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Examining the Effect of China Foreign Aid and Diplomacy on Cambodia Good Governance and Growth Stability

Kakronna Chhin-Eng and Sasiphattra Siriwato*

Institute of Diplomacy and International Studies, Rangsit University, Pathum Thani 12000, Thailand

*Corresponding author, E-mail: sasiphattra.s@rsu.ac.th

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Abstract

Talking of Foreign Aid, or so-called foreign resource assistance, Cambodia sees reconstruction through the light of foreign aid, which has helped Cambodia to rebuild its economy and reconstructed the entire government structure after the country went through several years of bloodshed because of civil wars and the transitional phase of its government since the post-colonial era. Cambodia tended to normalize and open up for foreign aid since then, up to a point that the huge influx of foreign assistance raises such concern of negative consequences for the state. This research aims to examine the impact and risk of China foreign aid diplomacy in consequence to achieve a good governance and its growth stability. This research then analyzes the impact and risk of excessive reliance on China foreign aid in Cambodia by providing a wider and critical view toward the consequences of weaponized aid, and particularly the assessment to the effect of China foreign aid and diplomacy toward Cambodia's politics and her economic well-being. Significant issues affiliated with the back-bone of the received aid ranged from the politicized aid accumulation, reliance on aid, swing in notions of foreign policy, and the aid dependency fragmentation. Six participants from both the governmental sector and international organizations were interviewed. This research found that the motives of aid disbursement to Cambodia are strategically driven by the donor's hegemonic goals, which led Cambodia to encounter such difficulties in maintaining its well-being. Plus, considering the huge amount of aid received in Cambodia, it has given the country the dilemma of being over reliant on the aid in which would end up in fragmentation among its economy and diplomacy. Despite the fast-paced infrastructure development, Cambodia, on the other hand, would have to incur such debt and a huge source from one major donor would lead Cambodia to ignore countless sanctions and conditions for good governance through foreign aid from others donor agencies, making up the country isolated both of its market and politics.

Keywords: *Foreign Aid Diplomacy; Good governance; Foreign aid's motive and its risk; Official Development Assistance; Realism; Aid Dependency*

1. Introduction

Foreign aid is a form of resource assistance coming from donors in various picture including money flows, services, international institution or provisions of governmental guideline (Williams, 2022). It proportionately aims to support recipient countries or benefiting toward receiving countries' developmental state. Foreign aid can also simply be understood as the voluntary movement of resources from donors' country to recipient country regardless of resources' image. Hence, considering of the conjunction of foreign aid and development, the two factors are closely correlative and indispensable to not consider of each one factor. It is a true fact that foreign aid is commonly seen in a picture of developmental purpose. However, there are also other motivational factors for donors to provide resources, the so-called foreign aid, has been addressed. Foreign aid is prescript with donors' interests as driven forces behind the aid provision. The motivation of donors to provides the aid could be laid off in two reasons which are: (i) the pursuit to acquire the dominant power politically and economically in the receiving country, especially the pursuit of influence over foreign policy implementation of recipient's countries and (ii) the power to determine international orders by the uses of Geo-political power (Hopkins, 2000).

The nature of foreign aid under the globalization era deemed as an indispensable development assistance across continents (Murshed, & Khanaum, 2014). It is a particular of international standard of foreign aid initiated by the Organization of Economic Cooperation and Development (OECD) namely 'golden standard' which is known as Official Development Assistance (ODA) contributed by members of the Development Assistance Committee (DAC) to targeted economies. The ODA is a governmental resource assistance which purposely aims to promote economic and welfare of the developing countries (OECD, 2021a).

It is profoundly known that the United States is the largest contributor of foreign aid, the so-called ODA to the vast majority of developing countries among other members in DAC. It is indeed, the provision of foreign aid provided by the United States which tallied of USD \$47.8 billion in 2021 was such a huge amount of money, following by Germany and Japan. Comparatively, the amount of global foreign aid underlying as grants provided by China is also estimated at USD \$5.9 billion in 2019. China, which has the second largest economy in the world has also dispended its aid budget to many developing countries in various pictures including grants, non-traditional loans and development project (OECD, 2021b).

Cambodia is one of the benefiting country among the developing world. Foreign aid has played an important role in terms of reconstructing Cambodia. Historically, Cambodia has experienced many tragedies and political hostilities and whereby in the modern history of Cambodia after the French colonization era, the country has come across five revolutionary phases in which the whole structure of the country has been demolished. Therefore, Cambodia which heavily lacks resources to reconstructing the country at the time was heavily reliant on foreign assistance resources in the meant to develop their developmental states, the statecraft. In this sense, the foreign aid was indeed considered as an important element to rebuilt Cambodia including its infrastructure, institutions, governance structure, and partly assist of its constitution drafting process as well as its general election in 1993 which was operated by UNTAC (Roberts, 1994).

Cambodia has received aid via United Nations agencies, international financial institutions, European Union and through bilateral aid from partner countries likewise USA, China, Japan, and Australia. Cambodia still continues to receive aid from international donors to the current day, and are now dominated by China as the biggest donor to Cambodia due to prolonged friendship and its convenience of non-traditional loans provided – the loan with none conditions prescript (Vathanak, 2021).

For the past few years, foreign aid from China has been seen as the most important foreign policy agenda under the theme of the Belt and Road Initiative (BRI) which aims to gathered good relationships among the states along its sea route. By focusing on the foreign aid diplomacy, China have dominated its role in global governance. To some extent, countries who interacting with the BRI project and received huge amounts of aid should be wary about the side effects and the risk of falling into the Debt Trap Diplomacy of China. Hambantota port of Sri Lanka could be one example to further understand toward the consequences of debt trap diplomacy when Sri Lanka eventually has to hand over the port to China for 99 years lease due to its inability to repay the debt to China (Abeyagoonasekera, 2022). Considerably, China is Cambodia's biggest donor in which it tends to dominate its influential within the Cambodia political boundaries. Even if the China Aid is mostly referred to nontraditional aid yet it came along with China's interests in range of differential political desired. It is eventually exposed to involve in foreign policy direction of Cambodia when China need Cambodia's support in international communities. (Veasna, 2016). Those including foreign policy between Cambodia and others states and the fluctuation for a small state like Cambodia to hardly obtain the capability to remained its neutrality as well as to observes its independency (Kwak, 2021).

It is, therefore, becoming one of the key issues in analyzing toward the growth as well as the governance in the country and its political circumstances. Evidently, Cambodia received aid From China upholding for 14 domestic projects linked to government and civil society sector in the period between 2010-2014 (Open Development Cambodia, 2015). It should be noted that the disclosure of information regarding the distribution and utilization of aid deemed limited except the aforementioned year which have been fully disclosed. Hence, as the Chinese influence in the 21st century has become ever-increasingly influential to the world, especially countries in the Southeast Asia region, it is also alarming toward the Cambodia government to reconsidered of its huge amount of received aid coming from China in both types of aid; the granted aid and loans (Reuters, 2019). According to the latest data retrieved from the council for the development of Cambodia (CDC) regarding the disbursement of ODA, the data has shown that Cambodia have received the amount of USD \$494 million in 2020 which is comparatively high in the year of 2021 with a total own disbursement of USD \$420 million (Cambodia

Development Council, 2023). This tendency also questions whether China is trying to use money under the theme or curtain of development aid in order to buy influence in Cambodia politics or purely assisting recipient country. Therefore, these consequences of aid reliance of Cambodia over the foreign aid, not to mention the aid from China alone, are essentially shaping Cambodia politics and determine the growth in this particular economy in several ways.

In particular, the overreliance of foreign aid in Cambodia itself is exploiting its political neutrality. In 2012, Cambodia as the ASEAN's Chairman in cycle of rotation to host the ASEAN's meeting, failed to conclude a joint communique – a code of conduct which may criticize China over the issue of South China Sea's dispute (Heimkhemra, 2020). Cambodia has been criticized over the issue for its China leaning foreign policy. Following by the issue of Ream Naval Base back in 2019, Cambodia also allegedly secretly permitted renovation of its deep-sea naval base to China for its military facility (Nakashima, & Cadell, 2022). In response to that, the Government of Cambodia refused and clarified the issue as a fraud accusation from the western's community amid the concerns over the expansion of China military for South China Sea strategy in Asia-Pacific region (Nika, 2022). Yet, Cambodia denied full access for the US to visit the area due to national security concerns (Whong, 2021). It does not end there but to escalated the tensions over the renovation of the Ream Naval Base, and eventually, Cambodian officials and family have been banned from travelling to the United States in the future as well as the freezing of their U.S. assets (Psaledakis, & Lawder, 2021). Hence, critics have also argued that, despite the ever-increasingly infrastructure development projects going on in Cambodia, governance and democracy have been oppositely overturned and criticized over times.

The unsinkable friendship of the two, the so-called ironclad friendship of Cambodia and China has acted as the propaganda for Cambodia to stranding its political culture – the culture of governance of which can endure and resist from western community sanctions pressing over Cambodia to achieve a good governance (Sokvy, 2021). It is seemingly given the ruled political party the power to determine autocracy in this particular country which distinguished itself from the principle of democracy (Pheakdey, 2013).

It is also questioned whether Cambodia will fall into the debt trap if the country continues to rely on the foreign aid. As the emergence of Sino approach toward Southeast Asia and its pursuit of real global power through the Belt and Road Initiative, in a matter of time, Cambodia will have to encounter several strategic challenges. Plus, since foreign aid is a powerful strategy embedded in diplomacy which oftentimes has been used by the donor countries, especially to approach developing countries, to determine the recipient behaviors; at least the interference toward domestic and international affairs of recipient countries which it deem weaponized dependency from external powers, Cambodia could be risking her economy standing at the chore of the debt (Hutt, 2016). The aid withdrawal also exposes the recipient economy to a potential risk that the higher of poverty if the status quo of the economy failed to be compliant with the designated conditionalities imposed by the donors' countries in order to continue to receive the aid.

In short, there are several factors attached to the foreign aid which undermines the capability of independence for Cambodia. It is profoundly known that Cambodia has experienced several political transitioned and civil war which it weakened the country economy and structure. Therefore, Cambodia has no choice but to rely on foreign aid, the so-called foreign resource assistance. For decades, Cambodia still receiving external aid from donors but one factor to reconsider is the huge amount of aid coming from China to Cambodia, it has now raised such a concern whether the aid dependence could lead Cambodia's welfare to be worsen (Reuters, 2018). Therefore, this research aims to explore the aid dependence consequences and the impact of foreign aid interact with Cambodia politics and its growth.

This research paper is divided into six sections. The first section defines foreign aid diplomacy and debt trap diplomacy and literature review on foreign aid diplomacy, good governance and realism approach to foreign aid. The main research objectives are described in the second section. The third section then focuses on the methodology by describing the detailed information about participants in this research. The fourth section identifies research results and the fifth section discusses impact and risk of foreign aid diplomacy in consequences to achieve a good governance and impact and risk of excessively reliance of foreign aid in Cambodia. The last section is the summary and recommendations of this research.

1.1 Definition

Foreign Aid Diplomacy refers to a form of diplomacy in which a donor country aims to strengthen its diplomatic relations by using a dominant feature of its diplomacy, the so-called foreign aid diplomacy, contracting to the recipient country in the pursuit of its national interests.

Debt Trap Diplomacy is foreign policy implementation of any state that aims to provide or assist other states especially developing states in term of loans or resources assistance. The provider states will continue to aid the developing countries up to a point that the receiving states are incapable of repaying back the hefty amount of money that has been borrowed and eventually fall into the debt trap of creditors. Particularly, there is an implication of China's foreign policy which profoundly interacted with the use of its diplomatic strategies of providing aid contribute to global governance as to pursue its strategic interests. The philosophy of Debt Trap Diplomacy is a ploy which China, as the host country utilize all diplomatic means in order to encourage either recipient or borrower countries to borrow more until it reaches a point where the economies that borrowed cannot pay back the loan to the creditor, and eventually fall into the debt trap.

1.2 Foreign Aid Diplomacy

It is essentially important to study of the motives of the provided aid when it came to understands the nature of aid diplomacy – to what reason state as the main actor, providing aid to one another whereby being seen around the world through various forms of giving. To that extend, it is therefore would be beneficial for this paper to looks into both empirical and theoretical evidence of which *Realism* has been selected as the main theory to further developed the understanding of diplomacy of aid. It is now that foreign aid diplomacy has become an important tool in foreign policy implementation of developed countries to provide aid for the developing world through multilateral and bilateral cooperations (Runde, 2020). Foreign aid has been normalized and widely accepted since it is somehow enabled to serve a variety of its purposes known as developmental assistance, and humanitarian aid provisions to promote the human well-being in receiving states. Meanwhile, Foreign aid is also manipulated through visions of donor's interests which pose such fragmentation of the aid efficiency. The spectrum of provided aid aim to reiterate the strength of donor-recipient alignment relationship via aid diplomacy. In this sense, aid would have been disbursed in distribution to gain allies regardless of domestic political structure rather than to promote the political correctness (Lancaster, 2007).

Aid diplomacy is now the most prominent feature operated by the western power countries and emerging power in the political race of global power (Savoy, & Staguhn, 2022). ODA disbursement by DAC has ever-increasingly risen for the past few years between 2012-2021. It dropped slightly in 2019 when Covid-19 hit, yet continues to increase to the latest amount of \$174.7 Billion (constant price) in 2021 which is equivalent to \$184.7 Billion of the current price (OECD, 2023). On the other hand, China as an emerging power also prioritizes its foreign aid diplomacy as an approach of state's foreign policy in determinant of China's strategic interests and cooperation among states along its Belt and Road Initiative route since its first commenced in 2013 during Xi's administration (McBride, Berman, & Chatzky, 2023).

1.2.1 Foreign Aid Diplomacy in Cambodia

Cambodia is one of the recipient countries of the tremendous foreign aid programs in forms of loans and grants from list of donors (Table 1). Empirically, the foreign aid was such a necessary conjunction with economic growth in many developing countries including Cambodia as currently a LDCs-listed country. It is reflected that foreign aid have played significant roles in sustaining the economy as well as increasing the national budget in order to improve the developmental states in recipient country. At the same time, China is the current largest donor to Cambodia due to Cambodia supportive role recognizing One China Policy, this perhaps did play an important role for China strategic goals which making up the relations unsinkable (Anqi, 2021) In this sense, foreign aid diplomacy would be an important key factor in strengthening the relation with Cambodia. One prominent aid diplomacy set out by China as its mega project was the Debt Trap Diplomacy (DTD) considered of which the main mechanism of empowering its strategy to gain global power. China would continue to offer the resources until the recipient countries are incapable of repaying the debt to the creditor and that is when the country fell into the trap (Challeney, 2020). Dated in 2012, Cambodia have been criticized of being failed to established a joint communique concerned with China over the South China Sea issue (Mogato, Martina, & Blanchard, 2016).

For these past years, Cambodia foreign policy have been seen as more incline toward China as one of its big allies in international community (Heng, 2020).

Table 1 Listed of Development Partner and Disbursement (Cambodian Rehabilitation and Development Board Council for the Development of Cambodia, 2022)

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Although, the public debt of Cambodia is coined at 24.4% compared to GDP in 2021, and slightly increased to 25.2% of GDP as of 2022 which is typically less than 40% of GDP (Table 2). Cambodia still has to consider the aid dependency which may hurt Cambodia's economy if the total debt exceeding 40% compared to

the total GDP of the country in case Cambodia did not manage the resource effectiveness adequately in its financial policy (Sarath, 2021).

Table 2 Public Debt Situation in Cambodia as of End of Q4-2022 (Ministry of Economy and Finance of Cambodia, 2023)

បរិយាយ / Description	អនុព្រលន / Threshold	2021	Q1 to Q3 2022	Q4-2022	2022e
I. សន្និធិបំណុល / Debt Stock ⁽¹⁾		9,504.58	9,562.31	9,988.02	9,988.02
- ក្រៅប្រទេស / External		9,504.58	9,552.16	9,970.50	9,970.50
- ក្នុងប្រទេស / Domestic		-	10.15	17.51	17.51
II. ការចុះកិច្ចព្រមព្រៀងឥណទាន / Loan Signed		907.46	1,217.90	881.77	2,137.83
III. ការបោះផ្សាយលក់មូលបត្ររដ្ឋ / Government Securities Issuance			10.15	7.36	17.51
IV. ការដកសាច់ប្រាក់ / Disbursement		1,168.41	1,087.02	257.98	1,345.00
V. ការទូទាត់សេវាបំណុល / Debt Service Payment		382.78	404.57	59.65	464.22
1. ក្រៅប្រទេស / External ⁽²⁾		382.78	404.57	59.65	464.22
- ប្រាក់ដើម / Principal		285.66	309.37	46.04	355.41
- ការប្រាក់ និងកម្រៃផ្សេងៗ / Interest and Other Fees		97.12	95.21	13.61	108.82
2. ក្នុងប្រទេស / Domestic		-	-	-	-
- ប្រាក់ដើម / Principal		-	-	-	-
- ការប្រាក់ និងកម្រៃផ្សេងៗ / Interest and Other Fees		-	-	-	-
VI. សូចនាករ / Indicator					
1. តម្លៃបច្ចុប្បន្ននៃបំណុលសាធារណៈសរុប / PV of Total Public Debt					
- ធៀបនឹង ផលស / to GDP	55	24.40			25.2
2. តម្លៃបច្ចុប្បន្ននៃបំណុលសាធារណៈក្រៅប្រទេស / PV of Public and Publicly Guaranteed External Debt					
- ធៀបនឹង ផលស / to GDP	40	24.40			24.90
- ធៀបនឹង ការនាំចេញ / to Exports	180	32.82			33.90
3. សេវាបំណុលសាធារណៈក្រៅប្រទេស / Public and Publicly Guaranteed External Debt Service					
- ធៀបនឹង ការនាំចេញ / to Exports	15	1.83			2.10
- ធៀបនឹង ចំណូលថវិកាជាតិ / to Revenue	18	6.33			7.80

1.3 Good Governance

The governance here aims to discuss the transparency and the rule of law principle in implication with the aid utilization in the society which practiced by the government. Good governance at basic requirement associated with the well-being of a democratic society since it is important ingredient in generating such growth

stability and rule of law in a particular economy. United States Agency for International Development (2019) have reported the assessment of the governance in Cambodia of which human rights and democracy still remained strain to the good governance. Corruption is still the main obstacle for the effectiveness of the governance. Also, freedom of expression been addressed as the significant problem for Cambodia in sustaining a good governance. Hence, the good diplomatic relations and deepened economic cooperation between Cambodia and China have contradictory alleviate the relations of Cambodia to the Unites States and other western countries, led to the lack of checks and balances, and political neutrality under the international system. In addition, the Chinese's aid provisions somehow manipulate the monopoly power for Cambodia to ignore the international law on governance (Parikh, 2015).

1.4 Realism Approach to Foreign Aid

By looking through Realism's lens, the approach toward the foreign aid is a predominant feature of foreign policy of the modern states in this 21st century whereby countries around the world race to pursue the stake in global governance ruling the international order. It is theoretically conceptualizing foreign aid as a diplomatic perception which situated for donors' countries to gain its strategic and hegemonic goals from its recipient countries (Mughanda, 2011).

Realism tends to be rational when it comes to state construction – the idea of state independence and its liability of power shall underline on self-governance. It is quite rational to consider that even if the world is now collided under the international system, each state is indeed guided by its own national interests, and it is therefore outlining a very tactical nature of the world trough realism's lens as it is no such free ride on earth (Mearsheimer, 1995). Realism school of thought has opposed to the idealistic views on international system as it is thought that there is no reassurance for morality of the global politics in the light of the international system (Elashkar, 2020).

This hypothesis linked to a realism's conclusion which approach to global foreign aid as it is considerably viable through visions and intentions of donor countries.

In this sense, Realism also views the aid's conditionality are merely exploited the sovereignty of the recipient state or the so-called periphery state, rather than distributing to the development of the receiving state. It is commonly seen of the aid's conditionalities as the sanctions-alike for recipient's country to comply with designated conditions of the aid. Conditionality of the aid is pragmatically deemed to challenge democracy, governance, economic structure, foreign policy implementation and its neutrality rather than to improve the pattern of the country (Sen, 2018). Despite the exploitation triggered by the aid's conditionality, core states also coherently benefitted of politics and economic by deploying aid to the developing countries. It is a dominant power for donor country to deployed its resource under the umbrella of development aid to targeted economies when the military means is incapable to gain its political influence. Realism has also demonstrated that the idea of providing aid is believed to be collectively fall into the sphere of hegemonic goals of the core countries.

2. Objectives

1)To examine the impact and risk of China foreign aid diplomacy in consequence to achieve a good governance and its growth stability.

2)To analyze the impact and risk of excessively reliance of China foreign aid in Cambodia.

3. Methods

This research will be used both primary and secondary resources. The research will be using qualitative method along with analysis of the existing resources, news, reports and some analytical data on aid provision, in order to adequately answer the research questions. This research will mainly examine the effects and risks of foreign aid associate with good governance - the accountability, transparency and efficiency of aid utilization – and growth stability in Cambodia. The focus of this analysis toward politics also wish to include the impact of foreign aid linked to state's diplomacy as it is quite crucial for states relations in the contemporary aspects, considerably state's political neutrality under the international arena. It also seeks to explore the consequences of foreign aid circulating in political boundaries of the recipient country, particularly Cambodia and its risk of overreliance on aid, whether foreign aid could be a wary factor for Cambodia to demolished in order to continue to grow and achieve good governance within democratic principles.

3.1 Data Collection

The sources used in this research paper have been derived from the previous studies, news, reports, and analytical paper as the secondary sources. The sources of this paper were deemed reasonable due to the comparative balanced of selected sources from both independent institutions of research and thinktank, and governmental report of Cambodia including the relative data from ministry's report on foreign aid. It is therefore, the researcher has been able to come up with a concrete foundation of both side perspectives in studying the issue of foreign aid in Cambodia and could have been avoided the one side argument by overlook of the others.

Researcher used interviews as the primary sources in answering the research questions in this research paper. The researcher conducted interview with 6 peoples from variety of backgrounds to enquire information and perspective over the issue of foreign aid in Cambodia. The interviews were conducted in form of semi-structured interviews within online methods and partially offline conducted due to protocol issues. For participants' privacy, all participants' names been labelled as participant A, B, C, D, E, F, accordingly. The interviews were conducted between the designated period started from 14th March, 2023 to 9th April, 2023.

3.2 Participants

In order to achieve credible results of interview, several criteria have been applied for selecting participants. The interview has been conducted with both parties of government's official, and independent organization personnel – thinktank and research institution – in order to avoid one sided argument; biased results. There are 2 different sets of questions which applied to different group of participants

3.2.1 Government's Personnel

This research employed three identical criteria for selected participants under the government's personnel. The criteria were based on individual working status in ministry, age limitation and work experience. The first criterion limited participants under this group to be currently working in ministry of the Royal Government of Cambodia by the time of interviews being conducted. Researcher believe that by having a government official to participated in this interview, the researcher is able to enquire perspective from a group of people who have a better understanding of the governmental strategy for state's development in Cambodia over the foreign aid spectrum. The second criterion were based on participants age which researcher limited to be at least 22 years old, who was born by the year of 2001. Cambodians tend to graduate from high school at the age of 18, by adding up another 4 additional years of limits, researchers believe that Cambodia in their 22 years old deemed more considerate and rational as well as they could have a better understanding of political milestones in Cambodia. The last criteria were work experiences. The researcher also conducted with listed participants who have obtained with work experiences in the ministry of at least 3 years, considered of which should be potentially efficient for the personnel to be capable of such works designed at work place and could have absorbed such skills and knowledge.

Researchers have conducted interviews with 2 government officials from Ministry of Economy and Finance (MEF) of Cambodia, and 2 officials from the Royal Embassy of Cambodia to the Kingdom of Thailand of which technically under division of Ministry of Foreign Affairs and International Cooperation (MFA.IC) of Cambodia.

3.2.2 Organization's Personnel

Researchers also chose to interview organizational staff in order to balance the accuracy of the research findings. Participants under the group of organization personnel should meet four criteria. First, all participants for this group needed to be Cambodians since the goal of this paper is to explore the causes and effects of foreign aid in particular countries of Cambodia only. As such example, Cambodians who work in any organization could have more chance of interacting with inter-ministerial meeting which conducted in monolingual if the organization authority is relevant. Second, the researcher scope to limit the criterion for organization's personnel further to be whom completed their bachelor's degree in related field of international relation, political science or economic only, in order to gather precise views from participants over foreign aid in Cambodia. This second criterion could maximize the accuracy of the source in answering the research questions. Thus, the third criterion was to conducted interview with organization personnel who work for organization that located or branched in Cambodia only. This criterion was to ensure that the organization goal is working to analyze with existing issues

in Cambodia, so does their goal of understanding Cambodia's status quo. Fourth criterion designed to shortlisted participants who work in the organizations for at least 2 years. It is a check and balance of work experience for organization personnel to ensure a certain level of working assessment in the organization and would be able to deliver reliable answers.

Overall, researcher have conducted interviews with 2 organization personnel which came from the same organization. Both of the participants in this group are currently a fellow/researcher and chief department at the Foundation Office of Konrad Adenauer Stiftung (KAS) in Phnom Penh, Cambodia. Both of which have majored in International Relations and International Studies.

Table 3 Participant's Information

No.	Participants	Gender	Work experiences	Position/Organization
1.	Participant A	Male	3 Years and 2 Months	Official – Ministry of Economy and Finance (MEF), Phnom Penh, Cambodia
2.	Participant B	Male	3 Years	Official – Ministry of Economy and Finance (MEF), Phnom Penh, Cambodia
3.	Participant C	Male	5 Years	Royal Embassy of Cambodia in Bangkok (REC), Thailand
4.	Participant D	Male	4 Years	Royal Embassy of Cambodia in Bangkok (REC), Thailand
5.	Participant E	Male	3 Years	Konrad Adenauer Stiftung (KAS), Foundation Office Cambodia, Phnom Penh, Cambodia
6.	Participant F	Female	3 Years and a Half	Chief Department – Konrad Adenauer Stiftung (KAS), Foundation Office Cambodia, Phnom Penh, Cambodia

3.3 Limitation

During the period of the interviews, researchers have encountered some difficulties in order to reiterate the research findings in this research paper. Those limitation are the professional field of eligible participants were differed and some of them lacked knowledge about the foreign aid in Cambodia. The term foreign aid deemed unfamiliar and have not been normalized among societies unless personnel who works closely to relevant authority or obtained experiences in such field of foreign aid. To encounter such problems, researcher have to replace and rearrange some of the participant in short period of time.

4. Results

The results will primarily look into all the participants' responses. It then also divides into 4 sub-topics which will looked into the in-depth phenomena of the foreign aid particular in Cambodia.

4.1 Consequences of Foreign Aid in Cambodia

Foreign aid in Cambodia resulted in both positive and negative outcomes in various factors. All participants see that the interaction of foreign aid within the development process in Cambodia has manipulate two main benefits to Cambodia yet, the struggle of the three main encountered disadvantages also been addressed during the interviews. Participants A, B, C, E and F, agreed that foreign aid is an important asset and an effective tool for the receiving state to sustain development resource; increase national income and fulfil national budget efficiency for national development plan, and circulate economic growth to reduce poverty. Meanwhile, participant A, B, E, and F also argue that foreign aid has caused pollution toward the economic growth and governance environment in Cambodia.

According to participant E, foreign aid has been a crucial mechanism to sustain development resource in order to generate the flows of capital in multi-disciplinary sectors under the government agendas, advancing the developmental state in Cambodia. Participant A also agreed that receiving aid from the donor countries, there are several benefits from such, for developing countries to gain sufficient resources to develop their infrastructure, retrieved technical skills to fulfil their needs to growth under the globalization era. Plus, Participant C has outlined that infrastructure development is one such needs for Cambodia to enhance the economic and generate the growth

in GDP rate in the country. Participant F strongly agreed that the infrastructure enables transportations in Cambodia, considered of which is an indispensable asset for the country to circulate the flow of economics' vessel in her economy by having the ability to initiated economic activities among neighboring country. Hence, participant B also stressed that foreign aid has indeed helped the economy of the recipient state by reducing the poverty in her country. It can be seen through viable evident of the rose in gross national income per capita (GNI per capita) with the preferential market access granted to Cambodia as least development country (LDC) from the European Union (EU) and the United States (US) and, more recently, large foreign direct investment (FDI) which ever-increasingly rise from \$290 in 1998 to \$1,060 in 2015 and eventually reached the amount of \$1,380 in 2018.

Cambodia has normalized the term of foreign aid since UNTAC first came to the country and the foundation of state reconstruction were basically relied on foreign assistance, the so-called aid disbursement from donors since then. For instance, received aid have circulated the economic vessel of Cambodia, pushing more industrialization led to reduction of poverty, and lift Cambodia's GDP. Furthermore, aid has significantly sustained Cambodia's economy by distributed to state development agendas. Likewise, foreign aid has funded many development projects in Cambodia till now, eventually push Cambodia economy to move forward.

However, foreign aid altered recipient economic temporarily in a designated period that the recipient economy could obtain ability to serve her own economy later on. Therefore, Cambodia should not rely much on aid to sustain its developmental resources. Participant B also saw that foreign aid could be badly distributed or mis-conceptualized the aid itself if the budget was not planned properly and transparently. Thus, Participants A, E, and F also agreed on a point that the information regarding the aid utilization in Cambodia was little been revealed. Participant F also raised some potential concerns that the received aid might exploit Cambodia's reputation of its leaning foreign policy, sovereignty and perhaps national security. Participant A (Personal Communication, April 4, 2023) has remarked that:

Most foreign aid is conducted under the picture of contract or agreement, which means those who accept the aid will need to also agree to some terms and conditions from the giver . . . and I think the developing country will need to give up some of its controls to the givers.

Furthermore, Participant E have stated that the foreign policy of the recipient states may seem skeptical to other international actors since the received aid could have been a political tool driven the receiving country to be overreliance on the aid.

4.2 Manipulation of the Foreign Aid's Motives and Its Risk

Participant E (Personal Communication, March 20, 2023) has illustrated that the motives for donor countries to providing aid is political driven,

In my own perspective, developed countries aid to Cambodia are sticking to the motives of their political ideologies and influences . . . Frankly speaking, every support comes with prices and intentions. There is no such free lunch and we are living in a system in which we cannot read war no more.

Moreover, participant F also agreed that the donor countries provided aid with visions and expectations. The motives of foreign aid also depended on the status of the donor countries whether it is the aid provided by the superpower state or middle-power state. The intention of the superpower is to gain hegemonic goals while the middle power focus on its international security, politics stability, and economic gain rather than focusing on the developmental state in Cambodia.

At the same time, looking at the risk of foreign aid, the aid disbursement based on donor's interest motives would do more harm than good to Cambodia. Participant A has responded that the risk of relying on foreign aid as a source of its development would render such panic and hinder the development of Cambodia once the sudden disappearance of such aid happens when Cambodia is no longer be donor's strategic interest or such causes. Participant B has also clarified that there is some certain risk of aid reliance for Cambodia as such political strain against one another in the region and global will be detrimental for Cambodia political sphere. Cambodia has been allegedly accused by the U.S. government on Cambodia's foreign policy of being leaned toward China due to its heavy investment in the country. This accusation was ultimately harmed the U.S. and Cambodia foreign policy on its diplomatic relations and Cambodia's image.

4.3 The Emergence of Risk and Impact of Foreign Aid Diplomacy

To some extent, foreign aid in Cambodia has shaped Cambodia's path of development and politics in international arena. Participants C and D agreed that the aid diplomacy was not the negative factor for Cambodia to sustain its good governance due to her extensive economic plan and financial well management of the state. However, Participant F argued that the foreign aid diplomacy could interfere Cambodia in sustain good governance due to the emergence of the opportunity for corruption to happens. The corruption could happen anytime if the received budget is in lack of its transparency and efficiency of used. It then could cause such economic disadvantage for the nation since the corruption acted as a barrier for such growth in Cambodia.

Additionally, Participant B (Personal Communication, April 2, 2023), also asserted that the foreign aid diplomacy is damaging the Cambodia's prestige and its relations among other states,

Given the amount of help received from China, the US government has made several assumptions that Cambodia is home to Chinese naval bases near Sihanoukville, and these claims have strained relations between Cambodia and the USA . . . ultimately had a negative impact on the US and Cambodian foreign policies.

Hence, Participant E added that the foreign aid diplomacy has influenced and interfered with the country's foreign policy direction. One of the examples given by the participant E was that the case of Everything But Arm (EBA), the preferential market access with duty-free to the European markets granted to Cambodia. The western community tried to balance the soft power in the kingdom by pressing over the case of EBA, which the west has threatened Cambodia to withdraw the EBA, which the market access is accounted for a massive economic leap forward for textile manufacturing exportation of the economy in exchange for good governance. However, it has forced Cambodia to rely even more on China, pushing more comprehensive partnership between the two to avoid economic gridlock.

4.4 Fragmentation Causes of the Foreign Aid Reliance in Cambodia

Despite the development in Cambodia distributed by the aid, foreign aid has contradictory manipulated tremendous consequences once the receiving country depends on the aid. There is such risk ignited by the aid reliance in Cambodia. Participant B (Personal Communication, April 2, 2023) has pointed that:

Foreign aid dependence frequently encourages underdevelopment in the dependent country (Cambodia); a country's adoption of policies that are tailored to the interests of a stronger country may hinder the weaker country's domestic growth . . . resulted in temporary growth that hinders long-term development and leads to economic independence stronger than before.

At the same time, participants B and D also strongly agree that foreign assistance for development may undoubtedly giving the impact or influence on the political stance of the recipient country. Naturally, stronger countries could be capable of exerting substantial control over the receiving country politically and economically through aid. It is because the recipient state as developing countries are economically dependent on the donor state. Greater reliance on aid could bring more harm to the state's diplomacy and image.

However, Participant C has suggested that foreign aid would result in a more positive outcome for the country which is potentially helping the country to growth. Also, Cambodia should not be wary of its debt since the country has foreseen the debt ceiling and have well prepared to repay the debt to its creditors. Similarly, participant D thought that Cambodia should be more worried of the sphere of the donor's strategic interests rather than worry of the influx of foreign aid and its debt. Yet. Participants A, and B, have argued that Cambodia should be wary of the debt trap due to influx of foreign aid even if it has not exceeded 40% compared to GDP of Cambodia yet, prepare is better than repair. Additionally, Participant F has included by outline one example of the Hambantota Port in Sri Lanka where the Sri Lankan government have to hand over the port for 99 years lease to China as its creditor due to incapability of repay back the debt. These could be somehow an illustration of the debt trap consequence for Cambodian foreign policy makers to consider in order to distinguish itself from the debt.

5. Discussion

In this section, the research findings will be discussed in order to get the research's questions from Chapter one be answered. The primary source of this research will also be inserted to further explain and support the arguments of the research objectives.

5.1 Impact and risk of foreign aid diplomacy in consequences to achieve a good governance and its growth stability

There are 3 main impacts of weaponized reliance on aid in Cambodia which deemed risky for the kingdom to sustain a good governance and growth stability. Those impacts are (1): Deficiency of Sovereignty, Prestige and National Security, (2): Emergence of Corruption, and (3): Escalation of the Debt Trap.

Theoretically, Realism illustrated the provided aid being weaponized considered of which urged as a foreign policy tool of international donors to gain power politics over small states. Indeed, Realism assessed that such aid from international donors, naturally, superpowers and middle power states, merely caused detrimental effects due to superiority of aid's visions. It views that donors tend to provided aid to recipient states in pictures of development assistance to conceal its strategic move in such scenarios. It is undeniable that the aid disbursement was viable due to the donor's in-depth visions of capturing the strategic interests in recipient states (Lancaster, 2007). For instance, China disbursed loads of aid to numerous economies along its silk road in exchange for its fulfilment of the strategic goals – the pursue for global power and regional power in Indo-pacific region. Supported by the theoretical of Realism theory, it further reaffirmed that such aid was motivated by the foreseen of donor's national interests, as such; pivoted economic advantages from Cambodia, and support for One China Policy voiced by recipient state rather purely fulfill recipient's needs. It then conceptualized threats for recipient country to maintain its sovereignty for state control over its navigation of foreign policy, while the economic dependency inclusively restraint maximization on own political stance.

First, the huge influx of aid into Cambodia has posed such impact and concerns toward the sovereignty, prestige and national security. The aid disbursement in Cambodia from China has gradually rose in the past few years since Cambodia have obtained such comprehensive partnership with Chinese government (Anqi, 2021). Whether or not, Cambodia will have to face the chore of donor's strategic sphere not to mention the debt trap. Participants A, B, D, E, and F have clearly pointed out that aid has always been provided with donor's desire of interests. Cambodia has allegedly facilitated the military base, the so-called Ream Naval Base to the Chinese government as the base deemed strategic important for China to strengthening its sea power in South China Sea region (Nakashima, & Cadell, 2022). In response, the receiving state government has denied the accusation several times stated that it was military renovation of Cambodia naval base as part of own national security (Nika, 2022). Whether it is true or not, it is already damaged the diplomacy of Cambodia among China's rivals as such United States and western community has imposed sanctions over three Cambodian Naval's officials of entering the US in the future. Cambodia has been overly criticized of leaned foreign policy to its biggest donor numerous of times (Heimkhemra, 2020).

Hence, it is hard to deny the mutual benefits between the two since realism also views that the foreign aid deemed mainstream for donor's strategic interests and recipient would also gain its benefits through the exercise of cooperation. Theoretically, Realists thought that the international system would not be idealistic as it tends to be, but states as a primary actor in realism's lens should pursue its own national interests as its nation come first. In this sense, it could be true that Cambodia would do so in exchange of the huge amount of aid from Chinese government. For instance, Cambodia and China are both strategically and economically dependent on one another since both economies enjoy the excessive mutual advantages. It is possible but hard to ensure state sovereignty while Cambodia continue to rely on aid as part of its development. Historically, Cambodia have been heavily criticized for its politically gridlock scenario once Cambodia as chairmanship could not established such statement pointing on issues of South China Sea during the 2012 ASEAN meeting.

It is because the leaning foreign policy of the state led to restraint of ASEAN joint communique in 2012 in which the statement might criticize its donors on South China Sea dispute. This tendency has deteriorated state's prestige, sovereignty, and national security of Cambodia in such circumstance that the country was unable to distinguish itself from China's influence due to its economic dependency has been strains for the country to achieve good governance, improving the well-being of people living in the country (Parikh, 2015).

Second, foreign aid has further given such impact on the Cambodia government to reach out for growth stability due to the transparency of the aid. The received aid could circulate such corruption within a small group of people if the aid was not handled properly and is in lack of its transparency and mostly happening on aid which coming from donors directly dispensed to the Cambodia's government without aid agency or third organizations. Cambodia government has reveals little information of the aid utilization in Cambodia. Participants A, E, and F also agreed that there was little information toward the aid utilization and distribution in Cambodia has been disclosed publicly. Plus, the study of the motives of foreign aid illustrated that the aid has been dispensed viable through focus of donor's strategic interests rather than the needs of recipients. It then, corruption could hinder the long-term development and capability of sustaining growth stability in Cambodia.

Third, foreign aid has additionally escalated the possibility of a debt trap. Cambodia has currently paced its debt under the debt ceiling (40% Compared to GDP) which meant that Cambodia still obtained its ability to repay back the debt in time (Ministry of Economy and Finance of Cambodia, 2023). However, the debt of the country has continued to increase while the value of GDP has slightly increase. Cambodia has not fallen into the debt trap yet, but Cambodia could not ignore the factor (Abeyagoonasekera, 2022). Even if Cambodia would have strengthened its economic institute and financial management before leaving the LDC list which would make Cambodia encounter none issues on stabilize its economy. However, the international pressure and sanctions toward Cambodia would pragmatically still stays input, causing such obstacle for Cambodia to maintain its growth pace. Participant E has also raised the same concerns over the debt trap issue by pointed out Sri Lanka as lesson learned for Cambodia to be prepared and look into the huge influx of all forms of foreign aid especially from China as its biggest donor.

It then come to conclude that the weaponization of the aid in Cambodia by its donor whether intentionally or unintentionally exploit the economic stability in Cambodia, it is unexceptionally risky to her economics' health despite the numerous of infrastructure projects emerged and loans being granted, yet aid dependency is still there to be considered of.

5.2 Impact and risk of excessively reliance of foreign aid in Cambodia

By being over reliant on the foreign aid from international donors, Cambodia as a developing state has and continue to experience 2 main impacts. Those impacts are (1): The Risks of exploitation of domestic political correctness and interference of good governance, and (2): Fragmentation in her economy and diplomacy.

First, once Cambodia relied on aid, it then caused Cambodia to ignored the principle of democracy leading the country to dispatch from good governance. An excessive support from one major source has given Cambodia the power dilemma to ignored the conditions of western community prescript with foreign aid conditioned Cambodia to favor pure democratic principle (Pheakdey, 2013). In this sense, it is because global power was less influential to Cambodia but its major donor. Additionally, conditionality of aid has been ignored since the economy of the state has been sufficient from its major donor, enough to ignore the global governance guideline. Participant F has also illustrated this point by outlines in the case of EBA, considered of which Cambodia experienced the threats of withdrawal of the duty-free market access, and Cambodia chose to exercise more comprehensive partnership with China, forcing the state diplomacy to imbalance among the superpower and emerging power in international system.

Second, heavily reliance on the aid also caused the fragmentation to the economics of Cambodia. It is indeed, relying on the external resource for its developmental state have generates uncertainty of the future. Participant A has supported the argument by stated that Cambodia's economy would be much more hostile once the sudden aid disappearance or withdrawal occurred. Plus, Cambodia would risks fallen into the debt trap once the debt has mounted over the debt ceiling, which could lead the country to encounter uncertain danger pavement of its economy; the economic over-dependent on its donor, which led the economy to confront the possible fragmentation (Sarath, 2021). Equally important, the diplomacy of Cambodia would pragmatically exploit due to its leaning foreign policy while ignore with one another. Whether or not, Cambodia has to favor the strategic desire of donor countries in order to continue to receive the aid. It is then, the kingdom would choose to ignore the criticism from international communities and diminished its political neutrality in global politics while underpin its donor's strategic interests.

6. Conclusion and Recommendations

6.1 Conclusion

To conclude, this research paper has adequately explored the impacts and risks of foreign aid diplomacy in Cambodia, considered of which are the main factors interfere the country in order to achieve and sustain a good governance and growth stability. The paper also studied the consequences of being excessively reliant on the aid. This research looks into both primary and secondary source and supported by realism theory in answered the two research questions.

The aid diplomacy has helped Cambodia reconstructed the whole state structure for the past few decades since UNTAC came. The developmental state in Cambodia including infrastructure has been improved inclusively and contributed by several aid programs to Cambodia. Being aided by international donors and aid agencies, enabled Cambodia to reduce poverty in the country as well as increased national income for Cambodia's citizens. Shifted in aid partners in the new era has urged the newly aid diplomacy spectrum. Numerous sources have asserted such impacts and concerns for the recipient country, particularly Cambodia to encounter as part of its confrontation of the aid consequences. The impacts and risks outweighed the benefits of such aid in the sense that people would choose good governance and ability for its own state to continue to growth rather than infrastructure. Thus, the huge influx of foreign aid in the country also demonstrated skeptical foreign policy direction, resulted in leaned foreign policy and exploited the recipient state's prestige, diplomacy, and national security as seen in such issues of the accusation of the Ream Naval Base and 2012 ASEAN chairmanship.

The received aid in Cambodia could be badly distributed if not handle properly, possibly emerging such corruptions in the country while the transparency of aid could not be ensured and disclosed. Meanwhile, the aid also posed such threats like leading the recipient state to falling into the debt trap as being seen in Sri Lanka when the financial of the country is having inability to repay back the debt in times, eventually forced to lease its port for 99 years to its creditor.

Last but not least, Cambodia is currently a developing and small state, and over-reliance on the aid would do more harm to the country. The study has explored that there are impacts for Cambodia to relied on the aid from international donors. Relying on aid pragmatically exploited the good governance and fragmentation of economy and diplomacy for Cambodia as a small state while the superpower race for its global power by the used of foreign aid. Plus, Cambodia continues to enjoy and rely on the economic cooperation with China as its iron-clad friendship has led Cambodia to ignore the countless sanction and conditions for good governance through foreign aid from others donor agencies included USAID, and many more. The weight of international pressures and sanctions did not fall to government alone but the Cambodian people.

6.2 Recommendations

In order to ensure the capability of Cambodia as a developing country to sustain its growth stability and achieve a good governance in such circumstance while encountering the foreign aid diplomacy spectrum, the recommendations are:

- Cambodia should enhance the reliability of the domestic government. In this sense, accountability and transparency of the domestic government is a priority for the sake of the nation. Authorized government should be capable of handling the national budget planning in order to pursue such growth stability and political correctness on aid.
- Cambodia needs to balance its strategic partnership and be conscious of the concessional loans in forms of foreign aid in which the creditor would use debt trap diplomacy in capturing the hegemonic power in the country.
- Cambodia should obtain its political neutrality at any cost to ensure the diplomatic relations with international communities with the two poles of superpowers in order to avoid international pressure and oppositely gain further economic advantages for her economy.
- Political correctness is important in which Cambodia should poses a strong stance on the adoption on the principle of democracy. It is quite crucial for Cambodia to show its attachment toward democracy as it is what Cambodian people desired through elections every five years.
- Cambodia needs to ensure the efficiency and transparency of the aid by allowing NGOs and IOs in observing the aid utilization missions. The transparency of aid shall be further disclosed by having a middle

segment of the aid distribution in order to prevent opportunity of corruption to occurred. Good governance can be then be ensured for the sake of the nation.

- Cambodia should not rely heavily on aid as part of its development plan, but rather strengthening the economic institutions, pushing more open diplomacy toward both superpower and emerging power, as well as securing the diplomacy direction as neutral state.

- Cambodia should prevent any sort of inference from donors toward the domestic affairs to happen. Sovereignty of developing state could be fragmented and influenced over the use of huge amount of resource assistance in the picture of development assistance. Aid is driven by the motives of donor rather driven by the foreseen of recipient needs. It is; therefore, Cambodia has to prioritize its national strategic plan rather than leaning on the comfort zone of donor's sphere.

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