhance their productivity. Their motivation to earn more income from agricultural activities is low. In addition, some farmers do not like to participate in group activities due to their experiences of
forced labour under the Pol Pot regime. Those farmers teach their relatives their own farming methods.'

When taken together, the information from informants above implies that there are some non-economic factors, including historical experiences, which discourage small-scale farmers specifically ones in older generations, to work as groups or even increase their income by selling rice. The Cambodian government has shown a significant shift in its agricultural development policy from traditional family-based small-scale farming to private sector-led large-scale agriculture. In the latter type of agricultural policy, small-scale farmers are expected to work as groups to efficiently produce more agricultural products, share agricultural inputs, including lands, and save costs of those inputs. It is believed by the government that small-scale farmers will have more job opportunities if it opens the county’s agricultural sector to private investments and the international market. This idea of growth-led poverty reduction is linked to development effectiveness understood by the Cambodian government. What the interview information suggests is that small-scale farmers are not ready to participate in this type of agricultural development activities. At the moment, there is a possibility that small-scale farmers are left behind the country’s agricultural development policy.

7.3.6 Reasons for poverty

Given trends related to local farmers’ agricultural practices and constrained living conditions, some interview participants mentioned what they thought were the reasons for poverty among some farmers. How those participants understand the reasons for poverty relating to local farmers shows how they view the natural, political, economic and social environments around those farmers. Their analyses of those environments are important because characteristics of poverty and its contributing factors are different among different countries and societies. Some interview participants understood poverty relating to local farmers in terms of living conditions and a limited availability of natural resources such as water and land. For example, informant 5 (agent of TSC3) mentioned:

‘From the view point of agriculture, the main reason for poverty relating to farmers is the limited size of land for farmers with many family members. The productivity of their lands is also low. Small-scale farmers can only manage to feed their family members and cannot increase income from agricultural activities.’
In addition to the limited availability of natural resources, informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) mentioned that farmers’ limited access to credit contributed to their constrained living conditions:

‘Farmers need to sell some of their lands when children need to go to school or family members are sick. Sometimes they become landless or have only a small piece of land. Farmers only have access to credit with high interest rates. Sometimes, the interest rate is up to 20 percent. If the quality of their rice is low, they cannot sell their rice at high prices.’

This information coheres with Yagura’s (2005) finding that rural farm households often face situations in which they need to sell their lands when family members need medical care. Yagura’s (2005: 780) survey data also shows that high interest rate attached to informal credit is common throughout rural Cambodia. Yagura (2005: 775) further explains that “high interest rates are not a problem per se, as long as they remain lower than the rate of return from land”. In the two villages where he collected his survey data, interest rates of informal credits “are much higher than the internal rate of return from land”.

The informants showed their understandings that farmers are poor because of their limited productivity due to the limited access to natural resources and credit. On the other hand, informant 1 mentioned that farmers’ living conditions were constrained not only because their productivity was low but also because they do not have the opportunity to acquire income from sources other than agricultural production:

‘The main reason for the constrained living condition of small-scale farmers is that agriculture is the only way to make a living for them. The limited size of their lands also contributes to their constrained circumstances. Furthermore, farmers’ productivity is low and the prices of their rice are not high.’

By saying so, the informant suggests that foreign aid projects can contribute to improve small-scale farmers’ living conditions by assisting them to start different economic activities. The informants mentioned factors which directly limit small-scale farmers’ opportunities to produce more rice. One thing to be considered is whether farmers may be able to move out of constrained circumstances if they had better access to land, agricultural water, and credit. These factors suggest the physical complexity of farming environment for small-scale farm households. This complexity partly explains why farmers should spend as much time as they need to examine the effects of external agricultural methods when those are introduced to them through aid programmes and development projects linked to large-scale agriculture, to
be certain about outcomes and impacts in their own particular case. The informants consider the lack of access to those agricultural inputs is the direct factor of farmers’ constrained circumstances. The lack of those inputs also seems to be related to the issues of economic power structure in the regional rice market and political hierarchy in the domestic rice market, which were mentioned earlier in this chapter. However, those issues in rice markets were mainly mentioned by Cambodian interview participants who were familiar with Japan’s ODA projects in Cambodia’s agricultural sector, and not by Japanese agents and Cambodian counterparts of those projects. The opportunity for those agents and counterparts to know the structural issues in the existing rice markets would be limited if they have lived in the target areas of their projects only for a few or several years. Those agents and counterparts mentioned direct economic factors, which limit small-scale farmers’ living conditions. The agents also mentioned that those farmers did not have a strong motivation to work as groups.

In relation to these answers, the information about the structural issues of the existing rice markets suggests the broader socio-economic factors that may also restrain the potential of small-scale farmers. These broader factors also explain the complexity between expected types of agricultural growth at the policy making level and living conditions of small-scale farm households. Together with the physical complexity relating to agriculture and farmers’ living conditions, this structural complexity needs to be examined beyond the conventional evaluative frameworks of aid effectiveness and development effectiveness.

7.3.7 Acceptable aid: visible outcomes and security in the future

The information from interview participants above illustrates what kinds of difficulties small-scale farmers face in improving their living conditions. Given those difficulties, small-scale farmers respond to activities of Japan’s ODA projects in specific ways. Some interview participants explained how local farmers did or did not accept those activities. Informant 5 explained that it is common for local farmers to have a negative attitude towards aid projects related to the construction of irrigation:

‘There were some regions where farmers strongly refused this TC project at the beginning. This project is related to irrigation systems, and some farmers associate the project with development projects which seize farmers’ lands. Most farmers in the target area of this project were dubious about irrigation projects at the beginning. Many Cambodian farmers do not know about the concrete impact of irrigation systems. At the same time, there are some farmers who positively cooperated with this TC project from the beginning. It is not certain if those farmers know about the
actual impact of irrigation systems, but they participate in the activities of the project with a will to improve the condition of their villages.

Exposure to a political environment in which local residents have been forced to leave their lands due to the construction of irrigation or other infrastructure is clearly an important factor in terms of how farmers relate to ODA projects in the field. Informant 2 also explained that this negative reaction of local farmers could be seen in the case of TC project for agricultural extension services:

‘All farmers in the target area of APPP are suspicious of our TC project. All farmers cultivate rice in the same way regardless the sizes of their lands, and they show the same reaction to the activities of APPP. Farmers with less than one hectare of land and farmers with about five hectares of land cultivate rice in the same way.’

This information implies that many local farmers feel insecure when strangers visit them to introduce new farming methods. They do not simply think that foreign aid projects necessarily help them achieve better outcomes. Informant 18 (counterpart of TSC3) mentioned a similar experience he had with local farmers:

‘It is difficult to have meetings with farmers and explain the project. Counterparts need to have many workshops and discussion with farmers prior to the construction of the irrigation systems and farm roads.’

These experiences of informants with farmers suggest that communicating with farmers is the most difficult and important part of TC projects if they want to assist to improve their living conditions. For TC projects in the agricultural sector, it takes a relatively long time before the actual outcome of those projects can be seen in terms of an increase in rice production. Projects need a long time to achieve outcomes not because farmers necessarily need a long time to learn new agricultural methods. It is likely that agents of those projects need a long time to communicate with farmers and build trust before those farmers will accept new agricultural methods and technologies. From this point of view, informant 21 (employee of the Ministry of Women’s Affairs) emphasised the importance of communication between farmers and agricultural extension services:

‘Farmers have their own ways of talking, language and definite knowledge. There are conflicts between technology and farmers’ knowledge. Agricultural extension services from the government should be supportive of farmers. Development is not about education but more about communication. Extension workers need to develop their communication skills with farmers.’
This understanding of the role of communication in disseminating new agricultural methods suggests that advanced agricultural technology cannot be useful for small-scale farmers unless local agricultural extension workers invest enough time and commitment to understand the political, economic, and social environments of those farmers through communication. Needless to say, this adds extra burdens to extension workers who already are under resourced. Besides the importance of communication in agricultural extension service, informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) explained that farmers tend to accept and actually practice new farming methods if those methods are simple:

‘Farmers accept simple agricultural methods. For example, they are willing to learn weed control and application of fertilisers. In contrast, a method for seed sterilisation by hot water is not easily accepted by farmers because they feel that it takes a long time. The number of demo farms through BAPEP (2003-2006) BRAND (2006-2010) and APPP (2010- present) has increased, but some farmers still do not accept the method for seed sterilisation. With this method, farmers can sterilise 15 kg of rice seeds in hot water at once. In traditional farming, farmers usually use 200-300 kg of rice seeds per hectare. APPP recommends farmers to reduce the amount of seeds to 100 kg per hectare. If farmers use drum seeders, farmers need only 50 kg of rice seeds per hectare. If agricultural methods are simple to farmers, it is easier to introduce those methods to them.’

According to informant 15, one necessary condition for farmers to accept and continuously practice those methods is to see their actual impact on agricultural production:

‘The difficulty in training and helping farmers is that we sometimes try to change their beliefs, we try to provide good techniques to them, but it takes time...about one or two years. Farmers learn new farming methods by practicing them in the field. If we cannot demonstrate new techniques, we cannot convince farmers to use those technologies. If we can show them successful stories, it is easier to convince them. When APPP tries to encourage farmers to transplant rice plants in a straight line, they say it takes too much time for them. In the first year, farmers feel in that way, but after harvesting, they observe that those techniques provide them better results in terms of production. In the next year, they accept energy- and time-consuming agricultural techniques.’

What informant 15 suggests here is that farmers actively participate in TC activities when they see the actual effect of new farming methods in terms of final outcomes such as an increased amount of rice production. It may take TC projects one or two years to show farmers the connection between specific farming methods and their actual effects. Similarly, informant 5 (agent of TSC3) mentioned that farmers, already vulnerable economically, would feel insecure in using new farming technology without seeing its actual impact:
Farmers do not know how much water they can have from irrigation systems until those systems are actually made. This uncertainty about the actual impact of the irrigation system may lead to farmers’ refusal of this TC project. It seems that farmers’ recognition regarding irrigation changes when they see the increased amount of water. Even farmers who refused this TC project at the beginning for political reasons show a positive attitude toward the project when they see actual benefits coming from the irrigation systems.

In addition, some informants explained that it is easier for farmers to accept new farming methods when they see other farmers using them successfully. Informant 13 (ex-agent of one of Japan’s TC projects for rice production in Battambang province) explained that farmers tend to practice new farming methods when they see other farmers producing more rice using new farming methods:

‘There are three layers of Cambodian farmers in general. At the top of the layers, farmers gain various kinds of benefits and make a high profit. Farmers in the second layer do not efficiently utilise their available resources. At the bottom layer, farmers do not own land and work for other farmers as waged labourers. Technical supports for land improvement and productivity enhancement do not take root among farmers who do not have land. The Cambodian government should provide economic support to the farmers in the bottom layer. The enhancement of the general economic level of farmers in the second layer is more sustainable. However, foreign aid activities alone are not convincing enough for local farmers to change their farming practices. Foreign aid can be effective if it collaborates with successful farmers in the second layer and arranges model farms to demonstrate the impact to other farmers. This aid approach tends to be effective in many countries including Cambodia.’

Informant 2 also mentioned this tendency of farmers:

‘Farmers show their strong interests in learning how to use fertilisers. They want to know how much and what kinds of fertilisers they should use. Most farmers see how their neighbours use fertilisers and imitate it. Most of them use fertilisers brought by private companies, but they don’t know why they use those fertilisers.’

Informant 6 (agent of FIAEX2) shared the same idea regarding farmers tending to mimic other farmers’ practices. He provided an example of how his TC project is designed to utilise this insight to effectively spread aquaculture skills among farmers:

‘Farmers in the target area of FAIEX usually do not refuse the project. Many farmers show their interest in participating in the activities of FAIEX. We select potential farmers for fish cultivation among those who were interested in the project based on the condition that they have enough land to practice small-scale fish cultivation. 500 farmers attended training courses of this TC project last year and we provided them with juvenile fish. Those farmers cultivated fish without the support of this project in the following year. The adoption rate of this activity is more than 90 percent. The
adoption rate of this TC activity would be low if we accepted all farmers who are interested in this project. It would be a waste of time and money if we taught landless farmers how to cultivate fish. It is expected that farmers who did not participate in the training courses will start cultivating fish on their lands by imitating the practices of farmers who have already participated in the training courses and succeeded. For this reason, this TC project provides training courses in different villages every year.’

This example is coherent with the point mentioned by informant 13 above that aid is effective when it assists activities of farmers in the second layer. It is understood that FAIEX2 targets farmers who can sustainably practice agricultural methods introduced by the project. It is understood that farmers who do not directly participate in the activities of the project imitate those target farmers’ practices and improve their food production naturally. In other words, if non-target farmers of the project imitate those target farmers, the effectiveness of the project is greater than if techniques and education was provided directly to all farmers.

7.3.8 Education

The interview participants mentioned various difficulties which small-scale farmers faced. They also explained how it is difficult and important to communicate with those farmers in order to make TC projects useful from those farmers’ perspective. Some participants also mentioned that lack of education or specific knowledge of agriculture limits farmers’ opportunities to access credit and better agricultural inputs. Some participants also mentioned that the lack of education limits farmers’ ability to understand the usefulness of different farming methods. Given this situation, it is worth considering how the level of education attained by farmers influence their agricultural activities. The interview information shows that farmers in the target areas of Japan’s TC projects have attained education at different levels. Informant 5 (agent of TSC3) described this difference:

‘There is an educational gap between farmers in the target area of TSC3. Some farmers can write and some cannot. Some farmers who attend workshops of this TC project also can read maps and point to the locations of their lands on maps while other farmers cannot.’

Informant 7 (counterpart of APPP) added that there is an educational gap between older and younger generations as well as between farmers in the younger generation:

‘About 70 percent of farmers in Battambang province are old farmers, and they cannot read and write. They are between 50 to 60 years old. Among young farmers, there are educational differences. Some farmers completed secondary school
education while some farmers give up primary school education in the middle. Some young small-scale farmers did not have opportunities to complete primary school education since they worked as family labour, but they usually can read and write.’

One clear thing which can be seen in the information is that the ratio of farmers who can read and write is bigger in the younger generation than older generation. According to informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production), the ratio of older farmers is becoming smaller in the target areas of Japan’s TC projects:

‘If we talk about older farmers over 50 years-old, only 30 percent of them can read and write. At the moment, about 70 percent of farmers can read and write. In last ten years, the generation of farmers shifted, and there are more young farmers.’

Informant 7 mentioned that about 70 percent of farmers in Battamabang province are over 50 years old and they cannot read and write. This information is not coherent with the information of informant 15 that about 70 percent of farmers in the province can read and write. Since these figures are based on the informants’ observations, it is difficult to prove which information is closer to the actual situation. What can be assumed at least from their information is that there is a clear educational gap between older and younger farmers. Even though the informant 2 mentioned that about 70 percent of young farmers can read and write, informant 2 explained that farmers’ education relating to general knowledge of biology and chemistry also matters to introduce new farming methods to them:

‘We can teach farming methods to farmers who cannot read and write, but it is very difficult for them to understand why they practice that way. For example, it is difficult for farmers to understand why they need to use specific kinds of fertilisers and plant rice in a straight line. If we explain the mechanisms of plant ecosystem and photonic synthesis, farmers cannot understand them.’

This challenge related to the lack of farmers’ general knowledge was observed by the author at a Farmers’ Field School for seed sterilisation held as part of APPP. Three extension workers of PDA and informant 2 provided a lecture and a demonstration on seed sterilisation to the 11 key farmers including two female farmers. One of the key farmers asked why he needed to transfer rice plants after 18 days of direct seeding rather than 30 days. To answer this question, informant 2 used an example of human skin: children’s skin recovers quickly from injuries while adults’ skin takes longer. By the same logic, if farmers transfer young paddy plants to a new place, those plants can quickly settle down in the new place. If farmers transfer grown paddy plants to a new place, those plants take longer time to recover from the move. Informant 2 explained in the lecture that if leaves of paddy plants overly grow and lean
forward, farmers tend to think that the plants are healthy and strong, but those plants are actually overgrown and take too much nutrition from the soil. They are also not efficient at absorbing energy from the sunlight. Informant 2 did not use chemical words such as CO₂ to explain why it is better for plants to be shorter and straight to enhance farmers’ productivity.

This example shows that informant 2 was adjusting himself to the educational level of farmers at the demonstration farm. Agents of TC projects need to explain the reasons why farmers can improve their productivity by using specific farming methods. The example above implies that the introduction of new farming methods by agents of TC would be smoother if farmers already have school education. Even though education may help farmers easily understand the utility of different types of agricultural methods and high technology, the information from some informants suggests that it is worth considering how farmers can improve their productivity without education given the fact that opportunities to attain education is limited to many farmers at the moment. For example, informant 23 (teaching staff member of RUA) mentioned that many farmers need to pursue agricultural activities for their survival and that attaining education is not realistic for them to increase their benefit from agriculture.

‘Many farmers tend to use agricultural chemicals without being able to read. Farmers also feel sorry for themselves not being able to read. They say they are so pitiful because they cannot read and communicate when they receive training from NGOs. This case cannot be generalised. Reactions of farmers to training or workshop depend on areas. At this time, farming is for survival, and farmers can still survive without education.’

The informant suggests that farmers do not necessarily attain education if they simply want to produce food for the survival of their households. However, it would seem that farmers need to have school education if they intend to increase their income by selling their products in markets. While informant 23 mentioned that farmers without education can produce food for survival, informant 6 (agent of FAIEX2) mentioned that farmers without education can even attain high agricultural skills and increase their income if they have appropriate opportunities to do so:

‘There is a big gap of education among farmers, but their literacy rates do not negatively affect their activities of producing juvenile fish and cultivators of fish. Some of farmers who produce juvenile fish in FAIEX cannot read and write, but there are some cases that those farmers acquire high skill levels to produce juvenile fish and became the biggest or second biggest producers in their provinces.’
What this information suggests is that farmers with limited education are able to acquire high agricultural skills and knowledge if they have a strong motivation to improve their productivity. This farmers’ motivation to produce more food would be depend on their economic environments. In other words, if they can see opportunities that would allow them to eat more food and sell their products at high prices, they would have a strong motivation to produce more food. In relation to this economic environment, informant 5 mentioned that farmers need education:

‘Farmers without education can also enjoy benefits if the demand and supply of rice is balanced in the market. However, there may be some stakeholders in the market who try to buy rice at unreasonably low prices from farmers who cannot read and write. In this case, the government needs to implement regulations so that only certified people can participate in the rice market.’

What this emphasises is that school education is important for farmers to secure their economic returns in the regional and domestic rice markets in which many farmers are exposed to economic power relations and power hierarchies. Informant 15 (Cambodian informant who is familiar with Japan’s TC projects for rice production) explained that farmers without education have difficulty in accessing credit to buy the agricultural inputs needed before they start rice cultivation:

‘Farmers borrow money from local people to buy agricultural inputs before they start cultivating rice. Most old farmers are illiterate and feel that borrowing money from banks is complicated. If farmers want to access credit, farmers also need to have land titles and deposits if they want to borrow money from banks or provincial institutions.’

This situation describes farmers need to be able to read and write in order to participate in market transactions and supplement their work conditions. However, even if education would help farmers gain more benefit from agricultural activities, informant 5 mentioned that it would be difficult for older farmers with limited education to start learning how to read and write. He explained that young people would have more potential to make the link between education and agriculture:

‘The constrained circumstances of Cambodian farmers are linked to their level of education, and it is important for them to increase their literacy rates. There are some regions where many children still cannot go to school in Cambodia. Poverty reduction in Cambodia needs to be considered from a long-term standpoint that children who have low literacy rates are more likely to succeed in agriculture in the future if they are given education. It is not realistic to educate farmers who are already in their forties and fifties.’
Informant 16 (employee of PDA, Battambang) also acknowledged the importance of education for youth in rural areas:

‘Members of agricultural co-operatives can read and write. This situation is different from ten years ago. This time, if farmers cannot read and write or cannot count numbers, they cannot become board members of agricultural co-operatives. There are five board members as leader, deputy, secretary, accountant, and member. These members need to be able to read and write. We don’t put a limit on ages. Even a 18 year-old person can be a board member as long as that person can read and write. Before, farmers selected only old farmers who had local authority as village chiefs or commune chiefs. Now, it is different. Farmers encourage young people to be members of the board. PDAs require agricultural co-operatives to have people who can read and write as board members because they need to share resources as business activities. Previously, old people did not believe in leadership being taken by young people. Now they understand that agricultural co-operatives need people who can read and write, especially those who can deal with accountant jobs. Young people are encouraged to establish agricultural co-operatives for the next generation.’

By saying so, informant 16 suggests that there is a growing understanding among older farmers in Battambang province that education is important to acquire greater benefits from their agricultural activities. In other words, the traditional roles of older and younger farmers have been changing due to the necessity for educated farmers to consolidate business activities as a group. While informants 5 and 16 emphasised the importance of education for youth in rural areas, informant 26 (agent of a Japan’s TC project in Education) explained the severe educational condition of those youth:

‘Only eight percent of children in the relevant age groups can go to secondary schools in Battambang province. About 50 percent of primary school students drop out before they reach the sixth grade. As a recent example, the number of students of a school decreased from 170 at school entry in 2006 to about 40 at the fifth grade in 2012. This is not a rare case.’

Informant 16 added information that children who drop out primary schools in the middle can at least attain sufficient skills to read and write:

‘Ninety five percent of young people in Battambang province leave for different places. Some families face difficulties with their incomes or some students give up school education mostly between the seventh grade and ninth grade. Many children in rural areas drop out of school. On average, children in Battambang province have attained education to about the ninth grade. Before completing the ninth grade, children can read and write. Students near cities are fine. Their family members have different sources of income such as being drivers of automobile bicycle and working in construction.’

The information from informants 26 and 16 above describes that many households in Battambang province need child labour to manage their lives. In contrast, as mentioned
earlier in this chapter, there are farmers who have become wealthy near Tonle Sap Lake after having better access to irrigation and agricultural water. Those farmers can cultivate rice more than two times a year due to the improved large-scale irrigation systems by foreign aid projects, including Japan’s ODA. On the other hand, the information from informant 26 shows that the majority of farm households in remote areas in Battambang province cannot let their children constantly go to school to complete primary education. Those households still need their children as family labour. This situation implies that there is an emerging gap in economic condition between farm households in Battambang province. This situation suggests that the effectiveness of Japan’s ODA projects in Cambodia’s agricultural sector cannot simply be measured by how much farmers’ production and income increase in the target areas of those projects. Those projects have a potential to widen the gap in economic condition between farmers in the same province. As the information above shows, such a gap has already been reflected by the emerging educational gap between children of farm households in Battambang province.

7.3.9 Outflow of educated youth from rural areas

It appears that the majority of youth in the target areas of Japan’s ODA projects, specifically Battambang province, cannot attain an education level of more than being able to read and write. Some informants explained that this level of education was still useful for farmers to absorb advanced agricultural methods and manage their business activities as long as they have the motivation to do so. However, some informants also mentioned the situation where most of the educated youth in Cambodia’s rural areas are leaving for urban areas or other countries looking for job opportunities. This situation seems to influence the agricultural activities of small-scale farmers who do not have enough money to buy agricultural machines to replace the lack of labourers. This may also influence the sustainability of Japan’s ODA projects for small-scale farmers’ productivity enhancement. Even though Japan’s ODA policy in Cambodia’s agricultural sector does not mention issues relating to educated youth, it is worth considering the significance of the outflow of educated youth from rural areas.

According to informant 31 (Cambodian staff member of a local NGO CEDAC), Cambodian youth leave rural areas at a relatively early age looking for job opportunities:
Young people under 15 years-old tend to work in their hometowns. Young people over 15 years old tend to go to big cities. The law in Cambodia does not allow people less than 18 years-old to work, but many people do not follow this rule. In Takeo province, farmers usually do not own machines. Many farmers go to Vietnam and Thailand to work in the agricultural labour force. They do not have other skills outside basic agriculture, so they can only have basic jobs such as corn harvesting. In Thailand, there are big fields for corn and cassava. Some people work in shoe factories in Thailand. If they go to Phnom Penh, they work in the construction sector.

Informant 11 (employee of the Department of Agro-industry, MAFF) added information that even within the agricultural sector, Cambodian youth can gain better opportunities from basic skilled jobs outside Cambodia:

If secondary school students cannot go to universities, many of them come to big cities and work in factories because they cannot earn much from agriculture. Also, land for agriculture is limited for each household. Therefore, youth in rural area needs to find new places. Many Cambodian people also go to Korea and Malaysia. Companies in those countries are looking for migrant labourers. Those companies usually provide two-year contracts and working visas to migrant workers. In Cambodia, if young people go outside agriculture such as migrant workers, they come back to agriculture after they gain money or experience. This is because they do not have other knowledge and options for jobs outside agriculture. Many young people in rural areas do not have job options outside agriculture besides selling labour.

Even though those young people can find temporary jobs outside Cambodia, their ability to secure long-term jobs and improve living conditions is limited and does not necessarily improve their overall situation. In response to the current trend of Cambodian youth leaving rural areas, informant 16 (employee of PDA, Battambang) expects that they would come back to rural areas if they can make enough profits from farming:

Young people enjoy modern life styles in Thailand with electricity, transportation. They use most of their income there. If farmers can cultivate rice two or three times in a year, farming can be their permanent job. In this case, young people come back to the agricultural sector in Cambodia. The income is not the same as they earn in Thailand, but not so different.

In order to cultivate rice more than twice a year, small-scale farmers in rural areas need agricultural water. However, the lack of agricultural water in rural areas remains a significant barrier as mentioned earlier in this chapter. Given the fact that the majority of Cambodia’s population relies on agricultural activities for their livelihood, the required support for them to secure their survival and improve living condition is significant. Older farmers need young farmers to sustain their agricultural activities, but a large number of young people are leaving rural areas. For those young people, opportunities to gain profits from jobs outside rural areas
are limited due to the lack of education and technical skills. This situation suggests that farm households in Cambodia’s rural areas would need agricultural methods and technologies which have immediate use to them for increasing their agricultural productivity. If access to agricultural water is crucially limited to those farmers, foreign aid agencies and the Cambodian government could contribute to the improvement of those farmers’ living conditions by assisting diversification of food rather than implementing large-scale aid projects for irrigation in the most potential area of rice production.

7.3.10 Summary

Small-scale farmers in Cambodia use their own knowledge and customs in their agricultural activities. The interview information described different types of constraints and barriers which limits the ability of farmers to improve their living conditions through increasing the production of rice. Due to the fact that rice production is the only economic activity which most small-scale farmers can have, uncertainty associated with external and newly introduced farming methods could be a cause of insecurity for them. This may explain why farmers in the target areas of Japan’s ODA projects do not accept external farming methods until they see the actual impact of those methods in terms of final actual outcomes. External farming methods also would be more acceptable for those farmers if they saw the outcomes of those methods practiced by other farmers in the same area. This implies that visual impact of new agricultural methods shown by people they already know gives more credibility to the practices, and incentivises local farmers to accept those methods.

There are cultural and educational restrictions that complicate matters, such as suspicion of outsiders and authorities, and differing levels of education. This is in contrast to Japan with high-trust relationships in rural areas and high levels of education even among farmers. In Japan, most farmers completed at least primary education. In Cambodia, many elderly farmers over 50 years old cannot read and write. The application of Japanese agriculture to Cambodia is limited in this situation. The number of youth who can read and write is increasing in rural areas, but most of them leave for urban areas or other countries looking for job opportunities. The example of FAIEX shows that in certain situations farmers can however acquire new agricultural skills and increase their income even if they cannot read and write. This implies that suitable types of agricultural skills can be introduced to illiterate farmers if they are simple and explained in a contextually appropriate way. This leads to the
conclusion that simply introducing advanced agricultural technologies and providing agricultural inputs and machinery does not necessarily contribute to socio-economic well-being in Cambodia’s agricultural sector or rural areas if we take the viewpoint of small-scale farmers. Therefore, industry- and government-assisted agricultural development experienced in Japan cannot be simply replicated in Cambodia.

7.4 Summary

The interview information and secondary information presented in this chapter shows that there are some factors which complicate the structure of the existing market economy and exclude small-scale farmers from benefit-sharing in the international and domestic markets of agricultural products. The Cambodian government claims that its economy and local farmers have been losing most of the benefits of rice production by selling unprocessed rice to Thai and Vietnamese traders at cheap prices through unofficial channels. What the government assumes is that Cambodia can enjoy more benefits by shifting the direction of the rice export from neighbouring countries through unofficial channels to the global rice market through official channels. The government has started arranging the legal economic environment in a way that favours private investors in line with the Rice Policy. According to some Cambodian interview participants, one crucial problem with the implementation of the Rice Policy is that rice millers in Cambodia do not have strong incentives to buy specific varieties of rice selected for the Rice Policy. This is mainly because they can earn more money by processing and selling varieties of rice which are popular in the regional rice market. In reality, the benefit which Cambodian small-scale farmers gain by selling rice seems to be limited in both the regional and domestic rice markets. In the regional rice market, there are existing power relations between foreign traders and Cambodian small-scale farmers. In the domestic rice market, there is an existing hierarchy among stakeholders including high level government officials, private investors, powerful rice millers, and farmers. In this situation, the interview information describes a situation where local farmers still perceive that they gain more benefits from the contract farming in the existing regional rice market than producing specific varieties of rice for the Rice Policy at the moment, despite the inequitable relations. Even though the Cambodian government is trying to adjust the legal and economic environment for private investors, the existing political and business hierarchy among
stakeholders in the domestic rice market seems to be serious enough to exclude small-scale farmers from the benefit-sharing of the rice export through official, Cambodian channels.

Japan’s ODA for the sector concentrates on agricultural productivity enhancement of small-scale farmers. However, its aid activities can be influenced by those power relations and hierarchy in the regional and domestic rice markets, specifically in relation to farmers’ lack of motivation to increase their productivity of rice and actively participate in those aid activities. Outside this difficulty relating to the structure of the regional and domestic rice markets, Japan’s ODA for the sector still faces difficulty in assisting small-scale farmers to enhance their productivity. This difficulty is based on the gap in technology between Japanese and Cambodian agriculture. In addition, the systems of agricultural extension service, agricultural co-operatives, and irrigation systems have been established in Japan while the Cambodia’s agricultural sector is far behind in this regard. Cambodia’s agricultural sector faces a lack of water and electricity, low motivation of farmers to work as a group, low literacy rates of elderly farmers, and outflow of youth from rural areas at the moment.

In addition to this difficulty relating to the agricultural environment between Japan and Cambodia, there is a difference in aid approach between Japan’s TC projects in Cambodia and Japan-hosted trainee-hosting programmes for Cambodia’s agricultural sector. One noticeable example is that TC projects for agricultural extension service intend to introduce only simple agricultural methods to Cambodian small-scale farmers. On the other hand, the training-hosting programme introduces Japanese advanced agricultural technology to Cambodian government employees. Agents of the training courses guide those government employees to make plans based on how to utilise their knowledge and skills obtained in the courses in the Cambodian context. There may be an understanding held by the Japanese government that those TC projects and trainee-hosting programme are actually complementing each other. In other words, TC projects should focus on upgrading the level of agricultural skills which are currently practiced by Cambodian small-scale farmers to enable the immediate use of those techniques to enhance existing practices. At the same time, the trainee-hosting programme introduces Japan’s advanced agricultural technology, techniques and systems to Cambodian government employees for future use. While this aid approach may make theoretical sense, the information from interviews and the research literature suggests that there are factors which prevent the participants of the trainee-hosting programme from ultimately utilising what they experienced in Japan and planning for the introduction of more advanced
technologies and techniques in the long-term. One of those factors is a lack of funding support from the government to the agricultural sector. This point can be attributable to the assumption seemingly held by the Cambodian government where foreign aid providers will assist small-scale farmers to improve their productivity while the Cambodian government concentrates on preparations for enhancing private sector-led agricultural development and economic growth.

These issues described in this chapter suggest that the constrained circumstances of small-scale farmers in Cambodia are not necessarily attributable to the fact that they are left behind simply due to an inability to take up advanced agricultural methods and technologies. It is also linked to the structure of the regional economy as well as the hierarchy in Cambodia’s market economy. In the current situation of the regional rice market, Cambodian small-scale farmers are targets of private business operators as cheap labourers and buyers of agricultural inputs on loan. At the same time, this regional rice market has brought income sources to Cambodian small-scale farmers. Unofficial contracts of rice production between foreign traders and Cambodian farmers are considered unbeneificial to the farmers by the Cambodian government and foreign aid providers. However, it cannot be denied that those contracts have been an important means of survival for those farmers since agricultural extension services and economic safety-net services have not been sufficiently provided to them by the government. Given this situation, Japan’s TC for farmers’ productivity enhancement may be limited in terms of its goals to improve small-scale farmers’ living conditions even if farmers sell more rice in the existing rice markets. What the examples of aid activities provided in the interviews suggest is that Japan’s TC would make a greater contribution to the improvement of small-scale farmers’ living conditions if it targeted its aid to the improvement of agricultural productivity and the diversification of food for family consumption among small-scale farmers.
Chapter Eight: Discussion and conclusions

This chapter is divided into a discussion section and a conclusion section. The discussion section addresses the sub-research questions of this study in response to the primary data. The first part of this section revisits the potential disconnects illustrated in the theoretical framework. The second part of the discussion section goes into greater depth regarding issues relating to the practical applications of the concepts of development effectiveness as understood by the Cambodian government, and aid effectiveness as understood by the Japanese government. The discussion then moves on to considering the contrast between the idea of development effectiveness and the reality; it describes how those who are involved in development in Cambodia’s agricultural sector including the government actually act when the idea of development effectiveness is applied. Similarly, it looks at the contrast in Japan’s ODA between stated goal in Cambodia’s agricultural sector and the actual priorities placed on its goal in terms of understandings of aid effectiveness, as well as a contrast between aspirations and the actual implementation of ODA. The distinctiveness of Japan’s ODA will be compared with the practice of other aid providers in the sector. This comparison also highlights a contrast between the policy and the implementation of Japan’s ODA in Cambodia’s agricultural sector. Specific ideas from the research literature are discussed in this examination of the actual functions of the two concepts in the practice of Japan’s ODA projects in Cambodia’s agricultural sector. The Conclusion section locates the result and discussion within the bigger picture of Japan’s ODA approach to Cambodia. While the discussion section touches upon the main research question with the exploration of the sub-research questions, the conclusion section articulates the discussions of the chapter more directly towards the main research question.

8.1 Disconnects in the aid relation between Japan and Cambodia

As described in Chapter Six and Seven, the primary information shows how people who are involved in Japan’s ODA activities in the sector understand the ongoing situation of the application of agricultural development policy and foreign aid policy in the sector. The information provides insights into the sub research questions of this study.
• What are the differences in political and economic environments around small-scale farmers between Japan and Cambodia?
• What are the understood relationships between a market economy, agricultural development, and poverty reduction by those who are involved in activities of Japan’s ODA in Cambodia’s agricultural sector?
• How do those people understand the impact of those projects on small-scale farmers?

By extending the theoretical framework described in Chapter Five, this first part of the discussion section addresses these research questions by revisiting the potential disconnects highlighted in the theoretical framework.

**Disconnect 1**

As can be seen in the Cambodia Development Effectiveness Report 2011 (CDC), the main point of development effectiveness understood by the Cambodian government is to make the best use of available resources from all concerned stakeholders in the country’s market economy. From the viewpoint of the government, this development approach will help people in constrained circumstances, wherever they are, improve their living conditions. In Cambodia’s agricultural sector, there are three groups of influential actors in terms of resource provision that are critical: the government, private investors, and foreign aid providers, who are expected to act as a catalyst for the efficient use of available resources as well as funding source for soft and hard infrastructure in the sector.

As a catalyst, foreign aid is expected by the Cambodian government to make two types of contributions. One is the preparation of the economic environments for private investors in Cambodia’s agricultural sector, notably through soft and hard infrastructure investments, and the other is the productivity enhancement of local farmers themselves. As mentioned in Chapter Four, nearly half of the entire foreign aid budget dedicated to Cambodia’s agricultural sector has been centred on providing facilities for agricultural water and irrigation since 2001. Furthermore, about 35 percent of the total aid resource for agricultural water and irrigation has been allocated to five provinces which surround the Tonle Sap Lake. Those provinces are originally richer in natural environments for rice production than other provinces in the country. Informants of this study commonly acknowledge that the role of irrigation systems is to help farmers grow rice two or three times a year. Without irrigation systems, farmers can grow rice only once a year. The improvement of irrigation systems is
helpful not only for self-sufficiency in food in Cambodia but also for a mass production of rice, which may increase business opportunities for different stakeholders in the domestic and international rice markets, and eventually allow the investment in agricultural inputs and machinery. In this situation, it is desired that foreign aid may function as a catalyst for private sector-led large scale industrialised agriculture even if most of those aid projects are actually designed for poverty reduction. In terms of Cambodia’s agricultural sector, the primary information suggests that the Cambodian government’s development approach has mainly served for powerful private business operators and large-scale farmers so far, while the government expects foreign aid agencies to help small-scale farmers improve their living conditions with the enhanced agricultural productivity, diversification of food production, and better access to market.

The primary research also suggests that the Cambodian government expects small-scale farmers to combine their farm lands into a large unit of land and to participate in large-scale agriculture which is linked to the international rice market. Legal support for the establishment of farmers’ associations also seems to be associated with the realisation of large-scale agriculture and mechanisation of agriculture by the government. The contents of the RS and NSDP were examined in Chapter Four which confirmed this overall approach.

The development visions of the Cambodian government and the primary research together show that Cambodia’s agricultural sector has been moving towards what some scholars in the research literature describe as neoliberal development (Bienefeld, Chetvernina and Lakunina 2004, Harvey 2005, and Bush 2007). For example, the Cambodian government promotes greater economies of scale by encouraging small-scale farmers to combine their lands into a large unit of land and share agricultural inputs as members of a farmers’ association. All of these activities are linked to the global market. As shown in Chapter Seven, the Cambodian government expects that the combined large unit of land will contribute to large-scale rice production linked to the Rice Policy and the international market. In addition, privatisation and deregulation of agricultural resources such as land has been promoted by the government in favour of domestic and international investors with a belief in economic efficiency and productivity enhancement underpinned by a sense of market-driven discipline.

What Figure 5.1 shows is that the Cambodian government employs the World Bank’s model of neoliberal agricultural development, which JICA positions in contrast to its own approach to Cambodia’s agricultural sector. The primary information provided an
explanation for this contrast between the neoliberal agricultural development policy taken by the Cambodian government and JICA’s approach to Cambodia’s agriculture. Assisting large-scale rice production in aid-receiving countries is a sensitive issue in Japan’s ODA given the fact that Japan’s domestic rice production has been maintained through its agricultural protectionist policy, which in turn is related to its domestic political economic context. The Japanese government gave up the production of most agricultural products and decided to import them under the pressure from major advanced capitalist countries. However, rice has remained a priority item for protection in Japan’s domestic and external policy making. In the Cambodian case, in contrast, there are deep-rooted patronage networks operating in the rice sector. In this context, local political and economic elites can increase their economic returns by operating private investments and businesses in the sector through these networks. In Japan, parliament members try to win rural votes, which are proportionally worth more than urban votes, by protecting domestic rice production. In Cambodia, the CPP has different means of winning rural votes such as building schools, irrigations, and roads, as shown in the research literature, or, as the primary data suggests, when small-scale farmers decide to politically support CPP so that they can gain stronger voice in their societies. When the primary and secondary data is analysed through the analytical structure of this thesis (Figure 5.1), the first potential disconnect in the theoretical framework (Figure 5.2) is confirmed as discussed above.

**Disconnect 2**

The primary and secondary information of this study provides some examples to explain how Japan, with still operates the remnants of a bureaucratic developmental state, uses neoliberal and post-modern perspectives as ideological devices in its use of ODA in other countries. The former perspective plays the fundamental role of Japan’s pragmatic use of ODA. In relation to Cambodia, the establishment of export industry in the country is part of the Japan-Mekong region development plan, which is strongly linked to the increase of Japanese private investments in the member countries of the region. Due to its geographical location, Cambodia is treated as a member of the regional development facilitated by Japan’s ODA. For example, as it was seen in Chapter Six, a Cambodian government employee was invited to two training courses, one is for agricultural and rural development and the other is Mekong region industrial development. As this government employee mentioned, the
majority of farmers in Cambodia still use raw materials in their agricultural activities, but Japan is already facilitating the development of export industry. This example illustrates the situation that Japan is facilitating development based on neoliberal policy which exposes Cambodia to more economic competitions in the international market while the majority of the country’s population rely on traditional agriculture for their lives without economic support from the government.

In terms of the use of post-modern perspective in Japan’s ODA, it is employed by JICA to explain the appropriateness of Japan’s aid approach to the agricultural sector against the aid approach of major Western aid providers in the global market. This theoretical proposition stands as itself to explain the usefulness of Japan’s ODA. At the same time, it is worth considering how the difference in political and economic environments of small-scale farmers between Japan and Cambodia would matter for ODA projects to actually contribute to socio-economic well-being of farmers. In Japan, small-scale farmers are provided economic support from the government in the system similar to bureaucratically-managed developmental state. On the other hand, small-scale farmers in Cambodia are exposed to competition in the regional and international market economies without economic protection from the government, which appears to have adopted a neoliberal policy outlook in the framing of its national development approach. Japan and other major aid providers have overall promoted a type of development which is based on neoliberal policy in Cambodia. This type of development has influenced the political and economic environments of small-scale farmers in Cambodia. The primary and secondary information of this study added some detailed information which supports the argument that an overall neoliberal approach may hamper the realisation of developmental goals or even exacerbate the problems surrounding small-scale farmers in Cambodia as suggested by the research literature.

Overall, it can be said that Japan implements diverse and pragmatic ODA strategy using neoliberal and post-modern perspectives, which involves state-level, regional level, and global level goals and priorities. Since all of them are important in terms of the structure of power relations, Japan’s ODA has a complex focus. Japan’s strategic use of ODA was described in comparison with major Western aid providers in Chapter Two and Three. Together with insights in those chapters, the primary and secondary information of this study shows that Japan’s ODA is certainly strategic, sometimes opportunistic, but generally pragmatic, as compared to major Western aid providers who tend to be more ideological than pragmatic.
8.2 Development effectiveness in practice

At the moment, Cambodia, in which a majority of the working population belongs to the informal economy, is an agriculture-based country. The government has already implemented the Rice Policy which is linked to large-scale agriculture. The implementation of this policy has already attracted a growing number of domestic and foreign private investors in land, agri-business, and agricultural inputs such as fertilisers and machinery. The economic infrastructure including legal support for those private investors has been strengthened by the Cambodian government. The government needs producers of specific varieties of rice for export through official channels in order to link economic infrastructure and private investments with the actual export of rice. However, the primary research shows that there has not been any standard price or guaranteed minimum price of rice when farmers produce for the Rice Policy and the government does not seem to assist farmers in acquiring sufficient information and skills that would allow them to compete in the market place in an equitable way. The price of farmers’ rice in official channels linked to the global market depends on the decisions of buyers in the formally registered market transactions, where patronage networks have a strong influence on decision making. The Cambodian government is also financially supportive of local rice millers who are the potential buyers of rice produced by local farmers for the Rice Policy. However, those rice millers seem to gain more benefits from processing and selling rice to neighbouring countries through unofficial channels as well as farmers who still, though with limitations, seem to benefit more from selling rice in unofficial regional channels.

There are demands for Cambodian rice from neighbouring countries, and Cambodian farmers and local rice millers can sell more rice through unofficial channels in the regional market than official channels linked to the global market by the government. According to some interview participants from MAFF, Cambodia assumes that small-scale farmers will enjoy benefits from the export of rice through official domestic channels, meaning from farmers to rice millers, and then rice millers to overseas buyers as facilitated by the government. On the other hand, interview participants from PDA, Battambang are pessimistic about the economic conditions surrounding small-scale farmers in the domestic rice market. In interviews with Cambodian government employees at the ministry level, the information about the impact of the implementation of the Rice Policy on local farmers was mainly based on estimations. On the other hand, Cambodian government employees at the provincial level
described how small-scale farmers had been left outside of the benefit-sharing of the Rice Policy. Given the information about small-scale farmers’ economic conditions, it is likely that those farmers in the target areas of Japan’s technical cooperation (TC) projects still gain more benefits from the regional rice market than the domestic rice market.

Despite the government’s goals in implementing its agricultural-focused growth-strategy, the government has spent only a small amount of public funding on protecting small-scale farmers from competition in Cambodia’s market economy. The crucial lack of agricultural extension services is one example of this situation. The government expects that private sector-led agricultural development automatically generates opportunities for small-scale farmers to sell their rice at higher prices than the prices in the regional rice market. The Cambodian government seems to appreciate foreign aid projects which aim to support small-scale farmers as long as they function as a catalyst of the country’s private sector-led agricultural development. At the policy-making level, there is a lack of consideration about the reasons why small-scale farmers decide to conclude yearly contracts of rice production through unofficial channels with foreign traders from neighbouring countries. This could be partly because they did not have enough support from the Cambodian government to secure their survival if they tried to produce rice and sell it through official channels linked to the local patronage network or global market. Cambodia has been developing economic infrastructure in urban areas while agricultural extension services and socio-economic support have hardly been provided to farmers who account for the majority of the country’s working population. If the government believes that farmers have a limited amount of income because of the yearly contracts of rice production with foreign traders which they seem to have become dependent on, and the key to growth is to break this dependency is simply the provision of an alternative market, then this understanding of causal relations underestimates the significance of other factors which contribute to small-scale farmers’ constrained living conditions and vulnerability in Cambodia. The government has determined that shifting the direction of the export of Cambodian rice from unofficial to official channels will improve this situation. By doing so, however, the government may underestimate the significance of other problems existing in Cambodia’s market economy. Those existing problems include the hierarchy among stakeholders in the domestic rice market and lack of agricultural extension services and socio-economic support for local farmers as mentioned before.

In addition to the availability of irrigation and agricultural water, small-scale farmers’ expectations could be presence of an economic environment in which they can be certain of
an economic return that will not only make them better off than they are currently but incentivises their efforts in agricultural activities in a fair and transparent way. From this point of view, it is not compelling to argue that small-scale farmers will gain more economic return by shifting the target for the selling of rice from unofficial channels in the regional rice market to the official channels in the international rice market. At the moment, there is no guarantee that those farmers can gain greater economic returns with this shift since they still face domestic obstacles in the official channels of international rice market. Contract farming is part of those farmers’ survival activities and for the most part secure compared to alternatives. In other words, contract rice production in the regional rice market offers a sure way for those farmers to survive, while the Cambodian government does not provide public support to those farmers to secure their survival or remove the barriers to engaging with the international market through the official domestic market being nurtured by the Cambodian government.

The importance of those contracts for rice production for farmers’ survival in Cambodia has also been emphasised by Thavat (2011). Even though the benefit of small-scale farmers from contracts of rice production through unofficial channels is indeed limited, it is difficult to say those contracts have caused constrained circumstances to small-scale farmers or at least a greater cause of poverty than if farmers were to embrace international marketing through an export/surplus oriented focus. However, it also needs to be noted that while regional markets offer survival, they do not allow small-scale farmers in Cambodia make a surplus. Those farmers pay contractors of rice production in rice, and only keep enough for sustenance. While dealing with the market, it is on the one hand risky, and on the other hand, even if a surplus is generated, the surplus may not gain small-scale farmers much additional benefit.

In summary, the understanding and practice of development policy in Cambodia’s agricultural sector is framed within the competitive regional rice market and hierarchical domestic rice market. The opportunities for small-scale farmers to improve their living conditions are still limited by economic, cultural and political factors. If the Cambodian government expects small-scale farmers to produce rice for export to the global market through official channels, as one Cambodian informant pointed out, it would need to guarantee minimum trade prices for their rice as well as provision of other resources to assist these farmers. This guarantee of the minimum trade price in particular would be an important motivation for farmers to produce more rice and improve their living conditions since foreign
aid agencies are not likely to provide the government with funding support for this particular purpose.

8.3 Aid effectiveness in practice

Compared with the Cambodian government, Japan’s ODA dedicated towards the Cambodian agricultural sector places priority on economic well-being of farmers over economic growth of the country. However, the underpinning approaches to evaluating aid effectiveness used by the Japanese government are not necessarily consistent with the poverty reduction approach pursued in the sector. This lack of coherence is also reflected by the practice of ODA projects in Cambodia’s agricultural sector. The research literature and the primary research suggest that there are three specific elements of Japan’s ODA which frame the Japanese understanding of aid effectiveness in Cambodia’s agricultural sector. The first element is Japan’s dependency on economic resources in other countries, which is clearly mentioned in the Japan’s ODA Charter (2003). Japan relies on economic resources such as energy and food from other countries and is particularly vulnerable to developments that threaten its resource security. This is an underpinning rationale for Japan to use its ODA in order to ensure social and economic stability in those countries, especially given Japan’s antimilitarist approach to security policy which limits its ability to use military tools. This implies that aid effectiveness refers not only to social and economic development in aid-receiving countries but also to economic returns to Japan from the use of ODA.

The second element of this framework is the idea of self-help efforts which the Japanese government regards as Japan’s aid philosophy. In the agricultural sector, this idea of the promotion of self-help in aid-receiving countries specifically refers to productivity enhancement for self-sufficiency in food for farmers and the nation. This is also the point which JICA emphasises when it criticises the agricultural aid approach of major Western aid-providing countries with their use of hegemonic power in the international market place. In contrast, as described in Chapter Two, this idea of self-help can be incorporated into the understood role of good governance in the Western aid philosophy. This type of difference, whether a Western or non-Western aid provider, becomes less important when Japan’s ODA employs the notion of good governance to implement neoliberal ODA projects in aid-receiving countries to access their markets and resource. The understanding of Japan being a
non-Western ODA provider depends on how one finds the use of different concepts, self-help and good governance in this case, in implementing particular aid projects. This point explains why there is a contrast between JICA’s self sufficiency focused ODA approach to Cambodia’s agricultural sector, and Cambodia’s private sector-led agricultural development policy (Disconnect 1 in Figure 5.2) while Japanese aid effectiveness and Cambodia’s development effectiveness objectives are ensured at the policy making level as shown in Figure 5.1.

The third element of the framework in evaluating aid effectiveness relates to both the protection of Japanese rice sector and the promotion of Japanese agriculture-related businesses in aid-receiving countries. The former aspect can be explained in relation to Japan’s agricultural protectionist policy. As described in Chapter Two and Chapter Six, the Japanese government has a policy to protect Japanese farmers from competition in the international agricultural products marketplace in terms of its use of ODA. This policy is a compounding factor that ultimately, even indirectly, affects considerations of aid effectiveness. In other words, aid cannot be considered to be effective if it results in an increased number of Japanese farmers’ rivals in the international market. The MAFF of Japan restricts the use of explanations in official documents that states that JICA supports rice production for export in Cambodia. According to the primary research, this is to avoid giving the domestic audience an impression that the government is supporting potential business rivals in the international rice market through the use of ODA. This information is in line with the point made by Hirata (1998) that economic and political interests of ministries have a strong influence on the high-level decision-making of Japan’s ODA implementation. The government integrated all three types of ODA projects, which are grant aid, ODA loans, and technical cooperation, under JICA’s administration in 2008. Previously, grant aid was operated by MOFA, and ODA loans were implemented by the Japan Bank for International Cooperation (JBIC). According to JICA, the management of ODA projects was changed in order to plan and implement those projects more independently from the economic interests of different ministries and stakeholders within Japan. Even though these official changes were made in the management of Japan’s ODA, the primary research confirms that Hirata’s argument is still relevant in some cases.

The primary information about the influence of MAFF of Japan on the decision-making of Japan’s ODA implementation in Cambodia also confirms, to some extent, Franck’s (1998) argument that Japan has remained as a “bureaucratic developmental state”. As mentioned in
Chapter Six, Japan’s leading political party, LDP, has maintained a strong political bond with farmers in Japan. This situation suggests that political economic motivations related to Japanese agriculture plays an important role framing Japanese understanding of aid effectiveness. In other words, an examination of the policy and practice of Japan’s ODA in Cambodia’s agricultural sector requires a look at not only political economy in Cambodia’s agriculture, and what people in Cambodia have experienced with Japan’s ODA projects, but also historical and contemporary conditions of Japanese agriculture. This point can be extended to argue that actual constraints in implementing Japan’s ODA projects and meeting the actual expectations of small-scale farmers in Cambodia cannot be sufficiently understood without examining the political economy of Japanese agriculture.

In terms of the promotion of Japanese agriculture-related businesses in aid-receiving countries, the primary and secondary research shows that aid effectiveness is also conceptualised as a way for Japanese companies which want to export agricultural machinery or want to expand their businesses such as food processing in Cambodia to achieve economic returns. In many cases, Cambodian government employees in the trainee-hosting programme were taken to Japanese companies of agricultural machinery as part of their training. Even though those trainees were only taken to the companies, it would not be inappropriate to assume that there is an underpinning intention of the Japanese government to help those companies export their machinery to Cambodia in the near future. In fact, as the primary information shows, some Japanese companies producing agricultural machinery have already started investigating potential markets in Cambodia. As described in Chapter Six, there was also a survey completed in 2013 for a new JICA project to promote a business of rice milling machine production and sale, which is designed to be mediated by a Japanese agricultural machinery company of agricultural machinery. This economic incentive for the government in hosting Cambodian government employees for training courses may be attributable to one of the identified strategic interests of Japan’s ODA, which is to help expand overseas markets for Japanese goods. This aspect was described in Chapter Two in relation to Japan’s ODA for human resource development in the framework of a regional market economy.

On the other hand, Japan’s TC projects in Cambodia focus on the practice of agricultural methods which are simple and do not require farmers to use machines or expensive materials. In practice, the elements of the Japanese understanding of aid effectiveness in Cambodia’s agricultural sector are not necessarily consistent with each other. For example, there is a gap in the aid approach to the sector between Japan’s trainee-hosting programme in Japan and TC
projects in Cambodia. Some agents of Japan’s TC projects and Cambodian employees of MAFF argue that small-scale farmers cannot afford to purchase agricultural machinery at the moment. They also acknowledge that agricultural machinery does not necessarily have an immediate use in those farmers’ agricultural activities given limited sizes of their lands. In contrast, training courses held in Japan for Cambodian government employees are linked to advanced agricultural technologies. Some interview participants who attended those courses mentioned the difficulty in utilising the knowledge and skills from the training courses in Cambodia. The point related to the immediate use of agricultural methods by small-scale farmers could be related to the effectiveness of aid as understood by agents of Japan’s TC projects in the field. In the practice of TC projects, those agents need to communicate with small-scale farmers even though the direct targets of the skill development are local government employees. What this gap in foci between training courses and TC projects suggests is that policy-makers of ODA in Japan and agents who implement ODA projects on the ground have different experiences and thus view the same objectives differently.

In summary, there are two aspects in Japan’s ODA in Cambodia’s rice sector which are not explicitly addressed in the standard indicators of Japanese aid effectiveness: the protection of the Japanese rice sector in the international market and the promotion of Japanese agriculture-related businesses in Cambodia. This contrast can be looked at in relation to the situation in which the government dedicates a large amount of ODA loans to the improvement of irrigation systems in Cambodia while it does not want to make Japanese farmers feel that the government is increasing the future rival to Japanese farmers in Japanese domestic rice market. Cambodia has already started exporting rice, and there is no guarantee that the Japanese government can protect its domestic farmers by limiting the amount and variety of imports of agricultural products in the international market. There is another possibility that the implementation of those irrigation projects also creates a conflict between the interests of different industry groups in Japan. If technologies and machineries are promoted by one group of interests in Japan, this might go against Japanese farmers’ interests as the technologies, in theory, could help Cambodian farmers, particularly large farmers. The Country Assistance Policy for Cambodia (MOFA, Japan 2012) nevertheless explains that the improvement of irrigation systems is crucial for small-scale farmers in Cambodia from a poverty reduction perspective.

There are three possible and potentially overlapping explanations for why the Japanese government provides ODA projects for the improvement of irrigation systems in Cambodia
even though other foreign aid providers have actively and explicitly implemented aid projects for irrigation systems for economic growth and agricultural production reasons. The first reason could be that the improvement of irrigation systems would not immediately result in a situation where Cambodia is able to export the quality rice demanded by Japanese consumers in particular to Japan. Cambodia needs to improve the quality of its rice first in order to export rice in the international market. A second possible reason could be that the Japanese government can demonstrate its contribution to poverty reduction in Cambodia by increasing the amount of rice produced in the target areas of ODA projects. Due to their scale, ODA projects for irrigation systems have a greater potential to achieve more significant outcomes than projects for agricultural skill development such as APPP. A third possible reason is based on the assumption that the improvement of irrigation systems enhances the possibility that demands for Japanese agricultural machinery would increase in Cambodia if local farmers have more access to agricultural water and can engage in more large-scale and productive farming practices.

The increased number of irrigation systems may ultimately improve the production of Cambodian rice for export through official channels. Those irrigation systems are improved by traditional ODA providers, emerging foreign aid providers, as well as private investors. This is an example of what the Cambodian government describes as effective development in which all resources from different stakeholders contributes to the country’s economic development. Nevertheless, one outstanding question relates to how Japan’s ODA for Cambodia’s agricultural sector can actually contribute to the improvement of small-scale farmers’ living conditions in particular, especially given that it is considered to be a goal for this ODA provision. The primary research undertaken also revealed important insights pertinent to this question and will be explored through the rest of this chapter.

8.4 Differences and similarities between Japan’s ODA and other foreign aid providers

The different types of disconnect in aid relations between Japan and Cambodia were discussed above. As part of further discussion on these disconnects, it is also useful to compare Japan’s ODA policy and practice with other aid providers in Cambodia’s agricultural sector. The primary and secondary research collected in this study shows that
Cambodia’s agricultural development policy is similar to the model of agricultural development suggested by the World Bank (2008), which puts an emphasis on the potential of large-scale agriculture for both economic growth and poverty reduction through the embracing of a market economy. On the other hand, Japan’s ODA approach to Cambodia’s agricultural sector at the field-level does not focus on large-scale agriculture and commoditisation of agriculture linked to the international market. It concentrates on productivity enhancement and diversification of food while leaving the question of what to do with any surpluses generated open. As mentioned before, JICA has expressed its own critique of the aid approaches employed by major Western foreign aid agencies to the agricultural sector (JICA 2005). This critique is based on a viewpoint similar to post-modern perspective. In the practice of Japan’s TC for Cambodia’s agricultural sector, Japanese agents and Cambodian counterparts have clear ideas about how Japan’s aid approach is different from the approaches of other foreign aid agencies. The differences in aid approach to the agricultural sector between Japan and other major foreign aid providers at the theoretical and practice levels in Cambodia are described in the tables below.

Table 8.1 Differences in the aid approach between JICA and other foreign aid agencies

<table>
<thead>
<tr>
<th>JICA</th>
<th>Other foreign aid agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of the self-support of main crops in agriculture-based economies</td>
<td>Promotion of commercialisation of agriculture in agriculture-based economies linked to demands in the international market (WB, IMF, and major Western aid donors)</td>
</tr>
<tr>
<td>Provision of a minimum amount of agricultural inputs and materials to local farmers (in the case of APPP)</td>
<td>Provision of a surplus amount of agricultural inputs and materials to local farmers (USAID)</td>
</tr>
<tr>
<td>Cambodian counterparts of aid projects advise Japanese experts in agriculture as necessary (in the case of FAIEX).</td>
<td>Cambodian counterparts of aid projects basically listen to what foreign experts in agriculture tell them (USAID, EU).</td>
</tr>
<tr>
<td>At least one year is spent for the preliminary study of a construction in aid projects (in the case of the improvement of irrigation systems).</td>
<td>The term spent for the preliminary study of constructions for irrigation systems is short (China).</td>
</tr>
<tr>
<td>Focus is put on productivity enhancement (in the case of all ODA projects in the agricultural sector).</td>
<td>Focus is put on marketing (WB, ADB, USAID, France, and Korea).</td>
</tr>
</tbody>
</table>

Source: Interviews conducted by author and JICA Topical and Sectoral Studies: Agriculture and Rural Development (2005)

While there are distinctive differences in the understandings and practices of foreign aid for the agricultural sector between Japan and other foreign aid providers, they have some similarities in their understandings of agricultural development in Cambodia. Those
similarities can be seen, for example, in the fact that all of them work in alignment with the objectives of the Rice Policy. Those aid providers seem to expect that the Rice Policy should align with their aid projects dedicated to poverty reduction. The primary and secondary information suggests one idea underpinning this expectation – that small-scale farmers will enjoy economic returns from the export of Cambodian rice through official channels. In the case of Japan’s ODA however, there is a broad-level contradiction in that the MAFF of Japan does not support the Rice Policy and the export of Cambodian rice. On the contrary, the Japanese Embassy in Cambodia demonstrates that the Japanese government provides its ODA for Cambodia’s agricultural sector along the lines of the Rice Policy. Agents and counterparts of APPP also use specific varieties of rice selected for the Rice Policy in their aid activities. As described in Chapter Three, this type of agricultural development policy linked to commercialisation of agriculture and the international market is theoretically more applicable to transforming economies. This difference in approach to the Rice Policy between MAFF of Japan and the Japanese Embassy in Cambodia shows that Japan is not particularly supportive of the Rice Policy at the policy-making level when it applies its agricultural protectionist policy to ODA. On the other hand, the Japanese government and JICA support the Rice Policy when it applies a market-driven ODA approach through which Japanese private investors can expand their businesses in Cambodia’s rice sector. These different types of aid approaches suggest that Japan’s ODA projects in the sector are not always unified as an aid for an agriculture-based or transforming country.

Aid for transforming economy in Cambodia

In the literature of agricultural development or rural development, the availability of non-farm jobs in rural areas is considered important when an economy is moving towards industrialisation. It is considered that the creation of non-farm jobs is related to the opportunity for people in rural areas to increase their income. One of the arguments made by Myint (1973) and Radhakrishna (2002) is that those non-farm jobs need to be labour-intensive when a country shifts from an agriculture-based to an industrial economy. In addition, Atchoarena (2003: 243) mentions that non-farm jobs in sub-Saharan Africa and South Asia are closely linked to the agricultural sector rather than the urban economy. From this point of view, Cambodia’s export-led economic growth could contribute to the improvement of small-scale farmers’ living conditions through the increase of their income if
the economy promotes labour-intensive industry linked to the agricultural sector. While this idea makes sense, the primary research notes several issues which represent a gap between the model of agricultural development discussed in the literature and the actual situation of the agricultural sector in Cambodia. Those issues are that:

- Agricultural technology exists in Cambodia, but it is not provided to local farmers due to a lack of follow up public support such as agricultural extension services
- Local government employees attend training courses for agricultural extension service and obtain many certificates, but those employees cannot actually provide services to farmers due to a lack of financial supports for transportation and salaries from the government
- The Cambodian government requests Japan’s advanced agricultural technology while there is no existing model for agricultural extension services in the local context
- Japan’s advanced agricultural technology and methods provided to Cambodian government employees in training courses in Japan do not have an immediate use in Cambodia in many cases
- Small-scale farmers have limited incentives to produce rice in line with the Rice Policy
- Small-scale farmers have limited motivations to practice external farming methods introduced by agents of APPP

One point relating to these issues is that Cambodian agriculture is moving towards private-sector led large-scale agriculture without sufficient agricultural extension services. Cambodia has an on-going issue related to food shortage among small-scale farm households. Regardless of this situation, the government aims to increase GDP through large-scale agriculture linked to the export of rice which may exacerbate this problem even further. The Cambodian government has implemented the Rice Policy by trying to link rice production with agro-industry. Foreign aid providers, including Japan, have contributed to the implementation of this plan. However this approach will fail to address the gap between the current conditions of small-scale agriculture, focused on survival at the margins, and the implementation of large-scale agriculture for GDP growth in Cambodia’s market economy.

Major foreign aid providers link agricultural development in transforming economies with agro-industry and the commercialisation of agriculture in order to narrow the income gap between residents in urban and rural areas where urban industry is rapidly advancing. Japan
in the past is one example of a nation where the agricultural sector benefited from the application of new urban industrial technologies to agricultural cultivation. Even though Cambodia is an agriculture-based economy, the primary and secondary research suggests that Cambodia’s agricultural sector has already been moving towards private sector-led and export-led agricultural development. This type of agricultural development is understood to be suitable for transitioning economies by major foreign aid providers. Given this situation in Cambodia, it is useful to refer back to the point Hayami (1988: 12) noted regarding the reason why newly industrialised countries may sometimes need to implement an agricultural protectionist policy: “the potential cost of interindustrial adjustment to be shouldered by farm producers becomes very large” when the gap between the frontier technology in advanced industrial countries and newly industrialised countries is large.

Both the Cambodian government and aid-providing governments are looking at increasing the amount of rice exported from Cambodia in their arranging of development and aid projects. In Cambodia, however, as Thavat (2011: 260) explains, the farming methods of the majority of farmers are dominated by hand harvesting and buffalo tilling. Some informants in the present study also explained the current situation in Cambodia by reference to the increasing number of educated youth leaving rural areas and the limited literacy of elderly farmers. When advanced agricultural technologies are introduced to Cambodia with the inflow of private agro-industry and agri-business, it is uncertain if anyone would make the most of those technologies and enjoy economic return from those businesses. The contrast between this type of agricultural aid provided by aid agencies, usually only suitable for transforming countries, and the traditional farming methods being used by the majority of farmers in Cambodia, implies that the roles that agricultural development will play within an economy imagined by major aid providers do not always cohere with the type of aid projects they actually implement.
8.5 Conclusions

The discussion section explored the underpinning ideas of development effectiveness and aid effectiveness as understood and practiced by the Cambodian and Japanese governments in Cambodia’s agricultural sector. By extending the arguments addressed earlier in this chapter to the broader framework of Japan’s aid approach to the Cambodian economy, this conclusion section will respond to the main research question of this study: how do the concepts of development effectiveness and aid effectiveness together include or exclude small-scale farmers in Cambodia from the benefit-sharing in a market economy? This reconsider of the arguments illuminates contrasts in Japan’s ODA policy in Cambodia.

JICA has established aid approaches to agriculture in aid-receiving countries based on the characteristics of development which those countries face, as can be seen in the JICA Topical and Sectoral Study on Agricultural and Rural Development (2005). JICA emphasises the importance of self-sufficiency in food in low-income countries, and applies this understanding of the role of agricultural aid to the Cambodian case. However, the impact of Japan’s ODA activities on small-scale farmers in Cambodia is not clear unless those activities are looked in the broader framework of Japan’s ODA approach to the Cambodian economy as a whole. The Japanese government focuses on poverty reduction in Cambodia’s agricultural sector while it employs a growth-led poverty reduction approach to Cambodia’s economy as a whole.

As described in Chapter Two and Three, this growth-led inclusive agricultural development approach can be seen in the way in which the Japanese government uses ODA to establish soft and hard infrastructure to develop the export industry in Cambodia. This type of development aid may contribute to the export of Cambodian agricultural products and economic returns to producers of those products. However, the hierarchy among stakeholders in Cambodia’s market economy leaves the idea of inclusive development unrealistic at the moment. The primary data shows that farmers in Cambodia are directly exposed to international food demand without socio-economic support from the central government. It needs to be considered that, while Japan promotes a specific model of agricultural development in Cambodia, there are some significant differences between Japan’s own experience of agricultural adjustment through concurrent industrialisation, and the role of the agricultural sector will play in Cambodia’s national development policy as expected by the
Cambodian central government. By extending the theoretical framework, described in Chapter Five, this section will further discuss how the difference in political economies between agriculture in Japan and Cambodia may contribute to the mismatch between Japan’s ODA programme objectives and the actual needs of the Cambodian government as well as small-scale farmers.

During post war industrialisation in Japan, the concurrent growth of industry and agriculture was realised largely due to the increasing number of off-farm jobs available for the members of farm households accompanied by the agricultural protectionist policy. In terms of the Cambodian context, the aid approach of major traditional aid providers to Cambodia has shifted from the promotion of top-down developmental state policy to private sector-led market-oriented development policy. Therefore, there is only a limited expectation held by major aid-providing governments that the Cambodian government will provide subsidies to farmers and control domestic prices of food in order to support small-scale households. This is a fundamental factor which explains the difference between the type of agricultural development in Japan and Cambodia. In Japan, small-scale farmers were supported by the agricultural protectionist policy in both domestic and international market places during the country’s post war industrialisation. In Cambodia, aid providers, including Japan, promote private sector-led market-oriented development policy and condemn the intervension by the government into market. The private sector-led agricultural development policy in Cambodia may benefit some small-scale farm households when, for example, members of those households have job opportunities in Chinese funded agri-businesses in the rice sector. However, it is uncertain at the moment how much additional income small-scale farm households gain from non-farm jobs to mitigate economic shock from crop failures and illnesses given there is little socio-economic support from the government.

In Japan, agricultural technologies and the formation of agricultural co-operatives gradually developed in a specific political economy setting accompanied by an agricultural protectionist policy. There was a specific political economic environment in which farmers could make use of agricultural technologies and support organisations. In Japan, economic services, including agricultural extension services, were provided to small-scale farmers by the government not merely because the government was concerned about socio-economic

well-being of those farmers, but also there was a need to do it for politicians to win votes from farmers and to justify bureaucratic intervention into agricultural market. In contrast, the relationship between small-scale farmers and the state/CPP in Cambodia is based on party financing in mass patronage networks. In this situation, it is likely that the CPP decides how much economic support it provides to individual districts and communes based on the potential number of rural votes it can receive from them. This party financing is more effective and less costly for the CPP to win rural votes than providing everyday socio-economic support to the rural population, mostly small-scale farmers, such as agricultural extension services and health care systems. This contrast between Japanese and Cambodian agricultural political economic contexts seems to affect how Japan’s ODA in agriculture actually functions in Cambodia’s market economy.

The expected roles of agricultural co-operatives and agricultural productivity enhancement in Japan’s ODA sometimes differs from those understood by major Western aid providing-governments, specifically the United States, depending on what kinds of food production they assist in and in what country aid is provided to. The Cambodian government’s development policy in the rice sector is based on the World Bank’s private sector-led agricultural development approach linked to the global market. This would be part of the reason why Japan’s ODA in Cambodia’s rice sector has faced difficulties in assisting productivity enhancement focusing on small-scale farming.

Japan’s ODA for self-sufficiency in food may contribute to the economic well-being of small-scale farm households in Cambodia to some extent. However, a continuation of a disconnection between its aid approach and Cambodia’s agricultural development policy is likely, in which small-scale farmers are expected to compete and participate in the global market without socio-economic support from the central government. This is likely given the fact that aid providers, including Japan, have promoted a type of national development strategy in Cambodia that favors sensitivity to the demands of the global market. At the moment, small-scale farmers’ economic return from selling rice is limited by the hierarchy and power relations in existing rice markets. While the Cambodian central government and foreign aid providers and private investors are moving towards the same direction in generating economic benefits from exporting more Cambodian rice, in reality, farming is currently mainly about survival and food security at the households level for many small-scale farm households in Cambodia. What the primary and secondary information suggests is that small-scale farmers’ expectations of improvement in their economic conditions are more
related to non-farm job opportunities from which they or their children can earn additional income to prepare for unexpected shocks from, for example, crop failure and illness.

As can be seen in the example of FAIEX, farmers’ uptake of newly introduced agricultural methods is relatively high if those methods immediately contribute to the improvement of their food security as well as additional income from non-rice farming jobs. Farmers’ motivation to adapt external agricultural methods is higher if the outcome of their increased productivity is not affected by the hierarchy of power relations that characterises existing domestic and international markets. Unlike large-scale farmers, small-scale farmers do not have enough assets and negotiation power in markets to make the most of the current market conditions in Cambodia’s political economic context, even if irrigation systems are improved and they adapt different types of farming methods. The option for gaining more negotiation power and economic returns through agricultural co-operatives is also limited for them since educated youth tend to leave farming in Cambodia. Therefore, Japan’s ODA programme objective of improving small-scale farmers’ productivity would not necessarily align with farmers’ expectations, if the expected outcome of those ODA programmes is to increase farmers’ income from selling more rice. Japan’s ODA in Cambodia’s agricultural sector puts priority on the improvement of small-scale farm households’ economic conditions through productivity enhancement. Its contribution to meeting farmers’ expectations would be larger if ODA was it focused on ensuring food security and food diversification at the household level, and was more sensitive to the current context of local political and socio-economic limitations in Cambodia.

**Internal disconnects within Japan’s ODA in Cambodia**

Arguments in the research literature and derived from the insights of the primary research of this study suggest that there are three possible factors which explain why the contribution of Japan’s ODA to improve living conditions of small-scale farmers in Cambodia may be limited. The first factor is that Japan’s growth-led poverty reduction aid approach to the Cambodian economy is based on the idea that the Cambodian economy is an important market for the Japanese economy. The second factor is that this growth-led poverty reduction approach has helped Cambodia open its economy to the international market. In this condition, the Cambodian government also opened its agricultural sector to the international market. The Rice Policy is an example of such a development policy. The third factor is that
the export of Cambodian rice in the international market through official channels has not brought enough benefit to small-scale farmers commensurate with their efforts. This situation has been reflected by small-scale farmers’ lack of motivation to increase their income or reduce their debts by producing and selling more rice in the existing official rice markets.

Some interview participants mentioned political issues relating to Japan’s ODA policy and implementation of ODA projects even though those issues were not directly asked. It can be assumed that they mentioned those sensitive issues because they felt those issues were crucial and needed to be raised in the discussion of Japan’s ODA policy. Agents of Japan’s TC in the field have their own ideas of how TC should contribute to the improvement of small-scale farmers’ living conditions. Those agents struggled in the face of contradictions between the effectiveness of TC understood at the conceptual level and the effectiveness of TC in practice. Questions around aid effectiveness in the agricultural sector need to be addressed not only in relation to the economic conditions of individuals in Cambodia but also in relation to Japan’s domestic political economy situation. The accountability of Japan’s ODA specifically relating to tied aid was repeatedly questioned in the 1970s and 1980s. Given those criticisms from academics as well as non-academics, the amount of Japan’s tied aid has dramatically decreased. While Japan’s might not officially be tied, some of the same dynamics in terms of Japan’s ODA projects serving as conduits for the expansion of Japanese companies countries.

This type of economic arrangement requires individuals in aid-receiving countries to undergo ideological changes specifically linked to understandings around how market economies work. This ideological change tends to be promoted through soft infrastructure capacity development such as establishment of legal systems as mentioned in Chapter Two.

**Japan as a hybrid ODA provider**

While the Japanese government notes its own economic interests in the provision of ODA, it also argues that Japan’s ODA eventually contributes to socio-economic well-being of people in aid-receiving countries. A useful way to examine the credibility of this justification would be to look at how Japan has utilised aid ideologies shared by the major foreign aid providers in its ODA policy. By employing the neoliberal ideology in its ODA policy, Japan has used the logic that aid-receiving countries including people in absolute poverty can enjoy economic benefits by joining the international market economy. As mentioned in Chapter
Two, this type of logic has been reflected by the contents of Japan’s ODA projects for human resource development, which targets government employees in aid-receiving countries. The government has also adopted the post-modern perspective in the way in which it criticises the aid approach of major Western aid providers to agriculture-based economies using their hegemonic power in the global market. Even though proponents of post-modernism do not agree with the idea of the integration of different economies into one international market, Japan promotes both the neoliberal and post-modern concepts in its ODA policy. Furthermore, what makes Japan as a unique ODA provider is the fact that the political economy system in Japan has remained something similar to developmental state while it has employed foreign aid policies based on neoliberal and post-modern ideologies.

The three ideologies, developmentalism, neoliberalism, and post-modernism, are different from each other in terms of how the roles of government and market are defined. The research literature suggests that different governments in aid-providing and -receiving countries adopt a specific ideology or mix some of those ideologies in their domestic policies and external relations. One common thing among those ideologies could be that specific groups of people always enjoy more economic benefits than others whichever ideology a country adopts. This might be one of the reasons why development policies based on economic assumption in a market economy keep contributing to the growing economic disparities between individuals in aid-receiving countries. It might be the case that those who live in constrained circumstances remain in similar economic condition irrespective of the ideology promulgated. This may be why it is important to explore the concept of development beyond the homogenising frame of market-driven development and to take account of the more specific and unique aspects of a nation’s socio-economic terrain.

The concept of development effectiveness has been recently promoted in the international discussion on foreign aid in addition to the concept of aid effectiveness. Compared with aid effectiveness, development effectiveness puts more emphasis on how to derive results from aid inputs from the aid recipients’ perspective. This interaction between the two concepts shows that more attention has been paid to what aid recipient countries want as a result of aid inputs in terms of the measurement of the effectiveness of aid and development. However, as the example of the Cambodian government shows, the understanding of development effectiveness could be based on what major aid providers define as development relating to neoliberal policy and the international market.
As some interview participants mentioned, many small-scale farm households sell out their lands to others in order to gain some cash when their family members have health problems and need medical services. This situation shows that small-scale farm households do need income to secure their survival. The point is not only how aid providers link farmers and markets but also how they influence market conditions in the context of Cambodian political economy. This point is also related to the unwillingness of the central government provide socio-economic support to the population. What types of development activities aid providers support and how they support those activities in an aid-receiving country matters for the country’s socio-economic development. From this perspective, how aid providers, including Japan, approach Cambodia’s market economy needs to be reconsidered.

**Practical contribution of the study**

The theoretical framework of this study highlights that Japan’s market-oriented aid approach to the Cambodian economy aligns with the market-oriented agricultural development policy employed by the Cambodian government. It also highlights that these market-oriented aid and development approaches are in contrast with Japan’s ODA approach to Cambodia’s agricultural sector for improving the living conditions of small-scale farmers. Without empirical data, it was difficult to examine how this unspoken contrast at the policy making level affected the implementation and actual function of Japan’s ODA projects in Cambodia’s agricultural sector in the local context.

Three practical contribution components arise from the findings of this study. First, the study presents concrete examples of difficulties faced by those who implement Japan’s aid projects in Cambodia’s agricultural sector. This information is important given the fact that those difficulties are not talked about in the official evaluation reports of Japan’s ODA in Cambodia. Second, throughout the analysis of the primary data, the study highlighted possible explanations for those difficulties. This analysis led to the clarification of the first disconnect in the theoretical framework between Cambodia’s private sector-led agricultural development policy and Japan’s ODA approach to small-scale farmers (see Figure 5.2). Third, the study clarifies the second disconnect, which exists within Japan’s ODA policy: disconnect between Japan’s market-oriented ODA approach to the Cambodian economy *as a whole*, and its ODA approach to Cambodian agriculture in particular, focusing on assisting small-scale farmers (see Figure 5.2). The primary information highlights that the commitment
of the Cambodian government to the market-oriented development policy outweighs the government’s socio-economic support to small scale farmers and the impact of Japan’s agricultural aid for those farmers in the country. This second disconnect highlights the point that difficulties in aid implementation in agriculture need to be examined in the bigger picture of aid policy outside agriculture. All together, the findings of this study suggest that the disconnect between Cambodia’s agricultural development policy and Japan’s agricultural aid approach is a reflection of the internal contradiction within Japan’s ODA, which derives from a disconnect between Japan’s ODA approach to supporting the Cambodian transition to a market economy, and its approach to Cambodian agriculture in particular. The practical contribution of this study adds a new perspective that needs to be kept in mind when examine Japanese understandings of aid effectiveness.

**Theoretical contribution of the study**

In the literature of Japan’s ODA, the relationship between ODA and domestic issues regarding agriculture has not been explored in detail. In the theoretical framework of this study, the two sets of theoretical propositions from different types of literature are linked to each other and provides this study an analytical base to observe how the political economic context of Japanese agriculture is different from the one in Cambodian agriculture and how this difference matters to the actual practicability of components of Japan’s ODA which is supposed to meet small-scale farmers’ expectations.

The criteria of good governance underpinned by neoliberal policy and the type of development path which Japanese agriculture has gone through are essentially different from each other. This difference can be seen, as described throughout this study, in how JICA criticises the excessive use of economic power by Western major aid-providing countries in the international market place, and how the World Bank or the United States expresses their objections against agricultural protectionist policy employed by Japan in agricultural trade in general as well as in its ODA policy. During Japanese post war industrialisation, agricultural protectionist policy was implemented by the government in order to realise the concurrent growth of agriculture and industry in a specific domestic political economy setting. In this specific historical context, agricultural co-operatives in Japan also had a specific role to play as political tools of the government not only to support farmers but also to allow the
intervention into agricultural markets. Based on the idea of good governance, however, a government is expected not to distort competition between economic agents in a market the mechanism.

The research literature shows the historical contexts behind the contrast between Japan’s and Western advanced capitalist countries’ aid approaches to agriculture. Given these historical aspects, the theoretical contribution of this study is that it connected theoretical propositions in the literature of Japan’s ODA to insights in the literature on Japanese agriculture and history in order to provide a theoretical explanation the following: how Japan’s agricultural aid programmes objectives, underpinned by an agricultural protectionist policy, differs from the actual expectations of farmers in countries where political economic agricultural sector contexts are crucially different from the contexts in Japan. Even though Japan’s ODA for agricultural productivity enhancement has the potential to contribute to the improved living conditions of small-scale farm households in Cambodia, it is crucial to note that there are a local political, social, and economic limitations which affect the extent small-scale farmers may make use of external agricultural technology and methods to improve their living conditions. This study also emphasises that Japan’s ODA approach to the Cambodian economy as a whole cannot be divorced from the specific political economy landscape in Cambodia by simply prompting private sector-led development policy linked to the global market.

The Busan Fourth High Level Forum on Aid Effectiveness in 2011 highlighted the shift from the symbolically unequal relationship of foreign aid providers and recipients, to more equal identities between them as development partners. Cambodia is not an exception of such an international trend. In this situation, one of the country’s traditional ‘development partners’, Japan, also emphasises its contribution to Cambodia’s socio-economic development while making it clear that it hopes Japanese private sector will also enjoy economic returns from such a partnership. However, this shift in identity does not guarantee that Cambodia will enjoy both economic growth and its wider population, socio-economic well-being.

The theoretical contribution of this study highlights the potential mismatch between Japan’s ODA programme objectives and small-scale farmers’ expectations in Cambodia. As explained before, the practical contribution of this study clarifies the different types of disconnect in aid relations between Japan and Cambodia. These mismatches and disconnects
are not seen as contributing factors to the difficulties in the implementation of Japan’s ODA in Cambodia’s agricultural sector. At the policy-making level, different aid and development approaches are presented as things which complement each other in the realisation of inclusive development in Cambodia. This point is directly linked to the main research question of this study: how do the concepts of development effectiveness and aid effectiveness together include or exclude small-scale farmers in Cambodia from benefit sharing in a market economy? The response to this question cannot be illustrated only by looking at whether Cambodia’s development policy is inclusive or exclusive. It also needs to look at how the political and economic priority issues in Japan are reflected in its ODA policy making and actual implementation in Cambodia’s market economy. Therefore, the theoretical framework of this study is centred around the point regarding how political economic contexts in Japan and Cambodia are respectively reflected in Japanese understanding of aid effectiveness and Cambodian understanding of development effectiveness. Also important is how political economic priorities of Japan and Cambodia are incorporated into their standard understandings of aid effectiveness and development effectiveness, and how this type of aid relationship contributes to inclusive or exclusive development in Cambodia. Therefore, this study is about the intersection of Cambodian political economy and Japanese political economy, and how different dynamics are reflected in the disconnects and mismatches described throughout the study.

**Implication**

In relation to the discussion and conclusion above, this study has two implications in the context of foreign aid in Cambodia’s agricultural sector. One is related to the geographical distribution of aid projects for rice production. The other is related to the implementation of aid projects for irrigation systems in Cambodia. Foreign aid projects for rice production have concentrated on the central area of rice production along the Tonle Sap Lake in Cambodia even though there are small-scale farmers outside this area. This central area of rice production is strongly linked to export of rice. A number of foreign aid projects including ones from Japan have been implemented in this area to improve irrigation systems. In terms of rice production for self-sufficiency in food, there are other provinces in which farmers have less access to irrigation systems than farmers in provinces around the Tonle Sap Lake. While there is a geographical imbalance of aid projects for rice production, it is likely that those projects, specifically ones for the improvement of irrigation systems, contribute to an
increased amount of rice for export, which suggests significant results deriving from foreign aid have been achieved. The primary data shows that it is common for small-scale farmers in the target area of APPP to be in debt because they obtain necessary inputs for rice cropping by loan to meet their yearly contracts of rice production. The primary data also suggests that their natural and political economy environment decreases their motivation to produce and sell more rice to acquire enough money so that they do not need to be in debt. As mentioned before, this lack of motivation could be attributable to the limited opportunities for those farmers to increase their income by selling rice in the existing regional and domestic rice markets. The example of FAIEX shows that small-scale farmers tend to actively participate in TC activities for agricultural productivity enhancement for family consumption, which is separated from competitions in the inequitable existing markets. Given this example, it is worth considering that foreign aid projects for rice production would be more helpful for small-scale farmers outside the central area of rice production in Cambodia, where farmers need to produce more rice for family consumption. Aid projects in Cambodia may have the potential to achieve more significant outcomes in terms of the amount of rice produced by farmers if they are implemented in the central area of rice production. In terms of the actual impact on the improvement of small-scale farmers’ living conditions, however, those projects may make a greater contribution through the increase of rice production for family consumption. Therefore, it would be worth considering the implementation of those projects outside the central area of rice production.

In relation to the latter implication, it is likely that large-scale farmers who already have agricultural machinery enjoy greater benefits from foreign aid projects for the improvement of irrigation systems than small-scale farmers. As one informant mentioned, small-scale farmers need pumps with an engine to bring water from canals to their paddies even if the access to irrigation systems improves. One agent of APPP also mentioned that there is a lack of original sources of water in Cambodia. Due to this problem, it tends to be that many farmers still do not have enough water for farming even after the irrigation system is improved. These issues imply that foreign aid for irrigation systems face limitations in helping small-scale farmers in Cambodia even though a large amount of aid resources including ones from Japan have been dedicated it over more than last ten years. Given the primary information and the findings in the research literature, foreign aid including Japan’s ODA could be helpful for small-scale farmers if it shifts some weight from rice production to other activities such as diversification of food.
Scope of suggestion for future study

The primary data of this study suggested that the remaining elements of developmental state apparatus in Japanese agriculture influence the policy making of Japan’s ODA in agriculture to some extent. It needs to be acknowledged that Japan’s ODA policies in agriculture are diverse according to what kinds of food production it assists in different countries. As an example of Japan’s ODA for large-scale production of soy beans in Mozambique, which targets 14 million hectares of fertile agricultural land, Japan’s ODA policy is based on a market-oriented development approach. In this specific case, Japanese agri-business companies are expected to process and export soy beans to Japan where more than 90 percent of the consumed soy beans are imported, largely from the United States. The Japanese government explains the importance of this ODA project by noting that large-scale production and export of soy beans from Mozambique to Japan will contribute to Mozambique’s economic growth and secure Japan’s own food supply.

In the case of Cambodia, large parts of Japan’s agricultural aid is allocated to projects relating to the production of rice. It is argued that these projects are designed to assist small-scale farmers. Unlike soy beans, rice has been domestically produced in Japan. There are still farmers producing rice even though most of them are part-time farmers and in their 60s and 70s. In addition, there are still political and economic bonds between many farmers and the leading political party. Therefore, assisting rice production in other countries can be a sensitive issue in Japanese ODA policy making. The type of Japan’s ODA approach to agriculture differs: one approach can be explained in relation to Japan’s agricultural protectionist policy, specifically rice, and one approach, like the case of Mozambique, can be explained better in relation to neoliberal policy, which the Japanese government utilises to involve the markets of aid-receiving countries in meeting Japan’s own domestic food demand. This study examined the case of Japan’s ODA in Cambodia’s agricultural sector in particular, but comparative studies of Japan’s ODA in agriculture in different countries and for different types of food production would contribute to a deeper understanding of dynamics and contradictions in Japanese concepts of the value of the market economy in supporting agricultural development as reflected in Japan’s ODA policy and implementation.

The issues related to how the effectiveness of foreign aid is understood cannot be fully addressed without referring to the political propositions underpinning the policy and implementation of aid projects. This examination includes not only political ideologies promoted in aid-receiving countries by aid providers but also political perspectives dominant in the domestic policies in aid-providing countries. The effectiveness of foreign aid cannot be fully considered only by referring to what aid recipient countries experience in the provision of aid. The recent promotion of the concept of development effectiveness in the discourse of aid effectiveness may accelerate a tendency towards evaluating the effectiveness of aid by emphasising the importance of what aid recipient countries can actually achieve as a result of aid inputs. What this study stresses is that aid recipient governments may also contextualise what their country wants to or needs to achieve within the context of the political perspectives promoted by aid-providing countries. This type of development policy may not always be reliable guardians for those who suffer under the burden of existing political economy in aid-receiving countries. In the case of Cambodia, its development plans such as the Rectangular Strategy and the National Strategic Development Plan show the governments’ intention to realise growth-led poverty reduction. It was argued in this study that foreign aid providers have accelerated this type of development by promoting neoliberal policy in the country. It was also described that this type of development has not been helpful for small-scale farmers who suffer from unequal power relations in Cambodia’s market economy.

The promotion of the concept of development effectiveness may increase the ownership taken by aid-recipient governments or strengthen the partnership between aid-providing and receiving countries. However, constant examination of how the effectiveness of development and aid is understood with what political ideologies will be important if aid is also meant to be supportive to those who suffer in the existing political economy in a society or country. From this perspective, this study explored how the concepts of development effectiveness understood by the Cambodian government and aid effectiveness understood by the Japanese government include or exclude small-scale farmers from the benefit-sharing in a market economy.

The interview information from different types of participants explained and complemented each other in many cases. For example, one Japanese agent of APPP mentioned some difficulties in his TC project in relation to the reactions of small-scale farmers to the activities of the project. The information from different types of Cambodian interview participants, such as employees of MAFF, PDA, and ex-participants of Japan’s
trainee-hosting programmes, provided possible reasons why the agent of APPP had been facing specific difficulties in the field. Those difficulties needed to be considered beyond the assumptions of Japan’s poverty reduction approach through agricultural productivity enhancement. There were also some contrasts between the information from different types of participants. Those contrasts were located in the unit of the information from all participants, and some possible explanations of those contrasts were identified. Correlations and associations between the information from different participants played important roles in this study in order to complement the limited number of the target participants.

In terms of the information about small-scale farmers in the target areas of Japan’s TC projects in Cambodia, interview participants described the reactions shown by those farmers to the activities of Japan’s TC projects and the economic environments surrounding them. The secondary and primary data shows that sufficient quantitative and qualitative information relating to the market environment and socio-economic conditions of small-scale farmers are not available in the literature of contemporary Cambodia. This aspect is worth being investigated further given the complexity of the political economy in Cambodia’s agriculture, and market economy and vested interests involved in Cambodia’s rice sector, including private investors, high level officials, and foreign aid providers. This type of wider research would provide insights into and a better understanding of what actually matter to the living conditions of small-scale farmers in relation to the broader socio-economic factors in contemporary Cambodia. This study aimed to explore the conceptual frameworks of development effectiveness and aid effectiveness through viewpoints of those who were involved in the implementation of Japan’s ODA projects in Cambodia’s agricultural sector. Therefore, the information about small-scale farmers is not based on those farmers’ own opinions and perceptions. However, the information provided by interview participants showed a linkage with some of the arguments in the research literature.

The research literature and primary and secondary research of this study shows that Japan has a unique agricultural policy which seems to be strongly linked to political economy within Japan as well as competition in the international market of agricultural products. In the case of Japan’s ODA for Cambodia’s agricultural sector, this agricultural policy has been reflected by how ODA projects are implemented. This finding may not be generalised to the case of aid projects in the agricultural sector by other foreign aid agencies which would have different underpinning motivations and concepts regarding the provision of aid to Cambodia.
in contrast with the Japanese government. At best, the analytical approach could be extended to studies on foreign aid projects in general for agricultural development.
Appendices

Appendix 1: Detail of a transation of rice mills along National Route 5 and in rural areas, Battambang province (average in 2009)

<table>
<thead>
<tr>
<th></th>
<th>Rice mills along National Route 5 n=36</th>
<th>Rice mills in rural areas n=24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual transaction volume of</td>
<td>3379</td>
<td>2236</td>
</tr>
<tr>
<td>unprocessed rice (ton)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of years since establishment</td>
<td>12.3</td>
<td>14.1</td>
</tr>
<tr>
<td>Transaction of unprocessed rice</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Lending to farmers (free of interest)</td>
<td>29.4%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Lending to middlepersons</td>
<td>23.5%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Provision of rice seed</td>
<td>58.8%</td>
<td>11.5%</td>
</tr>
<tr>
<td>Sales of fertilisers</td>
<td>52.9%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Distribution of market information</td>
<td>88.2%</td>
<td>53.8%</td>
</tr>
<tr>
<td>Total purchase volume of</td>
<td>64.0%</td>
<td>11.5%</td>
</tr>
<tr>
<td>unprocessed rice from contract farms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and middlepersons</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ishikawa (2010: 111)
Appendix 2: Purchase price of unprocessed rice for different varieties of rice at rice mills along National Route 5 and in rural areas, Battambang province (average in 2009)

<table>
<thead>
<tr>
<th></th>
<th>Rice mills along National Route 5 n=36</th>
<th>Rice mills in rural areas n=24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phker Mali (Riel / kg)</td>
<td>878.1</td>
<td>865.3</td>
</tr>
<tr>
<td>Phker Khney</td>
<td>819.7</td>
<td>798.1</td>
</tr>
<tr>
<td>Neang Minh</td>
<td>754.7</td>
<td>735</td>
</tr>
<tr>
<td>Neang Konh</td>
<td>808.5</td>
<td>788.2</td>
</tr>
</tbody>
</table>

Source: Ishikawa (2010: 112)
Appendix 3: Interview participants in the first data collection phase

<table>
<thead>
<tr>
<th>Participant</th>
<th>Date of the interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodian staff member of the local office of JICA in Cambodia, in charge of Japan’s ODA projects in the agricultural sector</td>
<td>20/10/2011</td>
</tr>
<tr>
<td>An official in the Japanese embassy in Cambodia sent from the Ministry of Agriculture, Forestry and Fisheries of Japan</td>
<td>26/10/2011</td>
</tr>
<tr>
<td>An ex-participant of Japan’s external degree programme funded by the MEXT in the field of agricultural and rural development</td>
<td>01/11/2011</td>
</tr>
<tr>
<td>Cambodian staff member of the local office of JICA in Cambodia, in charge of Japan’s trainee-hosting programme in Cambodia</td>
<td>02/11/2011</td>
</tr>
<tr>
<td>Staff member of MEYS, an ex-participant of Japan’s trainee-hosting programme in the field of education (training course on industry and technology education)</td>
<td>03/11/2011</td>
</tr>
<tr>
<td>Teaching staff member of RUA (an ex-participant of Japan’s external degree programme funded by the MEXT (Ministry of Education, Culture, Sports, Science and Technology) of Japan)</td>
<td>07/11/2011</td>
</tr>
<tr>
<td>JICA expert in investment environment improvement at the Council for the Development of Cambodia (CDC)</td>
<td>14/11/2011</td>
</tr>
<tr>
<td>Staff member of the Department of Personnel and Human Resource Development, MAFF of Cambodia</td>
<td>14/11/2011</td>
</tr>
<tr>
<td>Staff member of the head office of CEDAC in Phnom Penh</td>
<td>16/11/2011</td>
</tr>
<tr>
<td>JICA expert of education at the National Institute of Education, Cambodia</td>
<td>16/11/2011</td>
</tr>
<tr>
<td>JICA project coordinator at RUA</td>
<td>17/11/2011</td>
</tr>
<tr>
<td>A policy advisor at MAFF of Cambodia, Ex-Japanese expert of agriculture of Japan’s technical cooperation projects in Cambodia</td>
<td>17/11/2011</td>
</tr>
<tr>
<td>Dean of Faculty of Agriculture and Food Processing of UBB</td>
<td>22/11/2011</td>
</tr>
<tr>
<td>JICA volunteer at the Provincial Department of Education, Youth and Sports in Battambang province</td>
<td>25/11/2011</td>
</tr>
<tr>
<td>Japanese expert of agriculture at PDA in Battambang province</td>
<td>26/11/2011</td>
</tr>
<tr>
<td>Staff member of the CEDAC office in Takeo province</td>
<td>01/12/2011</td>
</tr>
<tr>
<td>Staff member of the Department of Economic Development, the Ministry</td>
<td>05/12/2011</td>
</tr>
<tr>
<td>Staff member of the Ministry of Rural Development of Cambodia, an ex-participant of Japan’s trainee-hosting programme (the first training course on agriculture and rural development, and the second training course on the Mekong region industrial development)</td>
<td>16/12/2011</td>
</tr>
</tbody>
</table>
## Appendix 4: Interview questions

### About Cambodian small-scale farmers

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Could you let me know the percentage of small-scale farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>2</td>
<td>Could you let me know the percentage of landless farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>3</td>
<td>What do you think the main causes of absolute poverty are in farm households in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>4</td>
<td>Are there individual differences among farmers in terms of their reactions to the activities of this technical cooperation project?</td>
</tr>
<tr>
<td>5</td>
<td>Is there any safety net service from the Cambodian government provided to the farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>6</td>
<td>Could you let me know what type of cooperation from the Cambodian government you think would be most helpful to achieve the objectives of this technical cooperation project?</td>
</tr>
<tr>
<td>7</td>
<td>What is the most difficult part in transferring (utilising) Japan’s agricultural technologies and skills in Cambodia?</td>
</tr>
<tr>
<td>8</td>
<td>Could you let me know the gap in the sizes of land owned by farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>9</td>
<td>Could you let me know the gap in the amount of income earned by farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>10</td>
<td>Do small-scale farmers in the target area of this technical cooperation project have different sources of income outside agricultural activities? If so, could you give me examples?</td>
</tr>
<tr>
<td>11</td>
<td>Could you let me know what type of support you think small-scale farmers tend to prefer (accept) in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>12</td>
<td>Could you let me know how you think small-scale farmers in the target area of this technical cooperation project use their income after they increase their productivity?</td>
</tr>
<tr>
<td>13</td>
<td>What is the percentage of people who own agricultural machines in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>14</td>
<td>Are there power relations between farmers according to the sizes of their lands in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>15</td>
<td>Could you let me know how you think the farmers in the target area of this technical cooperation project use their income after they increase their productivity?</td>
</tr>
<tr>
<td>16</td>
<td>Are there educational differences among the farmers in the target area of this technical cooperation project?</td>
</tr>
<tr>
<td>17</td>
<td>Could you let me know what you think is the most important thing for Cambodia’s agricultural sector to reduce poverty in small-scale farm households?</td>
</tr>
</tbody>
</table>

**About the alignment of Japan’s ODA policy with the agricultural policy of the Cambodian government**

| 18 | The Cambodian government has emphasised that economic growth through agricultural development results in the reduction of absolute poverty in farm households in the country. From your experiences in the field, could you let me know how you think about the linkage between economic growth and poverty reduction through agricultural development in Cambodia? |
| 19 | In cooperating with the agricultural policy of the Cambodian government, how do you think Japan’s ODA can effectively contribute to the reduction of poverty in farm households in Cambodia? |
| 20 | From your experiences of aid activities in the field, what do you think the main role of Japan’s technical cooperation is in Cambodia’s agricultural sector? |
| 21 | Do you think Japan’s ODA for Cambodia’s agricultural sector can contribute to the reduction of poverty in farm households in different ways from the agricultural policy of the Cambodian government? |
| 22 | Could you let me know how you think the good governance model in Cambodia’s Rectangular Strategy influences the impact of this technical cooperation project? |
| 23 | What is the most difficult part in implementing this technical cooperation project in cooperating with the agricultural policy of the Cambodian government? |
| 24 | Could you let me know what type of education and training you think would be helpful in Japan’s external degree and trainee-hosting programmes for Cambodia’s agricultural sector? |
| 25 | Could you let me know how you think about the impact of the policy of Japan’s ODA on Cambodia’s agricultural sector? |
| 26 | Could you let me know how you think the agricultural policy of the Cambodian government fits in with the actual needs of Cambodian small-scale farmers in terms of poverty reduction? |
### About the relationship between small-scale farmers and Cambodia’s market economy

| 27 | Could you let me know how you think the export-led agricultural development policy of Cambodia influences small-scale farmers in the target area of this technical cooperation project? |
| 28 | Could you let me know how you think private investments in Cambodia’s agricultural sector influence small-scale farmers in the target area of this technical cooperation project? |
| 29 | Could you let me know how you think Cambodian small-scale farmers with limited education in the target area of this technical cooperation project can enjoy benefits from Cambodia’s market economy? |
| 30 | Could you let me know how you think the activities of this technical cooperation project have been affected by the way in which the market economy develops in Cambodia? |
| 31 | The Cambodian government has emphasised the importance of agro-industry and commercialisation of agriculture for economic growth and poverty reduction in the country. Do you think there is a possibility that Cambodian farmers in the target area of this technical cooperation project can gain benefits by participating in agro-industry? |
### Appendix 5: Types of training in Japan’s trainee-hosting programme

<table>
<thead>
<tr>
<th>Type</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Training</strong></td>
<td>This is a ready-made training course. The participants are invited from all over the world, and usually each course has 1 allotment number per 1 country.</td>
</tr>
<tr>
<td><strong>Country Focused Training</strong></td>
<td><strong>Counterpart</strong>&lt;br&gt;- Usually the project or expert’s counterpart can be participants.&lt;br&gt;- During the Request Survey, request should be submitted as the components of the TC Project.&lt;br&gt;- Content of the training is tailor-made by JICA experts with cooperation with JICA international centre.&lt;br&gt;- Sometimes this training is also included in the group training as CP Training.</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td><strong>Focused</strong>&lt;br&gt;- This type of training course is made to address problems specific to countries.&lt;br&gt;- Sometimes it has several allotment numbers per 1 country.&lt;br&gt;- Duration of the Course ranges from 1 week to several months.</td>
</tr>
<tr>
<td><strong>Grassroots Project</strong></td>
<td>- Main target of this type of training course is NGO staff. However, government officials can be accepted also.&lt;br&gt;- In Cambodia, it is difficult to send the NGO staff as participants because NGO staff cannot receive official endorsement by MOFA in Cambodia called “Note Verbal” which is required by JICA. In such a case, coordination and discussion among stakeholders are crucial.</td>
</tr>
<tr>
<td><strong>Region Focused Training</strong></td>
<td>- This type of training course is made to address problems specific to regions.&lt;br&gt;- Sometimes it has several allotment numbers per 1 country.&lt;br&gt;- Duration of the Course ranges from 1 week to several months.</td>
</tr>
<tr>
<td><strong>Long-term Training</strong></td>
<td>- This program offers master/ PhD degree.&lt;br&gt;- The required documents should be submitted not only A2A3 but also other documents required by university.</td>
</tr>
<tr>
<td><strong>Third Country Training</strong></td>
<td>- The purpose is to apply the development experience of a third country.&lt;br&gt;- The third country’s government and related organizations conduct the training with support from Japan.&lt;br&gt;- Basically our office is not in charge of this training, however, now our office is involved with the facilitation of GI procedures.&lt;br&gt;- It has 3 types of Third Country Training, JARCOM Training, Third Counter-part Training and others.</td>
</tr>
<tr>
<td><strong>Cambodia</strong></td>
<td><strong>In Country Training</strong>&lt;br&gt;- This is conducted as one of the TC project components, mainly for disseminating knowledge acquired through the TC project.</td>
</tr>
<tr>
<td>Japan</td>
<td><strong>Training Programs for Young Leaders</strong></td>
</tr>
<tr>
<td>-------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td></td>
<td>- Newly established course (formally called ‘Youth Invitation Program’). The purpose is to provide opportunities for the Cambodian young leaders to learn their specialized field in Japan.</td>
</tr>
<tr>
<td></td>
<td>- The course duration is around 18 days.</td>
</tr>
</tbody>
</table>

Source: the local office of JICA in Cambodia
### Appendix 6: Informants in Chapter Six and Seven

<table>
<thead>
<tr>
<th>Informant number</th>
<th>Informant</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Employee of the Japanese Embassy in Cambodia</td>
</tr>
<tr>
<td>2</td>
<td>Japanese agent of APPP</td>
</tr>
<tr>
<td>3</td>
<td>Japanese staff member of the local office of JICA in Cambodia</td>
</tr>
<tr>
<td>4</td>
<td>Cambodian counterpart of TSC3 (Ex-participant of Japan’s trainee-hosting programme)</td>
</tr>
<tr>
<td>5</td>
<td>Japanese agent of TSC3</td>
</tr>
<tr>
<td>6</td>
<td>Japanese agent of FAIEX2</td>
</tr>
<tr>
<td>7</td>
<td>Cambodian counterpart of APPP</td>
</tr>
<tr>
<td>8</td>
<td>Employee of the Department of Agricultural Machinery, MAFF (Ex-participant of Japan’s trainee-hosting programme)</td>
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<td>9</td>
<td>Employee of the Department of Rice Crop, MAFF, Cambodia (Ex-participant of Japan’s trainee-hosting programme)</td>
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<td>10</td>
<td>Employee of the Department of Fisheries Affairs, MAFF (Ex-participant of Japan’s trainee-hosting programme)</td>
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<td>11</td>
<td>Employee of the Department of Agro-industry, MAFF (Ex-participant of Japan’s trainee-hosting programme)</td>
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<td>12</td>
<td>Employee of the Department of Agro-industry, MAFF, Cambodia (Ex-participant of Japan’s trainee-hosting programme)</td>
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<tr>
<td>13</td>
<td>Japanese ex-agent of Japan’s TC project for rice production in Cambodia</td>
</tr>
<tr>
<td>14</td>
<td>Cambodian counterpart of FAIEX2 (Ex-participant of Japan’s external degree programme)</td>
</tr>
<tr>
<td>15</td>
<td>Cambodian person who is familiar with Japan’s TC projects in the agricultural sector</td>
</tr>
<tr>
<td>16</td>
<td>Employee of PDA, Battambang</td>
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<td>17</td>
<td>Japanese agent of Japan’s ODA projects in Cambodia</td>
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<tr>
<td>18</td>
<td>Cambodian counterpart of TSC3 (Ex-participant of Japan’s trainee-hosting programme)</td>
</tr>
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<td>19</td>
<td>Cambodian counterpart of TSC3</td>
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<td>20</td>
<td>Cambodian staff member of the local office of JICA in Cambodia</td>
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<tr>
<td>21</td>
<td>Employee of the Ministry of Women’s Affairs (Ex-participant of Japan’s external degree programme)</td>
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<td>22</td>
<td>Employee of the Department of Agricultural Extension, MAFF (Ex-participant of Japan’s external degree programme and trainee-hosting programme)</td>
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<tr>
<td>23</td>
<td>Teaching staff member of the Royal University of Agriculture (RUA) (Ex-participant of Japan’s external degree programme)</td>
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<tr>
<td>24</td>
<td>Employee of the Ministry of Rural Development (Ex-participant of Japan’s trainee-hosting programme)</td>
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<tr>
<td>25</td>
<td>Employee of the Ministry of Economy and Finance, Cambodia (Ex-participant of Japan’s external degree programme)</td>
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<tr>
<td>26</td>
<td>Japanese agent of a Japan’s TC project in education</td>
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<tr>
<td>27</td>
<td>Ex-staff member of the Japanese Embassy in Cambodia</td>
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<td>28</td>
<td>Employee of the Japanese Embassy in Cambodia</td>
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<tr>
<td>29</td>
<td>Employee of the Department of Personnel and Human Resource Development,</td>
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<tr>
<td>MAFF</td>
<td>Employee of the General Directorate of Rubber, MAFF (Ex-participant of Japan’s external degree programme)</td>
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<tr>
<td>30</td>
<td>Cambodia staff member of an international NGO CEDAC (the Cambodian Centre for Study and Development in Agriculture)</td>
</tr>
<tr>
<td>31</td>
<td>Teaching staff member of the Faculty of Agriculture and Food Processing, the University of Battambang</td>
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</tbody>
</table>
Appendix 7: Marketing channels of unpolished and polished Cambodian rice

Consumers in urban areas and other provinces

(Rice producing provinces)

- Farmers
  - Local middlemen
  - Rice millers
    - Retail sellers of polished rice (rice producing provinces)
      - Local consumers (rice producing provinces)
      - Cities and consumers (urban areas/ other provinces)
    - Wholesale dealers of polished rice
      - Retail sellers of polished rice (capital city/ other provinces)
        - Thai and Vietnamese traders
          - Secondary middlemen
            - (Abroad)
              - Thailand
              - Vietnam

Flow of unpolished rice

Flow of polished rice

Source: Ishikawa (2010: 104)
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