

Signing of Japanese ODA Loan Agreements and Grant Agreement with the Kingdom of Cambodia

Supporting Sustainable Growth in Cambodia through Infrastructure and Human Development

On July 10, the Japan International Cooperation Agency (JICA) signed three Japanese ODA loan agreements and one grant agreement with the Government of the Kingdom of Cambodia in the Cambodian capital of Phnom Penh to provide ODA loans of up to a total of 13.785 billion yen and a grant of 851 million yen. The ODA loan agreements are for the Phnom Penh City Transmission and Distribution System Expansion Project, the National Road No. 5 Improvement Project (Prek Kdam-Thlea Ma'am Section) (I) and the Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project, and the grant agreement is for the Project for Expansion of Lower Secondary Schools in Phnom Penh.

Since conflict came to an end in 1991, Cambodia has transitioned from a reconstruction stage to a mid- to long-term development stage while receiving assistance from the international community, including Japan. In particular, economic growth has been stable since 2010, growing at a high rate between 6 and 7 percent.

Moreover, while the poverty rate in Cambodia is in an improving trend, it remains at a high level, 25.8 percent. To continue sustainable growth going forward, Cambodia faces important challenges, particularly in building infrastructure and improving education for future growth. In the Rectangular Strategy formulated in the National Strategic Development Plan (NSDP), the Government of Cambodia has set forth 1) rehabilitation and construction of infrastructure, and 2) capacity building and human resource development as focus areas, and these projects will support infrastructure and human resource development, based on the policies of the NSDP.

The features of the three ODA loan projects and one grant aid project are summarized below.

Japanese ODA Loans

(1) Contributing to the Stable Supply of Power in the Capital of Phnom Penh

Although stable economic growth has continued in recent years in Cambodia, the demand for power is rapidly expanding with that growth. The amount of power sales grew by a rate averaging more than 20 percent each year from 2003 to 2010. As the socioeconomic core area of Cambodia, the capital of Phnom Penh is positioned as the highest priority area in the NSDP for a stable power supply. In Phnom Penh, the area affected by power outages is growing due to capacity limitations on the power transmission and distribution system and an inadequate power grid control system, and when a power outage occurs, an extended recovery period is required. By expanding the infrastructure, the Phnom Penh City Transmission and Distribution System Expansion Project will contribute to improvements of the power supply.

(2) Improving Logistics with Improved Trunk Roads

Many of the roads and bridges in Cambodia were destroyed in internal conflicts that lasted until 1991. After the conflicts came to an end, rehabilitation efforts were assisted by the international community, including Japan; however, much of that rehabilitation work was for simple road surfacing, and problems have therefore arisen such as deteriorating pavement and inadequate road widths. As the Cambodian and regional economies develop, improvements will be needed to bring roads up to standards capable of handling the increasing domestic and international traffic.

Linking Phnom Penh and the border with Thailand, National Road No. 5 serves as a trunk road for Cambodia, as well as composing a portion of the Asian Highway (1) and the Southern Economic Corridor, and is expected to function as a major industrial arterial for the Mekong region. The National Road No. 5 Improvement Project (Prek Kdam-Thlea Ma'am Section) (I) will repair and widen National Road No. 5 between Prek Kdam and Thlea Ma'am near Phnom Penh where traffic is heaviest, and construct two bypasses to detour around the urban areas of Kampong Chhnang and Odongk, increasing the transportation capacity and improving the transportation efficiency in the target area.

(3) Improving Agricultural Productivity through Irrigation Works

As a major industry in Cambodia, agriculture is expected to drive the Cambodian economy through the domestic sales and exports to neighboring countries of crops and processed agricultural goods. Of the 23 provinces (khet) in the country, the four in the southwest (Kampong Chhnang, Kampong Speu, Kandal and Takeo) alone account for approximately 30 percent of the country's entire rice production volume, but lacking stable water irrigation, the region faces the challenge of improving its low productivity.

The Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project, among the projects for which the loan agreements were just signed, will repair and improve irrigation and water discharge facilities that do not function adequately due to degradation and inadequate maintenance and management, aiming to increase agricultural productivity in the target region to improve the lives of farmers.

Under the Project for River Basin Water Resources Utilization in the Kingdom of Cambodia, technical cooperation planned to start in 2014, support will be provided to regulate water resources in the project target area, with the object of smooth implementation and management of the Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project. Since 2010, the Agricultural Productivity Promotion Project in West Tonle Sap, technical cooperation with the Cambodian Ministry of Agriculture, Forestry and Fisheries, has been implementing farm management activities, and the results of that technical cooperation are planned to be used to continue farm management guidance to farmers while partnering closely with the Ministry of Water Resources and Meteorology and the Ministry of Agriculture, Forestry and Fisheries, which is the executing agency of the present project.

In addition, the Improvement of Agricultural River Basin Management and Development Project, technical cooperation currently being implemented, is providing training to employees at the executing agencies in the areas of irrigation facility planning, design and construction management, along with maintenance and management. With the skills gained, the employees plan to become involved with the construction management of this ODA loan-funded project, as well as with the maintenance and management of the irrigation facilities after project completion.

Grant Aid

(4) Improving Lower Secondary Education Quality in Phnom Penh

The reduction in the number of teachers, the destruction of schools, and the disposal of textbooks and other educational materials caused in the conflict arising in the 1970s were devastating blows to education in Cambodia. Reconstruction and improvement efforts have been maintained since the conflict came to an end, and while an increase of 123.4 percent was achieved in the gross enrollment ratio for primary education in 2012, the gross enrollment ratio for lower secondary education (2) remained low, at 53.6 percent that year, hindering an increase in the number of students progressing to upper secondary and higher education, indispensable for developing industrial human resources. In Phnom Penh, the number of lower secondary educational facilities is inadequate due to the rapid population increase, resulting in an excessive ratio of 65.5 students per classroom (national average: 46.3). Therefore, those schools are forced to employ two or three shifts for lessons, resulting in inadequate lesson time for the prescribed curriculum and a lower quality of education so that increasing the number of classrooms is a priority.

The Project for Expansion of Lower Secondary Schools in Phnom Penh is grant aid for expanding eight lower secondary educational facilities in Phnom Penh and improving the learning environment with the aim of improving the quality of lower secondary education.

Notes:

1. The Asian Highway is a network connecting 32 countries in Asia with a total length of approximately 140,000 kilometers.
2. The educational system in Cambodia is 6-3-3, like Japan, comprising six years of primary education, three years of lower secondary education and three years of upper secondary education. Primary education is stipulated as mandatory in the Cambodian constitution.



After the signing, Hiroshi Izaki, chief representative of the JICA Cambodia Office, shakes hands with Aun Poromniroth, minister of Economy and Finance

Reference
 Japanese ODA Loans
 Terms and Amounts of Loans

Project title	Amount (million yen)	Annual interest rate (%)		Repayment period (years)	Grace period (years)	Procurement
		Project	Consulting services			
Phnom Penh City Transmission and Distribution System Expansion Project	6,480	0.01	0.01	40	10	General untied
National Road No. 5 Improvement Project (Prek Kdam-Thlea Ma'am Section) (I)	1,699	0.01	0.01	40	10	General untied
Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project	5,606	0.01	0.01	40	10	General untied

Grant Aid
 Basic project information

Project title	Project for Expansion of Lower Secondary Schools in Phnom Penh
Planned implementation period	Construction: 35 months, including detailed design work and the bidding period
Executing agency	Phnom Penh Municipal Department of Education Youth & Sport
Target region, facilities	Eight lower secondary educational facilities in Phnom Penh: Chamroeu Phal Lower Secondary School, Hun Sen Borey 100 Khnorng Lower Secondary School, Hun Sen Chumpouvoan Lower Secondary School, Hun Sen Pochentong Lower Secondary School, O Bek Kaom Lower Secondary School, Prek Leap Lower Secondary School, Russey Keo Lower Secondary School, Teuk La-Ak Lower Secondary School
Specific project details	Construction of classroom buildings and other facilities in the existing eight lower secondary educational school premises, to include: 165 classrooms, eight bathroom stalls, desks/chairs for teachers, students

- (1) Phnom Penh City Transmission and Distribution System Expansion Project (PDF/57.4KB)
- (2) National Road No. 5 Improvement Project (Prek Kdam - Thlea Ma'am Section) (I) (PDF/57.3KB)
- (3) Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project (PDF/57.8KB)
- (4) Project for Expansion of Lower Secondary Schools in Phnom Penh (PDF/53.8KB)

Loan

(1) Phnom Penh City Transmission and Distribution System Expansion Project

(a) Background and Necessity

With stable economic growth in recent years, Cambodia has seen a rapid increase in the demand for power, with the volume of power sales increasing by 20 percent on average each year since 2002. Expanding the facilities in the power sector is therefore a priority, and the Government of Cambodia has placed a focus on the development of power infrastructure, one of the four pillars of the Rectangular Strategy.

The Phnom Penh metropolitan area is the socioeconomic center of the country with approximately 1.5 million people, and the amount of power consumed in that region accounts for 70 percent of the power consumption in Cambodia, so that providing a stable power supply in Phnom Penh is one of the highest priorities in the NSDP. Currently, power facilities are unable to keep pace with growing demand, and the scope of power outages due to an inadequate power grid control is growing, and recovery from outages requires a great deal of time so that strengthening the power facilities is an urgent priority.

(b) Objective and Summary

This project will provide new substations, transmission lines, distribution lines, and related facilities, and augment the existing substations in the Phnom Penh metropolitan area to enhance the electric supply stability, thereby contributing to economic development in Cambodia.

(c) Executing agency

Electricité du Cambodge

Address: Street 19, Wat Phnom, Daun Penh District Phnom Penh, Cambodia

Phone: +855-23-723-971, fax:+855-23-426-018

(d) Planned Implementation Schedule

(i) Completion of project: January 2018 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including detailed design work): already sent

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package title: Transformer Substation Construction and Power Transmission and Distribution Network Public Works

Release date: July 2015

Loan

(2) National Road No. 5 Improvement Project (Prek Kdam - Thlea Ma'am Section) (I)

(a) Background and Necessity

Since conflict ended in 1991, progress has been made in repairing the transportation infrastructure of Cambodia with assistance from the international community, including Japan, the World Bank and the Asian Development Bank, but areas remain where current conditions cannot be handled, such as deterioration to stop gap repairs made after the conflict and inadequate road widths. Repairing existing roads to meet the increase in domestic and international goods transportation accompanying economic development is a priority. Serving not only as a trunk road for Cambodia but as a part of Asian Highway (AH) 1 and the Southern Economic Corridor, National Road No. 5 is expected to function as a major industrial arterial for the Mekong region. Along National Road No. 5, the Prek Kdam - Thlea Ma'am Section near Phnom Penh has a particularly large volume of traffic, the existing pavement is of poor quality, the road is flooded by rainwater and flooding of Tonle Sap, and pavement degradation is prominent, making repairs an urgent priority.

(b) Objective and Summary

This project will make repairs and other improvements to the existing main road on the Prek Kdam - Thlea Ma'am Section of National Road No. 5 which connects Phnom Penh to the Thai border, increasing the transportation capacity and efficiency in the target region, thereby promoting economic development in Cambodia.

The loan funds for this project will be allocated to the first phase consulting services, which are a part of the project expenses.

(c) Executing agency

Ministry of Public Works and Transport

Address: Norodom Boulevard, Phnom Penh, Cambodia

Phone: +855-23-722-715

(d) Planned Implementation Schedule

(i) Completion of project: December 2019 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including detailed design work): already sent

Loan

(3) Southwest Phnom Penh Irrigation and Drainage Rehabilitation and Improvement Project

(a) Background and Necessity

Agriculture is the core of the economy and industry in Cambodia, accounting for more than 30 percent of the gross domestic product and 70 percent of the employed population. In addition, 80 percent of the country's population and more than 90 percent of the poor live in rural areas, so agriculture is also an important field from a perspective of alleviating poverty. Many of the existing irrigation facilities were constructed by the Pol Pot regime (1975 to 1978), and they do not function adequately due to degradation as well as design and construction issues. In addition, the levels of facility maintenance and management capacity are low, as are the irrigation rate and cultivation technology, so that agricultural modernization has not progressed. Of the 2.96 million hectares of rice paddies in the country, approximately 770,000 hectares (2011) can be irrigated during the rainy season, a mere 30 percent of the rice paddy area in the country, resulting in extremely low rice productivity for Cambodia compared to other countries, and making productivity improvement a priority for agricultural development.

(b) Objective and Summary

This project will repair and construct irrigation and discharge facilities in five regions located in three southwestern provinces of Cambodia, increasing the agricultural productivity in the target regions, and thereby improving the livelihoods of agricultural workers.

The loan funds will be allocated to public works, the procurement of equipment and materials, consulting services and the like.

(c) Executing agency

Ministry of Water Resources and Meteorology

Address: #364 Monivong Boulevard, Sangkat Psar Deumthkov, Khan Chamkar Morn, Phnom Penh, Cambodia

Phone: +855-23-215-318

(d) Planned Implementation Schedule

(i) Completion of project: April 2021 – when the facilities are put into service

(ii) Issuing of letters of invitation for consulting services (including detailed design work): October 2014

(iii) Tender announcement of initial procurement package for international competitive bidding on project construction:

Procurement package titles:

1) Roleang Chrey: Headworks, Primary and Secondary Channels

2) Upper Slakou: Primary and Secondary Channels, Kandal Stung Bati, Main Channel 35, Srass Prambai: Primary Channel

Release date: July 2016

Grant aid

(4) Project for Expansion of Lower Secondary Schools in Phnom Penh (total amount of aid: 851 million yen)

(a) Background and Necessity

The number of secondary educational facilities is inadequate for the population in Phnom Penh which has risen rapidly in recently years, leading to extremely crowded classrooms with a ratio of 65.5 students per classroom, far over the national average of 46.3. Many secondary educational facilities have therefore instituted two or three shifts for classes, making it difficult to meet the number of classroom hours prescribed in the curriculum and raising concerns about the quality of education.

(b) Objective and Summary

This project will improve the learning environment at eight lower secondary schools in Phnom Penh for the betterment of the quality of lower secondary education.