



China-Cambodia cooperation within the Belt and Road Initiatives (BRI) context, supporting Cambodia's Economic Growth and Social Development

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Abstract: When considering the ongoing controversy about China's Belt and Road Initiatives (BRI), taking a local focus allow us to differentiate the impact BRI related projects may generate. By taking a local specific perspective the support and challenges generated related to BRI related projects can be much better evaluated. BRI related investment, have become one of the primary funding sources supporting Cambodia's economic growth and social development. The paper analyzes the contribution of the BRI in Cambodia with a focus upon: (1) development assistance through China aid; (2) types of development assistance disbursement from China between 2004 and 2022; and (3) public perception regarding China aids in contributing social development and economic growth in Cambodia. The paper reveals that Cambodia gains both advantages and disadvantages from the BRI regarding social development and economic growth. While, the BRI largely contribute to infrastructure projects, FDIs and trade; concerns regarding aid effectiveness and debt traps are also raised. Over the past decades, most of China's aid has been invested in the prioritized areas, the Oversea Development Assistance (ODA) recorded 107 projects from China for road construction (53.4%), electrifying (14.3%), irrigation (7.7%), dam (3.7%) and anti-terrorism (3.2%). Aid effectiveness and good governance should be stronger promoted.

Keywords: Belt and Road Initiatives (BRI), Oversea Development Assistance (ODA), economic growth, social development, China aid, dept trap, aids effectiveness, and Cambodia

1. BACKGROUND

In October 2013, China's leader Xi Jinping announced the Belt and Road Initiative (BRI) to reinforce their economic and political alliance in Africa, Asia and Europe through financing infrastructure development (Chohan, 2018). This official action plan for transnational development strategy aims to grand goods and investments for partner countries (Li, 2019). BRI was established as an oriented project connecting Eurasia with a historical linkage of the idea of the Silk Road for progress in human civilization (Sidaway et al., 2020) and sustainable economic development (Sarker et al., 2018). Hurley et al., (2019) describes that two strategic concepts of the BRI were the Silk Road Economic Belt "Belt" and Marine Silk Road "Road" with a purpose to rebuild the international trade road. Cai (2017) describes that the BRI is one of President Xi's most striving policies for foreign and domestic economic development. The scope of work and impact of the BRI has been discussed (Brakman et al., 2019) with focus on infrastructure development and economic growth (Joniak-Lüthi's, 2020), political, economic, and cultural exchanges, bilateral trade and investment of countries along with the belt and road initiatives (Li et al., 2019), new markets and industrial cooperation and development capacity cooperation (Ohashi, 2018), improved quality and availability of logistics facilities (Li, Wen, and Jiang 2017). China aids, the Silk Road Fund, Asia Infrastructures Investment Bank (AIIB), foreign business organizations and private companies are financing to promote FDI, and trade (Li and Huang, 2019). The BRI is the promising development initiative in modern history for the 21st century and the most ambitious China's foreign policy, social development and global economic initiative (Cheong, 2017, Zhang et al., 2019). The BRI brought the advancement of science and technology and cultural exchange (Maçães, 2019). However, to comprehensively appreciate the impact of BRI related investments a local perspective needs to be applied.

In Asia, this initiative created a network of political, cultural, and trade cooperations. Countries such as Bangladesh, Singapore, Brunei, Myanmar, Sri Lanka, Maldives, India, Nepal and Pakistan received finance for free trade economic zones and energy development projects (Feng and Liang, 2018). In Southeast Asia, China pays high interest to Cambodia regarding geopolitical considerations, infrastructure development, energy and security, as part of a comprehensive strategic plan (Burgos and Ear, 2010). In the context of the Mekong sub-region, Cambodia is considered as one of the most receptive nations within the BRI framework as it gains benefits in terms of physical infrastructure, employment and income generation activities, trade promotion and cross-border investment (Sok, 2021). The BRI support the economies of both countries and strengthens Cambodia's autonomy against pressures from the West demanding political and governance reforms. Moreover, the BRI is a long-term strategy aiming to promote regional cooperation and connectivity in all sectors to be a newly-established locomotive of global growth (Chheang, 2017).

There is no doubt that Cambodia is one of China's closest and oldest friends and partner in Southeast Asia. The establishment of bilateral relations could be traced back eight centuries ago when a Chinese diplomat paid a visit to Angkor City in 1296 (Daguan, 2007). In December 2010, China and Cambodia became strategic political and economic partners in Southeast Asia, with bilateral relations developed into a Comprehensive Strategic Partnership. As a result, there are regular reciprocal visits by high-level government officials from the two countries, an inflow of China aid, investment and tourist have also gradually increased. At the bilateral summit held in October 2016 in Phnom Penh, the friendship between Samdech Hun Sen, Cambodian Prime Minister and President Xi Jinping was pronounced as "ironclad". While President Xi said that "China-Cambodia friendship serves as a model of friendly treatment and sincere cooperation",

whereas Prime Minister Samdech Hun Sen stated: “China has treated Cambodia with equality, understanding and respect. China always walks the walk instead of talking the talk¹.

The BRI tends to be a great opportunity for Cambodia to maintain good relationship with a crucial development partner. In addition, the BRI is in line with Cambodia’s Rectangular Strategy IV of the Six Legislature of the National Assembly for economic growth, employment, equity and efficiency to establish the foundation towards realizing the Cambodia Vision 2030 (2019-2023). Under the BRI, China-Cambodia cooperation concentrates on seven main sectors: finance, infrastructure, agriculture, special economic zone development, culture and tourism, capacity building, and eco-environmental protection (Chheang, 2017). Moreover, Cambodia has introduced various plans, including strengthening bilateral cooperation that will attract more investors and consequently positively affect Cambodia’s collaboration with China under the BRI (Vireak & Vutha, 2018). Ly (2021) believes that the BRI represent a comprehensive strategy with China becoming the leading donor and investor in Cambodia through Official Development Assistance (ODA) and Foreign Direct Investment (FDI).

Chheang (2017) is optimistic that the BRI is highly beneficial to Cambodia’s infrastructure and socio-economic development and contributed to economic integration and connectivity to complement ASEAN’s connectivity. At the same time, Cambodia’s strategy and perceptions towards the BRI are reflected by its national interests, as BRI related investments are considered as a contributor to domestic economic development and poverty reduction strategies. Moreover, Chinese investment has generated local employment (Chan, 2016). Chheang and Heng (2021) suggest that Cambodia has principally incorporated BRI in its national development strategy and

¹ See detail at http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1407054.shtml (Ministry of Foreign Affairs of China).

expressed support to BRI at numerous multilateral forums for example ASEAN-led mechanisms. Hence, Cambodia is eagerly interested in participating in the BRI because it believes that financial support from the BRI will support economic growth and socio-economic development (Chheang, 2017). Since the mid-1990s, China has progressively increased its economic activities and investment. In 2017, China became the top trade partner of Cambodia with a bilateral volume reaching \$5.5 billion (CDC, 2020). The current deep economic interests and political trust have been the driving forces of Cambodia's positive, and active participation with China under the agenda of BRI.

The paper aims to analyze the contribution of the BRI in Cambodia with both advantages and disadvantages. The study takes a close look at (1) development assistance through China aid; (2) types of development assistance disbursement from China between 2004 and 2022; and (3) public perception regarding China's aid in contributing to social development and economic growth in Cambodia. In addition, a number of interviews have been conducted and included, three senior officers from government agencies, three senior officers from Non-governmental Organizations (NGOs) and two senior researchers. Raw data available at Oversea Development Assistance (ODA)² were collected between 2004 and 2022 by years and types of development assistance. This database is maintained on behalf of all ministries and agencies of the Royal Government of Cambodia by the Cambodian Rehabilitation and Development Board (CRDB) of the Council for the Development of Cambodia (CDC). This database has recorded all development cooperation to Cambodia from all external sources of development partners. The total amount and average development assistance disbursement of China aids were calculated by years and by sectors. Desk reviews, problems and situation analysis were applied to analyze qualitative data

² See detail at <http://odacambodia.com/>.

collected among senior officers from government agencies, NGOs and researchers. Desk review helped gain an understanding of the BRI with more in-depth insights. The findings elicited from using this technique provided the context and knowledge for assessing the advantage and disadvantages of the BRI through interviews among senior officers from government agencies, national and international NGOs and researchers.

2. CAMBODIA'S DEVELOPMENT STRATEGY AND CHINESE DEVELOPMENT ASSISTANCES TO CAMBODIA

The World Bank promoted the status of Cambodia's economy from a lower-income to a lower-middle-income nation in 2016 with a Gross Net Income (GNI) of \$1,070³ in 2015 (World Bank. 2016). Moreover, Cambodia has set its ambitious goal to become an upper-middle-income country by 2030; and a developed country by 2050. This goal has been set when Cambodia became one of the world's fastest-growing economies with an average annual growth rate of 7.7% between 1998 and 2019 (Kin, 2022). A government officer views the contribution of international assistance, FDI and domestic investment was the success of the country's economy. Since the 1990s, Cambodia has received financial and technical assistance from development partners to rehabilitate the country after prolonged civil wars. Development assistance has become a catalyst and played a key driver of social development and economic growth. Today, development assistance remains a key driver of economic growth and the provision of social and public services for Cambodian people [pers. comm. GOV'T-1]. However, Cambodia has been still eligible for soft loans, grants, development packages and highly favorable trade privileges; the country will

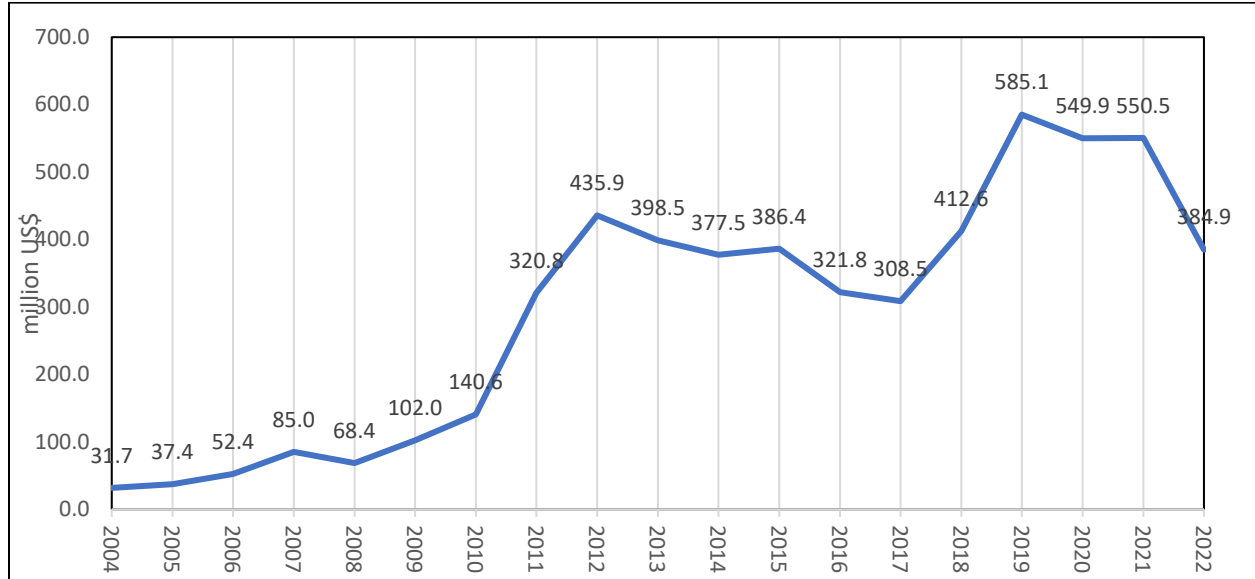
³ That is above the threshold of \$1025 for low-income countries for the WBG's 2017 fiscal year.

gradually lose opportunity for concessional funding in the future after promotion into an upper-middle income country [pers. comm. ThinkTank-2].

The ODA hosted by the Council for the Development of Cambodia (CDC) recorded development assistance from China since 2004. The development assistance through China aids between 2004 and 2022 was total 5,550 million US dollars with an average annual disbursement of 292.1 million US dollars. The ODA database recorded China was the second largest development assistance disbursement after Japan in 2021 and 2022. Other major donor includes South Korea, the European Union and the United State respectively (CDC, 2023). In 2004, China initially disbursed China aids through ODA starting from 31.7 million US dollars and gradually increased to 435.9 million US dollars in 2012 and 384.9 million US dollars in 2022. The disbursement came to a peak of 585 million US dollars in 2019 but slowly reduced to 384 million US dollars in 2022 (Figure 1). In late 2019, the COVID-19 pandemic spread from China to the world; there was no doubt that the epidemic caused the decline of China's aid to Cambodia and other recipient countries. A decline in ODA from other donor counties also occurred during the COVID-19 pandemic.

Since 2013, the BRI has promoted China aids to become the leading development assistance for Cambodian development to achieve the National Strategic Development Plan (2019-2023) and the Sustainable Development Goals (SDGs) [pers. comm. ThinkTank-1]. Moreover, development assistance has brought mutual benefits to economic development of the two countries because China's aid help make finance available for national development and rehabilitation [pers. comm. GOV'T-2]. Even before China launched its BRI, China aid has grown consistently and in 2010 China-Cambodian relations were upgraded from strategic to comprehensive strategic partnership [pers. comm. ThinkTank-2]. According to the Embassy of the

Figure 1. Trends in development assistance from China between 2004 and 2022.



Source: Authors' calculation from the ODA database of CDC, 2023.

People's Republic of China, BRI represents a bilateral partnership in support of Cambodian national transformation and development by supporting inbound trade, tourism and investment from China [Hom Phanet-News, 15 June 2022].

An interviewed NGO staff describes the importance of China aid as a significant resource to develop the country's infrastructure, human resources and economic growth. As China's economy has in 2010 become the second biggest in the world, it influences the global economy and global development. China has provided huge aid and loans to Cambodia to develop the country's economy. China's aid and loan have impacted both economic growth and social development in Cambodia [pers. comm. NGOs-1]. At the third policy dialogue on the Belt and Road Initiative and the 2030 Agenda for Sustainable Development held on 3 April 2019 by the United Nations in Cambodia, Ms. Yong Sarah Zhoua Resident Representative of the International Monetary Fund in Cambodia stated that BRI helped to support the national development of

Cambodia. She said that “with a significant infrastructure gap, Cambodia can capitalize on China’s resources and technical capabilities from BRI to finance its development priorities, boosting growth and employment opportunities; given the scale of the initiative and its international scope, upgrading policy frameworks to foster greater coordination and cooperation between China and Cambodia (as with other partner countries), ensuring debt sustainability, which could help maximize benefits” [UNDP-News,2 April 2019].

2.1 Types of development assistance disbursed by China to Cambodia

Under the BRI, China has helped build mega-projects such as roads, highways, bridges, ports, airports, hydropower plants, economic zones, and a national stadium in the Southeast Asian nation. Between 2004 and 2022, the ODA database recorded 107 projects from China to Cambodia: 53.4% or 37 projects for road construction followed by electrification (14.3%), irrigation (7.7%), dam (3.7%) and anti-terrorism (3.2%). Table 1 provides a list of them. Over the past decades, most of China's aid has been invested in the prioritized areas, especially physical infrastructure, energy, agriculture, production capacity and quality, security, people-to-people exchange, and political cooperation.

Table 1. Sectors of development assistance disbursed by China between 2004 and 2022.

Types of projects	Number	Amount in US\$	%
Research	5	2,534,482	0.05
Agriculture	1	40,732,759	0.73
Health	2	118,274,217	2.13
Water	4	159,340,753	2.87
Road	37	2,964,870,202	53.42
Electricity	11	794,185,805	14.31
Bridge	4	117,142,731	2.11

Types of projects	Number	Amount in US\$	%
Dam	3	206,814,852	3.73
Anti-terrorism	1	179,597,701	3.24
Transport	4	122,457,254	2.21
Equipment Provision	4	820,948	0.01
Flood control	1	31,012,469	0.56
Irrigation	8	425,397,046	7.66
Education	4	75,306,385	1.36
Landmine	1	359,195	0.01
Agriculture	1	1,402,299	0.03
Sports	1	143,678,161	2.59
Port	1	27,452,416	0.49
Working environment	1	32,337,644	0.58
Drug smuggling control	1	71,839,080	1.29
Telecommunication	1	19,396,552	0.35
Election	1	7,183,908	0.13
Temple	1	646,552	0.01
Culture & Fine Arts	2	5,818,966	0.10
Submarine	1	NA	NA
Dispatching Technicians	1	1,422,414	0.03
N/A	5	NA	NA
Total	107	5,550,024,791	100.00

Source: Authors' calculation from the ODA database of CDC, 2022.

Cambodia's "ironclad friendship" with China both strengthens and broadens China-ASEAN cooperation, which will help protect the rights and interests of developing countries, increase mutual understanding and trust, and maintain regional peace and stability [pers. comm. P-GOV'T-3]. BRI supported further Chinese aid and investments from which Cambodia profited [pers. comm. GOV'T-2].

A researcher suggests that the aids use and management for the country's development are based upon a "top-down" approach, grants were more used to promote business activities among investors from China and Cambodia [pers. comm. ThinkTank-2]. Unfortunately, Chinese aid has not been allocated for promoting the delivery of social and public services in the communities through local institutions' operations such as district administration, Commune Councils (CoCs) and Non-governmental Organizations (NGOs) [pers. comm. NGOs].

More recent example of China's strong support for Cambodia is related to the COVID-19 pandemic: China was the first key supplier of vaccines to Cambodia in its fight against the COVID-19 pandemic. With Chinese assistance, Cambodia has controlled the spread of COVID-19 pandemic successfully, resuming all socioeconomic activities and reopening its borders with confidence since November 2021. Chinese vaccines have not only protected the lives of millions of Cambodian people but also helped boost Cambodia's economic recovery [pers. comm. GOV'T-2]. At the 2022 ASEAN summit held in Phnom Penh hosted by Cambodia from 10-13 November 2022, China also proclaimed the new ASEAN Belt & Road Initiative Projects for Cambodia. China also described Beijing's approval of Chinese investment in significant infrastructure projects including a US\$1.6 billion expressway to connect from Phnom Penh to Bavet, at the Cambodian-Vietnamese border. China's aids also included financial support for a rail link to connect Phnom Penh with Bangkok and Vientiane from which a high-speed rail link has previously been built to China [ASEANBriefing-news, 14 November, 2022].

2.2 Public Perception Towards China's Development Assistance

Government agencies, NGOs, and researchers; provide insights of public perception regarding to the contribution of development assistance from China. Overall, the research

participants assessed both positive and negative perceptions towards development assistance from China.

First, China's development financed the Royal Government of Cambodia (RGoC) to improve physical infrastructure which was beneficial to economic growth and improved access to public services for the Cambodian population. Overall, China's development assistance benefits infrastructure construction including roads, bridges, dams, irrigations, and buildings of schools, universities, hospitals and government offices. The development of physical infrastructures helps to improve connectivity and competitiveness for economic activities and attract more and more FDI to Cambodia [pers. comm. ThinkTank-1].

Second, the renovation and construction of government offices, schools, universities and hospitals increased the availability and accessibility of public services. For celebrating 50 years of diplomatic relations between Beijing and Phnom Penh, China granted 51.74 million US dollars for the construction of the Council of Ministers Building. The building was open for official use on October 2010 and it has become an important government site [Chris Devonshire-Ellis-News, 14 November 2022]. In April, 2018, the University of Kracheh opened to enroll students in Cambodia to increase access to higher education institutions by rural youths. This university costed 12 million US dollars with 10 million US dollars provided by aid from China [Xinhua-News, 25 April 2018]. Moreover, a 5-story Cambodia-China Friendship Hospital in Tboung Khmum measuring 55,815 square meters was constructed with additional China aid of 45.66 million dollars. The hospital started to operate on March 2022 and delivers service to patients from different provinces of Tboung Khmum, Kratie, Ratanakiri, Stung Treng and Mondulokiri [Khmer Times-News, 07 March 2022]. Moreover, China also provided more than 33 million US dollars to upgrade National Road 7 spanning more than 93 km in Kratie province. Since its inauguration on February 2022. National

Road 7 is opening up the economy in the Northeast of Cambodia [Lay Samean-News, 07 February 2022]. China's investment in Cambodia also includes the real estate sector, garment, footwear and travel goods industry, tourism and agriculture. All of which creates jobs for an ever-increasing population of working age; consequently, increases the welfare of their families [pers. comm. GOV'T-2].

Between 1994 and 2021, Cambodia obtained 41.0 billion US dollars in FDI, and China⁴ alone constituted 43.9% of the total investment. Chinese investors primarily invested in manufacturing (30.7%), electricity (13.0%), finance (10.9%), real estate (10.7%), hotels and restaurants (9.6%), agriculture (6.4%) and construction (5.2%) [Ngin Chanrith-News, 12 Sep 2022]. An officer from INGO agreed that investment from China has contributed to economic growth and created employment opportunities for Cambodia [pers. comm. NGOs-2]. Through public-private partnership (PPP), Cambodia has also allowed Cambodia to invest in mega-projects to boost economic development. For example, PPP project funded by China Road and Bridge Corporation (CRBC), the RGoC and China recently completed a 2 billion US dollar expressway. The road officially opened in November 2022 and this 187-kilometer Expressway helps to cut a five-hour trip in half from the Capital City of Phnom Penh to Sihanoukville Province [Khmer Time, 28 September, 2022]. At the 2022 ASEAN summit held in Phnom Penh Cambodian capital Phnom Penh in November 2022, China committed another \$1.6 billion to another expressway construction, one which will link Phnom Penh with Bavet, at the Cambodian-Vietnamese border, as well as providing financial support for a rail link between Phnom Penh, Bangkok, and Vientiane [Khmer Times, 15 November, 2022].

⁴ Cambodian institutions dealing with statistics refer to China as “the Greater China region”, covering mainland China, Hong Kong, Macau, and Taiwan.

However, the research participants from the government, NGOs and researchers raised concerns about aid effectiveness and debt traps. Cambodian people are concerned that China may gain more benefits under development assistance. China's aid has no condition and pays less attention to good governance and aids effectiveness [pers. comm. INGO-2]. A government officer also shared a similar perception regarding the relationship between the condition of aid, good governance, and aid effectiveness. The condition of donors, involvement of people and civil society through people-centred approaches are very useful for enhancing good governance and aid effectiveness [pers. comm. GOV'T-2]. Moreover, ownership of the recipient country helped to increase aid effectiveness; Cambodia had to be capable to manage all stages of the BRI protection. Transparency and accountability are the centers of good governance. If Cambodia was not capable enough to manage Chinese projects well or did not have a capacity substitute; Cambodia must become donor-driven. Cambodia needs to have ownership and sufficient capacity to manage development projects in all stages from feasibility study to impact evaluation. He also observed a lack of transparency in the BRI projects; project information was not widely spread among the public. In general, Cambodians have limited access to the information of the BRI projects [pers. comm. GOV'T-1].

Another concern is about debt traps because some of China's aid were granted as concessional loans. A researcher suggests that China aids in forms of concessional loan is payable and long-term loans. Therefore, the RGoC is required to pay off the said loans in a specific period of time. The misuse and mismanagement of the loans, in the form of either soft or commercial loans, was an aggregated financial burden on Cambodia's society. Almost all of the participants are concerned that loans used for development projects, like for bridge or road construction were not cost-effective or of good quality. The construction of physical infrastructure may cost more,

but quality remained dissatisfied. However, the current public debts of Cambodia remained low, it yet would be risky in the long term if the cumulative loans from China and other countries were not effectively managed for example systematic corruption and quality of the projects' implementation [pers. comm. ThinkTank-2]. As of September 2022, the Cambodia Public Debt Statistical Bulletin of the Ministry of Economic and Finance (MEF) recorded 9.47 billion U.S. dollars of total public debt stock; 41% of debts were derived from China (MEF, 2022). According to Finance Minister Aun Pornmoniroth, quoted in Khmer Time on June 15, 2022: "The current state of Cambodia's public debt is assessed as manageable, with sustainability and low risk, despite the fact that the Cambodian economy has been affected by the spread of the COVID-19 and other external factors". Similarly, Mr. Hong Vannak, an economic analyst at the Royal Academy of Cambodia (RAC), said that the RGoC has publicly declared that Cambodia's debt is approximately 10 billion US dollars or 23 % of Gross Domestic Product (GDP). The level of the external debt was far from between 40% and 50% of GDP as the level of emergency [Sok Sithika-News, 15 June 15, 2022].

3. ACCESSING EXTERNAL AID IMPACT

The discussion and concerns on China's aid and development assistance is closely associated with aids effectiveness and debt traps and include issues like: (1) lack of comprehensive data and information about development assistance to the public (Mandon and Woldemichael, 2022); (2) aids infectiveness and governance issues (Kim, 2021); and (3) deb traps and potential risk of recipient countries (Yuan, et al., 2022). The Organization for Economic Co-operation and Development (OECD) differentiate between tied aids and untied aids. Tied ones are provided with conditions that goods and services are procured by the providers of the aids. The project costs may

increase as much as 15% to 30%. In contrast, untied aids are provided to avoid unnecessary costs and offer recipient countries the freedom to procure goods and services where they prefer (OECD, 2023).

A description was also mentioned by a government officer. He describes tied aid as aid where the bidding for projects is not transparent, since the winners of the bidding process are companies of the country which provides the aid. Moreover, technology and expertise are also brought from the providers of the aids [pers. comm. GOV'T-1]. For example, China Railway Construction Group Co., Ltd., was granted to build a 45.66 million Tbound Khmum Cambodia-China Friendship Hospital in 2019 under funds from Chinese government [Xinhua, 09 March 2022].

All the participants agree that all aids are tied; it is regardless small or big or visible or invisible. Tied aids of some development projects are not visible such as political, social and economic influences. For example, foreign aid for education, and health are invisibly tied and not criticized by the public. Every year, Cambodian students received scholarships to study in the United States of America, European Union countries, China, Russia and the United Kingdom through bilateral cooperation. These scholarship awards are also tied by the providers of aid to send Cambodian students to study in their countries. Based on the OECD definition of tied aid, those examples are counted as it is tied aids because they are provided with conditions that goods and services are procured by providers of the aids (OECD, 2023). Similarly, donor countries have provided development assistance such as health care and education facilities made by their companies to Cambodia. The donor countries generally bring those facilities, equipment, and goods. In contrast, aids on physical infrastructures are visibly tied, which is perceived by the public people of recipient countries because they easily find roads by China aids constructed by Chinese

companies. Alike, roads constructed under the development assistance of the Japan International Cooperation Agency (JICA) and Korea International Cooperation Agency (KOICA) are made by private companies from Japan and Korea, respectively. For example, Japan International Cooperation Agency (JICA) funded Neak Loeung Bridge with a total budget of 130 million US dollars and started operating in April 2015. The project's main contractor was Sumitomo Mitsu Construction Co., LTD (SMC), a leading Japanese contractor [Construction Property 31 December 2015].

Regilme, and Hodzi, (2021) analyzed two big foreign aid providers; they conclude that both the United States of America and China provided development assistance to advance their perceived geostrategic and economic interests. The study also confirms that the two countries used foreign aid to politically influence the receipt government in ways that can eventually benefit their interests in terms of economic development, market expansion and wealth accumulation initiatives under conditions imposed by them. Hillard et al. (2020) recorded US 10 billion in 2017 from the US government to cover the budget of the United Nations. Regilme, and Hodzi, (2021) discover US government seeks to enhance its economic and geostrategic attention by garnering favourable perceptions of its role in the international system around the world. Similarly, a record of China's Information Office of the State Council in 2014 reveals data on development assistance between 2010 and 2012 in 121 countries. China aids strategically promote its state-centred economic development model with a focus on infrastructure and the modernization of agriculture (Regilme, and Hodzi, 2021).

The BRI offers an interesting example. It finances the construction of port, rail, and land infrastructure across the globe for partner countries. On August 19, 2022, Forbes magazine published countries with heavy debt to China, mainly in low-income countries such as Africa,

Central Asia, Southeast Asia, and the Pacific. Many of those countries owed China around 37% by the end of 2022; the data among 97 nations reveals countries shared the highest external debt to China through the BRI projects, including Pakistan (\$77.3 billion US dollars), Angola (36.3 billion US dollars), Ethiopia (7.9 billion US dollars), Kenya (7.4 billion dollars) and Sri Lanka (6.8 billion dollars) [Katharina Buchholz-News, 19 August 2022]. Various countries have considered the BRI projects as tied aids, especially after the cases of Hambantota port in Sri Lanka and Malaysian policy under Mahathir bin Mohamad's administration (2018–2020). But the cases of Hambantota port and Malaysia's renegotiation of the BRI projects are not under the BRI's premises. It is a fact that the port was constructed in 2008, and Malaysia's external debt was already 52.9% of GDP in 2010. In 2021, external debt in Malaysia accounted for 70.0% of the country's nominal GDP, compared with a ratio of 67.6% in 2020 (CEIC Data, 2023). The loans for port construction in Sri Lanka existed before establishing the BRI. At the same time, dept of Malaysia had a high ratio of depts before the establishment of the BRI and after the renegotiation of the BRI.

In 2008, the Hambantota port was built under Chinese loans of about US\$ 1.3 billion US dollars but Sri Lanka could not return loans due to financial difficulty. Under the 2017 agreement, Sri Lanka leased the port to a Chinese company for 99 years to earn additional revenues. Therefore, the Sri Lanka Ports Authority established Hambantota International Port Group (HIPG) to become a joint venture after China Merchant Ports controlled an 85% stake in HIPG as part of the Chinese company's US\$1.12 billion. [HindustanTimes-New, 26 June 2022]. Yet, the Sri Lanka port case port has become in the public view a case of debt-trap diplomacy under the BRI strategy. Scholars in contrast, consider the Hambantota port as a quite disputed case. When Sri Lanka had problems repaying some debts in general but not just related to Chinese loans, the government was willing

to lease some government properties, like ports to other countries. The Sri Lankan government finally decided to lease to the Chinese company because it failed to find companies from India and Japan in its original attempt [pers. comm. ThinkTank-1 and ThinkTank-2]. The lease of the Hambantota port to China has been the choice of Sri Lanka, but it seems no pressure linked to the BRI.

During the 2018 general election, Mahathir bin Mohamad and opposition leaders advocated cancelling the BRI projects of 22 billion US dollars to avoid fears of debt traps and public critique in Malaysia (Liu and Lim, 2019; Andrew Chatzky and James McBride-News, 28 January 2020]. But the newly elected government shifted to a diplomatic policy change to renegotiate with China related to BRI management and has maintained a good relationship between the two countries. However, the stance of the Malaysian government under Mahathir bin Mohamad's administration turned to accept BRI investment or not, depending upon the country's interests based on sovereign national decisions (Ploberger, 2022).

Based on the interviews, the participants (government officials, NGO staff, academic researchers) agreed that all aid is tied regardless of coming from China, the United States of America, or European Union (EU) countries. Therefore, recipient countries must carefully consider, study and assess the cost and benefits of aid regarding political influences and debt traps. Foreign aid should be effectively managed through people-centered approaches where public involvement is applied to make decisions on the use of development assistance. While foreign aid is important for social development and in supporting economic growth, foreign aid can also represent a new form of colonialism [pers. comm. GOV'T-2]. Effective aid management for development assistance is not only an issue for Cambodia but an important consideration for all developing countries. The potential for debt traps exists with all types of aids. Receipt countries,

therefore should seek development assistance for both soft loans (knowledge and technology) and hard loans (finance). The combination of both, soft and hard loans is of crucial importance for Cambodia to gain ownership over loan management and for aid effectiveness which eventually reduces the potential for debt traps to develop and while promoting social development and economic growth [pers. comm. GOV'T-2]. All of the participants are optimistic that China's aids to Cambodia is different compared to Sri Lanka because they are granted within the context of long-term friendship, cooperation, and benefit sharing among the two countries and the expansion of regional influence [pers. comm. GOV'T-1].

In his closing remarks at the third policy dialogue on the Belt and Road Initiative and the 2030 Agenda for Sustainable Development, H. E. Hem Vannady, Under Secretary of State, Ministry of Economy and Finance, said: “we treat the debts we contract under the BRI like any other debts, from multilateral and bilateral institutions in terms of the due process, and the core underlying debt management principles, that they shall adhere to. But BRI is not going to create a debt trap for Cambodia”. At the same time, Nick Beresford, NDP Resident Representative, stated that “BRI offers opportunities for Cambodia, and the Royal Government has indicated its commitment to the project. Now the challenge is to consider how these and all investments in the country can be fully inclusive and sustainable so that we leave no one behind”. Cambodia has taken full advantage of the BRI but must adopt specific policies and regulations based on the principle of good governance. At the same time, stakeholders in charge should play more roles to track the progress and analyze the impacts which help drive inclusive development in Cambodia [UNDP-news, 2 April 2019].

4. CONCLUSION

Reflecting on our research results, we conclude that the BRI provides both advantages and disadvantages for Cambodia's development process. The BRI has largely contributed to mega-infrastructure projects, FDIs, and trade between countries. While China became the top bilateral trade partner in 2017, the ODA database recorded China as the second largest development assistance disbursement in 2021 and 2022. But, public perception regarding the BRI raised concerns regarding aid effectiveness and debt traps when many countries involving the BRI in Africa, Central Asia, Southeast Asia, and the Pacific have been heavily indebted to China with more than 37% of their GDPs. The analysis shows that (1) the ODA recorded development assistance disbursement from China was 5,550 million US dollars with an average annual fund of 292.1 million US dollars starting from 31.7 million US dollars in 2004 and increased to 384.9 million US dollars in 2022. (2) Over the past decades, most of China's aid has been invested in the prioritized areas, especially physical infrastructure development, which helps to support Chinese investment in Cambodia. Therefore, the ODA recorded 107 projects from China which more than half (53.4%) is allocated for construction. (3) Seniors of officers from government agencies, NGOs, and researchers viewed the positive and negative impacts of the BRI. While the participant agreed that the BRI contributed to economic growth by improving physical infrastructure in Cambodia and attracting FDI and trade from China, aid effectiveness and debt traps were considered the main concern. In 2022, the total public debt stock was 9.47 billion U.S. dollars or 23 % of GDP, which was manageable. The RoGC confirms that the level of the external debt was far from about 40-50% of GDP, which would constitute a serious fiscal challenge for Cambodia. Unlike other developing countries, Cambodia and China have a long-term relationship and cooperation. China's support is based on friendship and benefit sharing among the two nations and expanding regional influence.

Still, improvement in the use of aid funds is required. China's aid should be more beneficial to Cambodia and China through improved aid effectiveness and good governance by promoting people-centred and bottom-up approaches. In this sense, China's aid should also include development projects for community development and people participation. The expert's view is that foreign aid should be effectively managed to avoid tied aid with conditions that goods and services are procured by the providers of the aid. All BRI projects should include soft loans (knowledge and technology) and hard loans (finance); they are necessarily combined for Cambodia to gain ownership over loans management for aid effectiveness, which eventually reduces the potential for debt traps and promotes social development economic growth. The BRI should also be operated with transparency and accountability, which are the center of good governance, with projects well managed from feasibility studies of the BRI projects until impact evaluation. Cambodia must become donor-driven if the country does not have a capacity substitute.

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Appendix 1. List of participants interviewed.

Code	Institution	Date
pers. comm. GOV'T-1	1-Senor officer at government agency	1 December 2022
pers. comm. GOV'T-2	2-Senor officer at government agency	20 November 2022
pers. comm. GOV'T-3	3-Senor officer at government agency	30 November 2022
pers. comm. INOs-1	1-Senor officer at Non-governmental Organization	5 December 2022
pers. comm. INOs-2	2-Senor officer at Non-governmental Organization	20 December 2022
pers. comm. INOs-3	3-Senor officer at Non-governmental Organization	15 December 2022
pers. comm. ThinkTank-1	1-Senor researcher at university	23 December 2022
pers. comm. ThinkTank-2	2-Senor researcher at Think Thank	10 January 2023

Appendix 2. List of news using as reference in the results and findings

Code	Article' title and webpage	Date
Hom Phanet	<i>Hom Phanet, China's Belt and Road initiative a big help: official</i> Website: https://www.phnompenhpost.com/business/chinas-belt-and-road-initiative-big-help-official	15 June 2022
UNDP	<i>Belt and Road Initiative in Cambodia: economic diversification and debt management</i> Website: https://www.undp.org/cambodia/press-releases/belt-and-road-initiative-cambodia-economic-diversification-and-debt-management?utm_source=EN&utm_medium=GSR&utm_content=US_UNDP_PaidSearch_Brand_English&utm_campaign=CENTRAL&c_src=CENTRAL&c_src2=GSR&gclid=Cj0KCQiAt66eBhCnARIsAKf3ZNGRnO-H9GzOpZLt1PFvnILRKOxV_3jT9aFRFDM9hkyikucLHn3ce0IaAqGdEALw_wcB	2 April 2019
Chris Devonshire-Ellis	<i>China Announces New ASEAN Belt & Road Initiative Projects Centered Around Cambodia</i> Website: https://www.aseanbriefing.com/news/china-announces-new-asean-belt-road-initiative-projects/	14 November 2022
Khmer Times	<i>PM to inaugurate Cambodia-China Friendship Hospital in Tboung Khmum</i> Website: https://www.khmertimeskh.com/501037174/pm-to-inaugurate-cambodia-china-friendship-hospital-in-tboung-khmum/	07 March 2022

Lay Samean	<i>Improved NR7 will open up the economy in Northeast</i> Website: https://www.phnompenhpost.com/national/improved-nr7-will-open-economy-northeast	07 February 2022
Ngin Chanrith	<i>The Undetermined Costs and Benefits of Cambodia's Engagement with China's Belt and Road Initiative</i> Website: https://fulcrum.sg/the-undetermined-costs-and-benefits-of-cambodias-engagement-with-chinas-belt-and-road-initiative/	12 Sep 2022
Khmer Times	<i>Phnom Penh-Sihanoukville Expressway opens to public on one-month trial</i> Website: https://www.khmertimeskh.com/501158467/phnom-penh-sihanoukville-expressway-opens-to-public-on-one-month-trial/	28 September, 2022
Sok Sithika	<i>Cambodia's public debt at \$9.81 billion, says Report</i> Website: https://www.khmertimeskh.com/501094257/cambodias-public-debt-at-9-81-billion-says-report/	15 June 15, 2022
Katharina Buchholz	<i>The Countries Most In Debt To China [Infographic]</i> Website: https://www.forbes.com/sites/katharinabuchholz/2022/08/19/the-countries-most-in-debt-to-china-infographic/?sh=7edb5bf561d8	19 August, 2022
HindustanTimes	<i>Was cash strapped Sri Lanka duped by China in Hambantota Port?</i> Website: https://www.hindustantimes.com/world-news/was-cash-strapped-sri-lanka-duped-by-china-in-hambantota-port-101656205405799.html	26 June, 2022
Andrew Chatzky and James McBride	<i>China's Massive Belt and Road Initiative</i> Website: https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative	28 January, 2020

ASEANBriefing	<i>China Announces New ASEAN Belt & Road Initiative Projects Centered Around Cambodia</i> Website: https://www.aseanbriefing.com/news/china-announces-new-asean-belt-road-initiative-projects/	14 November 2022
Xinhua	<i>China-funded university launched in East Cambodia</i> Website: http://www.xinhuanet.com/english/2018-04/25/c_137136485.htm	25 April 2018
Khmer Times	<i>China announces new ASEAN Belt & Road Initiative projects centered around Cambodia</i> Website: https://www.khmertimeskh.com/501185109/china-announces-new-asean-belt-road-initiative-projects-centered-around-cambodia/	15 November, 2022
Construction Property	<i>Neak Loeung Bridge to Open Early April 2015</i> Website: https://construction-property.com/neak-loeung-bridge-to-open-early-april-2015/	31 December, 2015
Xinhua	<i>China-aided hospital to be key life-saving facility for Cambodians</i> Website: https://english.news.cn/20220309/ec722766a0ad4f65b86f7742cb69f9d6/c.html	09 March 2022