The 9th Policy Dialogue Meeting
On Japan's Official Development Assistance (ODA)

RGC's View on Japan's ODA
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- H.E. Katsuhiro SHINOHARA, Ambassador of Japan
- H.E. Kazuhiro YONEDA, Chief Representative, JICA Cambodia Office
- Excellencies and colleagues from Royal Government ministries/agencies
- Excellencies, Ladies and Gentlemen,

It is my pleasure to share with you, Excellencies, ladies and gentlemen, the Royal Government's perspectives on Japan's ODA at this Policy Dialogue Meeting.

There are five main areas in which I wish to focus my remarks:

My first remark is that Japan's ODA is a critical input to national development

Over the last 15 years 1992-2007 Japan has been the largest development partner in Cambodia. Especially between 2005-2008, disbursement has increased from US 100 million in 2005 to US 145 million in 2008. So, it is clear that Japan's assistance has been vital to Cambodia as peace and stability have been restored, the economy has prospered, and the people of Cambodia have recovered their livelihoods.

[Chart One]

Chart One shows that support – mainly in the form of grants – has been used to support priority activities and, since the establishment of the NSDP in 2006, support has been aligned with these development priorities. Japan is the only development partner to support each of the four priority NSDP sectors.

[Chart Two]

Chart Two shows that infrastructure is the main sector that has received support from Japan, with the remainder divided approximately equally between economic, social and cross-cutting sectors. We also acknowledge the complementary mix of investment assistance and technical cooperation.

My second observation relates Japan's country assistance program and Strategy and aid modalities

The main objective of Japan's ODA is to contribute to global peace and development. Building on its own experience as the first nation in Asia to become a developed country, Japan has utilized its ODA to actively support economic and social infrastructure development, human resource development and Institution Building. Consequently Japan has significantly contributed to the economic and social development of developing countries, especially in Asia.

Under the current Country Assistance Strategy and program, Japan's ODA is classified into 5 priority areas, namely: Good Governance, Economic and Industrial Growth, Agriculture and Rural development, Social sector development, and Cross- sector priorities.

We acknowledge the complementarity of each modality employed and we note that it is relevant to the size of the project/program and its fit to the context of each sector. For instance, besides their sector programs, Japan has recently supported the PRGO which supports the national budget as well as PFM reform.

In the context of regional development, Japan has also been an important partner. Initiatives such as JICA-ASEAN Regional Cooperation Meeting (JARCOM), the Japan-Mekong Region Partnership Program, and the Japan-ASEAN Economic Partnership have all brought important benefits.

My third remark relates Japan's new country assistance program and Strategy

We would like to acknowledge the effort of the Government of Japan in revising the country assistance program and strategy, which has been in place since 2002. The Rectangular Strategy phase II and the NSDP extension will require some re-alignment and we note Japan's interest to ensure that their support remains effective. In our next session we will also discuss the indications from Japan to scale up her support to the Asia region. We commend this decision to play an increased and expanded role as a regional leader.

The session 3 and 4 on Revised Country Program and Strategy therefore provide an important opportunity for further discussion as these are the framework for our future cooperation.

My fourth remark relates the application of Aid Effectiveness Principles in the provision of Japan's ODA

I would like to express strong appreciation to the Government of Japan for introducing the partnership approach since the time Japan started extending ODA support to Cambodia. The Request Survey Process is a good example of this approach where both Governments have hold annual dialogue in order to jointly identify and formulate project/programs proposals. This process reflects ownership and leadership, alignment and mutual accountability as stated in the Paris Declaration. I therefore acknowledge and appreciate this exercise.

Concerning aid effectiveness issue, and speaking as the chair of the Technical Working Group on Partnership & Harmonization, Japan has played an important role, including:

- Support to the Monitoring survey of the Paris Declaration.
- On Program Based Approaches (PBAs), we hope that Japan can lead our efforts to expand and improve PBAs based on Japan's presence and influence in many sectors.
- We also thank to Japan for playing actively as co-chair in TWGs on Infrastructure and Regional Integration (IRI), and on Gender. These are important sectors which promote both economic growth and equity.
- Concerning alignment, I believe that Japanese support is aligned to national priorities and, moreover, that its technical cooperation should play an increased role in strengthening national systems, as agreed in Accra.

My last comment is that how Japan’s ODA can help the Royal Government to mitigate the impact of the Global financial crises

The impact of the global economic downturn has been widely discussed, including at the April GDCC meeting. At that meeting, the Deputy Prime Minister Keat Chhon led a discussion on measures that can be taken together to mitigate the effects of the economic situation, including to boost economic activity as well as to strengthen the provision of safety nets that protect the livelihoods of the poor.

- We agreed that on-going priority projects would be identified, monitored, and where possible, fast-tracked to accelerate disbursement and activity.
- For new projects, DPs are requested to accelerate the process of conducting the study, implementation and disbursement.

As an important partner in many key sectors I am sure that Japan will play an important part in this exercise and I welcome and acknowledge the efforts of Japan to support our national response.

Excellencies, Ladies and gentlemen

To conclude my remarks, I wish to acknowledge the important partnership role that Japan has played. Their financial and technical resources have been significant, both in quantity and in terms of their impact on national development. We continue to acknowledge the leadership role played by Japan and appreciate its contribution made to partnership and development.

Thank you for your kind attention.