

# Enabling Environment of the Water-Energy-Food Nexus

## COUNTRY PROFILE - CAMBODIA



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## 1 SUMMARY

### 1.1 Country Context in the Water-Energy-Food (WEF) Nexus

The economy of Cambodia has been significantly impacted by the COVID-19 pandemic in 2020, with a registered negative growth of -3.1% in the year.<sup>1</sup> The Cambodia's agriculture sector is classified as a primary occupation and accounts for 22% of the national GDP and employs about 3 million people as of 2018, which is one-third of the Cambodian workforce with the highest number of women employed: 39.3% of women and 33.7% of men; almost 31 % of people aged 15-64 years (about 34% for women and 28% for men). There are many workers classified as unpaid family workers, it is economically challenging for women who work in this sector. Cambodian women still face many difficulties in terms of access to land, extension services, farm equipment, financial services, markets, information and communication and technology which result a huge gap of gender in accessing to agriculture resource and service.<sup>2</sup> Despite the protection of women's equal rights in land ownership in the Land Law (2001), women are more likely than men to be landless or have significantly smaller plots of land. However, by law it is possible to have joint land registration and joint titles.<sup>3</sup>

Rice makes up half of Cambodia's agricultural GDP. Cambodia is one of the top 10 rice exporters in the world (exported 620,000 tons in 2019).<sup>4</sup> Agriculture is the highest user of water in Cambodia accounting to 56% of the total consumption.<sup>5</sup> There are over 2,400 irrigation schemes developed by the Ministry of Water Resource and Metrology (MoWRAM) that can irrigate about 1 million hectares in rainy season and half this are in dry season. The final energy consumption of Cambodia in the year 2015 was 3.4 million tons of oil equivalent, comprising of 50.5% of petroleum products, 36% biomass, 13.1% electricity, and 0.4% coal. Agriculture sector consumes around 4% of the total petroleum consumption.<sup>6</sup>

### 1.2 Priorities and Resources for Innovators in the Water-Energy-Food Nexus

In 2020, Ease of Doing Business (EODB), index score for Cambodia is 53.8 (out of 100); ranked 144<sup>th</sup> out of 190 economies. Cambodia ranks 25<sup>th</sup> in terms of getting credit among all the economies<sup>7</sup>. The government of Cambodia has budgeted \$100 USD million from the national budget to a newly established 'SME Bank' established in January 2020. The government has also announced an additional \$50 USD million transfer to the state-owned Rural and Agricultural Development Bank that support lending to agribusiness firms that have been impacted by COVID-19<sup>8</sup>.

Cambodia has relatively under explored mineral resources. The Cambodian Government has demonstrated strong support for the industry's development such as: agribusiness and food manufacturing, renewable energy, water-related infrastructure and technology, e-commerce, and other technology-based businesses. COVID-19 has re-prioritized the need for Cambodia to modernize its agriculture sector and the Cambodian Government is keen to attract new foreign direct investment into agriculture and emerging agro-industry and extensive cooperation in the water and renewable energy sectors. Cambodia had 2236 MW of installed power generation capacity in 2020, with 1341 MW of that (60%) coming from hydropower dams and 650 MW (29%) coming from coal, the rest coming from Solar, Oil, Waste and Biomass. Cambodia's rapid energy demand (approximately 20% annually since 2010) is estimated 150-200% higher cumulative growth through 2025.

Cambodia follows an open market economy. The diversified economy depends heavily on textiles and tourism, and includes significant agricultural, oil and natural gas, financial services, port and logistics services, education, and trading activities. Cambodia is a member of the WTO since 2004, a member of the ASEAN. The official currency is the KHR (approximately 4,000 KHR = \$1 USD).

Banking and financing: Cambodia's government has significantly improved financial facilities, strengthened the base of financial institutions and made it easier for the investors to get business financing in Cambodia. Cambodia's banking sector provides a wide range of services, from traditional lending and deposit-taking to corporate and investment banking activities. The banking and finance industries in Cambodia are regulated by the NBC. Around 50% of the population has access to at least one financial service: either a bank account or borrowing account, an insurance account, or an electronic wallet (e-wallet) account. Women and young adults (aged 15 to 24) often face even greater challenges in accessing financial services, while many micro, small, and medium enterprises (MSMEs) and farmers face limited access to credit and often rely on informal markets for finance, at high costs<sup>9</sup>.

Foreign investment: Cambodia is a desirable destination for foreign investors looking to set up operations, primarily because of its attractive corporate structure and favorable tax treatments and tax reliefs/ incentives, political stability, advantageous location, untapped natural resources and land, and the proximity to Asian raw materials. Cambodia is also among Asia's lowest-cost workforces. It is relatively easy to set up a business in Cambodia with 100% foreign investment, with the exception of landholding rights. Cambodia welcomes foreign investment that contributes to its economic growth and specifically favors high value-added investments and technology-based industries by offering attractive incentives for qualifying activities.<sup>10</sup>.

See Annex 1 for a summary of relevant policies in the WEF nexus. T

See Annex 2 for the local enabling environment actors and stakeholders in the nexus.

See Annex 3 for a summary of the emerging players in the SME support landscape in Cambodia.

See Annex 4 for a tax profile of the country.

See Annex 5 for key demographic Indicators.

See Annex 6 for land use and major economic activity.

## 2 MACRO-LEVEL: POLICIES AND TRENDS IN THE WATER-ENERGY-FOOD NEXUS

### 2.1 Economic Growth and Agriculture

- The economic growth of Cambodia is significantly affected by the global Covid-19 pandemic with most impact on tourism, manufacturing exports and construction. In the year 2020, Cambodia registered a negative growth rate of -3.1%. It has particularly impacted women. Access to credit and market is still challenging for smallholder farmers, especially women, indigenous peoples, and other vulnerable groups.
- Cambodia's average GDP growth in 2020-2024 is estimated to be at 6.7%, slower than the 2013-17 rate of 7.1%. Fixed investment will remain a key growth anchor as infrastructure development continues.
- Most private sector businesses are very small, and this causes problems such as high rates of informality. Special Economic Zones have proven successful in attracting investment and diversifying the manufacturing base, however spillovers from these zones to the rest of the economy have been limited. In attracting investment and diversifying the manufacturing base, however spillovers from these zones to the rest of the economy have been limited.
- The majority of rural people are small landholders with less than two hectares per household: 45% own 1-1.99 hectares; 47% own 0.03 – 0.99 hectares who engaged in rice-based agriculture, collection of forest products and raising livestock.<sup>11</sup>

### 2.2 Water and Agriculture in the WEF Nexus

- Cambodia's hydrometeorological monitoring network is limited with poor and incomplete water data records. The lack of data on water resources and irrigation and weak institutional coordination also poses challenges for the Ministry of Agriculture, Forestry and Fisheries (MAFF) in promoting crop diversification and the shift to higher-value crops.<sup>12</sup>
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- As agriculture accounts for the highest water usage in Cambodia, the efficient, effective, and sustainable management of the country's water resources depends largely on irrigation systems' performance. accounts for the highest water usage in Cambodia, the efficient, effective, and sustainable management of the country's water resources depends largely on irrigation systems' performance.

- Water covers approximately 30% of the land. Fish and other aquatic animals contribute 80% of animal protein in the typical Cambodian diet and fisheries provide income and livelihoods to 46% of the total population.<sup>15</sup>
- As of mid-2020, Cambodia's irrigation systems have been accessible by about 62% of the total 2,957,400 hectares of farmland throughout the country.<sup>16</sup>
- Cambodia has a diverse range of freshwater sources, including rivers, streams and lakes, and these contribute to abundant water resources. Of the total water available in Cambodia, 10% is consumed, and of that 56% is used in agriculture.<sup>17</sup>
- In Cambodia, only about 1.3 million hectares of the almost 4 million hectares of agriculture land are covered by the irrigation systems, and around 90% of these irrigation systems are considered underperforming or outdated.<sup>18</sup> . Farmers in Cambodia are relatively less aware of groundwater use, as well as about equipment required for groundwater extraction (like pumps, pipelines and either diesel or power operated low horsepower pumps).<sup>19</sup> Given the essential role of women in agriculture, irrigation projects by donors and investors such as the European Investment Bank and Asian Development Bank include a focus on gender equality and participation of women in such projects.<sup>20</sup>

## 2.3 Energy in Nexus

- Cambodia's electrification rate is the second lowest among Southeast Asian countries. Cambodia plans to increase its power generation capacity by building hydropower and coal-fired plants by 2025, which can contribute to improve self-sufficiency of power supply.<sup>21</sup>
- More than 80% of rural households rely on firewood or charcoal for daily cooking.<sup>22</sup>
- Wood fuel including firewood and charcoal is increasingly in demand in Cambodia. About 800,000 tons of firewood are used in the garment and brick-making industry and 1.8 million tons for household cooking while 3.5 million tons of charcoal is used for cooking in households and restaurants.<sup>23</sup>
- Cambodia had 2236 MW of installed power generation capacity in 2020, with 1341 MW of that (60%) coming from hydropower dams and 650 MW (29%) coming from coal, the rest coming from Solar, Oil, Waste and Biomass. Cambodia's rapid energy demand (approximately 20% annually since 2010) is estimated 150-200% higher cumulative growth through 2025.
- Almost 80% of the population lives in the countryside. In rural villages, about 30% of households use a car battery for electricity and recharge it at the village's battery charging station. Unfortunately, batteries are a very expensive form of power supply. In addition, just over 5% of rural households use SHSs, and a little over 4% still use kerosene lamps or candles for lighting.
- The Royal Government of Cambodia sets targets for the energy sector in the National Strategic Development Plan (NSDP). NSDP prioritizes increasing electricity supply capacity, reducing electricity tariffs to an appropriate level, and strengthening institutions to manage the energy industry. Rural electrification, reduction of high tariff rates, and diversification of the electricity supply are three principal challenges for Cambodia's energy sector.

- Policy on Biodigester Development in Cambodia (2016–2025) establishes a government-supported National Advisory Committee to facilitate increased support and expansion of the NBP through 2025 (MAFF, 2016).<sup>24</sup>

## 2.4 Investment and End-user Finance

- From 1994 to 2017, foreign companies have invested over \$34.6 USD billion into the country, of which approximately 11.45% was directed into the agricultural sector. Much of the FDI into Cambodia's agricultural sector has taken the form of 267 Economic Land Concessions (ELCs).<sup>25</sup>
- The Rural Development and Agriculture Bank (RDAB) provides a special financial program with a \$50 USD million fund to provide low-interest loans for farmers to invest in livestock rearing and crop cultivation, at interest rate of 5% per annum for working capital and 5.5% per annum for the capital investment).<sup>26</sup>
- According to a study conducted by International Finance Corporation (IFC), agribusinesses account for the highest percentage (31%) of small and medium scale industries (SMEs) in Cambodia. The sector also has the highest start-up capital compared to SMEs in other sectors.
- Cambodia ranks 25<sup>th</sup> in terms of getting credit, in the EODB survey 2020. Agribusiness have access to loans from commercial banks and microfinances, and also grants from government or donor funding.<sup>27</sup>
- Cambodia, despite having a population of only 16 million, has the tenth largest microfinance sector in the world – around \$10 billion of loans, more than a third of the country's GDP. <sup>28</sup>
- As a part of the economic recovery program in response to Covid-19 fallout, the MOEF has allocated \$150 USD million as credit facility to SMEs.
- National Financial Inclusion Strategy by the National Bank of Cambodia has prioritized agriculture, renewable energy, and women-owned SMEs; for credit guarantee scheme, and targeted lending products.<sup>29</sup>
- In 2018, using the IDA Private Sector Window Local Currency Facility, IFC enabled microfinance institution Hattha Kaksekar Limited (HKL) to issue a local currency bond of \$30 USD million equivalent—the first-ever bond issued and listed on Cambodia's Securities Exchange—to offer more affordable local currency lending products to rural borrowers, especially women.<sup>30</sup>
- Small and Micro Enterprises (less than 10 employees) accounted for over 97% of establishments in 2014. These employed 57% of all workers, whereas large enterprises (100 or more persons engaged) employed 28% of workers and small and medium establishments (SMEs) the remaining 15%. Over half of large establishments (53%) were owned by Cambodians, while more than 99% of micro establishments were owned by Cambodians. Around 91% of small and medium establishments were Cambodian owned.<sup>31</sup>

## 2.5 Environmental, Social, and Governance (ESG)

- Nationally women represent about 60% of agricultural cooperative members, and they run 65% of all enterprises, over a third of all fruit and vegetable processing enterprises and almost half of all wholesale agricultural raw materials enterprises. Most of the women's businesses are micro enterprises (four workers or less). Nationally 22% of all households are headed by women. Households headed by women are likely to be more vulnerable, have smaller landholdings than men, and more frequently suffer from labor shortages.<sup>32</sup>
- Though some of the non-government agencies like Oxfam and CSR promoted importance of ESG investment, awareness of ESG is still limited in Cambodia. Only few companies like Cambodian Mango Farms, and NagaCorp, have started incorporating ESG factors into their business philosophy and strategies.<sup>33</sup>
- In Cambodia, 17.8% of the population lives below the national poverty line (below \$ 1.90 USD purchasing power parity/day) in 2020.<sup>34</sup>
- About 90 percent of the poor live in the countryside. Around 4.5 million people remain near-poor and vulnerable to falling back into poverty when exposed to economic and other external shocks. Poverty has increased due to the COVID-19 pandemic. More than 710,000 households (2.8 million people) received cash transfers during the COVID-19 in January 2021, while only 560,000 households (2.3 million people) were eligible in early June 2020. This implies that at least 150,000 households (0.5 million people) have been identified as newly poor between June 2020 and January 2021.<sup>35</sup>
- Rural women are responsible for 80% of food production and more than 65% of women are farmers. Among all female farmers, half are illiterate or have less than an elementary level of education and 78% farm as a family.<sup>36</sup>
- To overcome the constraints faced in gender mainstreaming, the Ministry of Agriculture, Forestry and Fisheries has laid down a gender mainstreaming policy for enhancement of gender equality in the agriculture sector through active cooperation of both women and men for the opportunity to contribute and benefit equally from the activities of all sub-sectors in the agriculture sector.
- Women own a majority (61%) of small and medium enterprises in Cambodia and 90% of them are profitable. However, most of them are not registered.<sup>37</sup> More than 44% of foreign-owned establishments are managed by a woman.
- Cambodia is one of the more disaster-prone countries in Southeast Asia, affected by floods and droughts on a seasonal basis.<sup>38</sup> Of 116 nations measured by S&P – Cambodia scored the lowest, coming in at 116<sup>th</sup>.<sup>39</sup>
- Cambodia is ranked 89th out of 149 countries in Global Gender Gap rankings; index score for Cambodia in 2020 was 0.694 (with score of 1 absolute parity; 0 absolute imparity).<sup>40</sup>

- Cambodian irrigation systems are mostly located in the ecologically sensitive region and linked to different sub-basins of the Mekong River Basin having their ecological contributions and their links to local livelihoods.
- Approximately 60% of rice straws are burned in fields, rather than being used as fodder or as natural manure.
- High dependence on rainfall for agriculture makes Cambodian agriculture vulnerable to weather shocks. Male and female farmers reported the negative impacts of shorter rainy seasons, floods, and more frequent drought spells. Climate change is leading to more variable growing seasons and water deficits. The country has adopted the Cambodian Climate Change Strategic Plan (CCSP) 2014-2023 towards a green, low-carbon, climate-resilient, equitable, sustainable and knowledge-based society, providing the entry point for a structured and coherent approach to integrate climate change into the national development process.
- Electronic waste in Cambodia has increased by 70% between 2010 and 2015, according to a recent United Nations University report. Currently there are no specific regulations for e-waste management, thus the Ministry of Environment was planning to develop a new sub-decree to broach the issue.<sup>41</sup>

### 3 BUSINESS-LEVEL: PRIORITIES AND RESOURCES FOR INNOVATORS IN THE WATER-ENERGY-FOOD NEXUS

#### 3.1 Business Operations

- In 2020, Ease of Doing Business (EODB), index score for Cambodia is 53.8 (out of 100); ranked 144<sup>th</sup> out of 190 economies. Cambodia ranks 25<sup>th</sup> in terms of getting credit among all the economies.
- Cambodia's competitive advantages are its cost-effective labor force, young population, central location between Vietnam and Thailand and preferential tariff access.
- Cambodia has a liberal foreign investment regime with no restriction on foreign ownership of telecom and banking except land holding. Foreign companies have invested over \$34.6 USD billion into the country, of which approximately 11.45% was directed into the agricultural sector.<sup>42</sup>
- FDI inflows to Cambodia have grown exponentially in the last few years due to sound macroeconomic policies, political stability, regional economic growth and an open investment market. According to the 2020 World Investment Report by UNCTAD, Cambodia recorded its highest ever FDI in 2019,
- According to Prakas No. 448 of the Ministry of Labor on the Registration of Enterprises and Workers, any employer employing at least one employee is required to register with the National Social Security Fund (SSF).<sup>43</sup>
- Cambodia's newly drafted Investment Law will be in effect as soon as in April 2021, more in line with social developments and incentives for local and foreign investors: special tax exemptions for merchandise imports that are used in projects/production input imports.<sup>44</sup> A 150% tax deduction would be offered when investments include education and vocational training.<sup>45</sup>
- Though Cambodia has its own currency, the riel (denoted as KHR), U.S. dollars are widely in circulation in Cambodia and remain the primary currency for most large transactions. There are no restrictions on the conversion of capital for investors. The exchange rate between the riel and U.S. dollar is governed by a managed float and has been stable at around \$1 USD to 4,000 KHR for the past several years. Daily fluctuations of the exchange rate are low, typically under 3%.<sup>46</sup>
- Women are increasingly leading businesses in Cambodia.

#### 3.2 Tax Policy

- There are various tax strategies provided to SME owners to increase the level of competitiveness of agricultural products such as cotton, kenaf, sugar, palm, oil, rubber, cashew nut, cassava and fruits. In addition, export promotion for SME products is also granted.<sup>47</sup>
- Tax incentives are available for enterprises under the Quality Investment Project (QIP). QIP can choose a 40% special depreciation allowance on the value of new or used tangible properties used in production. A QIP will receive duty-free import of production equipment, and tax exemption of agricultural materials used as inputs in export industries. (Please see tax policy in Annex 4).

### 3.3 Market Growth

- Since 1998 to 2019, Cambodia has sustained an average real economic growth rate of 7.7%. However, in 2020, the economy registered -3.1% negative growth due to global Covid-19 fallout. As per the report from World Bank Group, Cambodia's economy is expected to recover in 2021 by 4%, reinforced by improving external environment and unprecedented government support.<sup>48</sup>
- From 1994 to 2017, foreign companies have invested over \$34.6 USD billion into the country, of which approximately 11.45% was directed into the agricultural sector.<sup>49</sup>
- The electricity access in Cambodia is still challenging. Cambodia has low score on the ease of getting electricity with 57.5 and ranked 146 out of 180 countries.<sup>50</sup> The government aims to reach 70% electrification for households by 2030.<sup>51</sup>
- Smart agriculture is growing in Cambodia. Several start-up companies provide innovative solutions in this sector, such as Agri-Smart, Agribuddy, SAWA.
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### 3.4 End-User Access

- Cambodia has a strong base of financial institutions and is easy for investors to get business financing. The banking and finance industry in Cambodia is regulated by NBC, and the sector provides services that range from traditional lending and deposit taking to corporate and investment banking activities and finance industry in Cambodia is regulated by NBC, and the sector provides services that range from traditional lending and deposit taking to corporate and investment banking activities.
- The government plans to spend more than \$100 USD million on subsidies by 2021 to reduce electricity tariffs and spur economic growth.<sup>52</sup>
- The government is allocating \$50 USD million to support small and medium-sized enterprises (SMEs) in the agricultural sector. The funds can be accessed in the form of low-interest loans through the state-owned Rural Development Bank (RDB).<sup>53</sup>
- SME bank works with existing BFIs to enhance SME access to credit. The government has also announced an additional \$50 USD million transfer to the state-owned Rural and Agricultural Development Bank that would support lending to agribusiness firms that have been impacted by COVID-19.<sup>54</sup>
- Cambodia has attracted highest capital investment in microfinances from Private impact investors, due to its relatively open, dollarized economy.<sup>55</sup> Energy, agriculture and services sectors of Cambodia have also received some investments from private investors. Similarly, the financial sector, SMEs, agriculture, energy, education, and ICT have received significant investments.<sup>56</sup>

- The Cambodian government has allocated \$600 USD million for economic support through special low-lending to SMEs (\$200 USD million in Credit Guarantee Fund, \$300 USD million in Additional Financing Facility, \$100 USD million in packages issued for SMEs in manufacturing and agriculture.
- In Feb 2021, Cambodia's Agriculture Ministry and the FAO launched a project to directly support 10,000 of the most vulnerable people affected by the COVID-19 crisis in northwest Siem Reap and Banteay Meanchey province.<sup>57</sup>
- The Asian Development Bank (ADB) has approved a \$70 USD million loan to improve the capacity of agribusinesses in six provinces across Cambodia to process key agricultural products such as cassava, cashews, mangoes, vegetables, and native chickens.<sup>58</sup>
- End-User Prices and Tariffs: Electricity has traditionally been very expensive in Cambodia, and prices have historically been much higher in rural areas than in towns and cities.
- In February 2021, Cambodia's Agriculture Ministry and the FAO launched a project to directly support 10,000 of the most vulnerable people affected by the COVID-19 crisis in northwest Siem Reap and Banteay Meanchey province.<sup>59</sup>
- Majority of farmers are rural smallholders, just 10 to 20% of the farming community has access to a smartphone. Nonetheless, more than 80% of farmers use mobile phones and high-speed internet is available at affordable rates.
- Digital and electronic payment services are important to promote financial inclusion in Cambodia, especially in rural areas.<sup>60</sup> most of the financial institutions have been providing internet banking services and 20 banking and financial institutions have been providing mobile banking services in 2018.<sup>61</sup> There were 21.18 million mobile connections in Cambodia in January 2021.
- Women-owned SMEs are mostly reliant on informal sources and personal savings to expand their businesses. Currently, only 3 % of women entrepreneurs are well served in Cambodia as compared to 21% in Vietnam and 18% in the Philippines.

### 3.5 Scale-up and Expansion Support

- Cambodia shipped around 7 million tons of agricultural products abroad in 2019, with 4.784 million tons exported via official channels.
- Cambodia exported about 1.6 million tons of cassava starch, 202,318 tons of cashew nuts, nearly 120,000 tons of corn, 57,250 tons of soybeans, nearly 157,812 tons of bananas, nearly 60 tons of mangos, and over 3,693 tons of pepper. China, the EU, ASEAN member states, Japan, the US, the Republic of Korea, India, Saudi Arabia and Australia have been important markets for Cambodian products. Cambodia has exported mostly unprocessed agricultural products. In a bid to increase value for farm produce.<sup>62</sup>
- Industry Development Policy (IDP) targets promoting export of processed agriculture products to reach 12% of total exports by 2025. Cambodia exported more than 13 million tons of agricultural products in 2020, reaping in \$3.433 USD billion, according to a new report by the Ministry of

Agriculture, Forestry and Fisheries.<sup>63</sup> It is about 20% of the total export which accounted for \$17.21537 USD billion in 2020.<sup>64</sup>

- IDP also targets to encourage the formal registration of 80% of small enterprises and 95% of medium enterprises and to ensure that 50% of small enterprises and 70% medium enterprises to have proper accounts and balance sheets.
- The policy aims of revisiting the regulatory environment to strengthen the country competitiveness (investment climate and trade facilitation, market information dissemination and informal fees reduction).<sup>65</sup>
- Cambodia is a member of the ASEAN Economic Community and joined the World Trade Organization in 2004. It has a relatively open trading regime and has signed 14 trade policies and regional integrations (RCEP, BRI, CP-TPP, FTAs, etc.).<sup>66</sup>
- UNESCAP and the UN Capital Development Fund have also launched a Women's MSMEs Fintech Innovation Fund. The fund will support companies to pilot innovative digital and financial solutions that help improve access for women-owned or led MSMEs in the target countries, with funding ranging from \$25,000 USD to \$50,000 USD.<sup>67</sup>

## 4 WE4F INNOVATIONS MARKET READINESS: FACTORS INFLUENCING ADOPTION OF INNOVATIONS

| Actors                                | Opportunity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Threat                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Digital penetration                   | <ul style="list-style-type: none"> <li>The internet penetration in Cambodia is 52.6% as of January 2021, with 8.86 million internet users and growth rate of 14% from 2020 to 2021.</li> <li>The number of mobile connections is 125.8% of total population and number of social media users is 71.3% of the population.<sup>68</sup></li> <li>The pandemic has accelerated the adoption of food and grocery delivery apps.</li> <li>Cambodia's gender gap at 20% is by far the lowest of the Asian countries in relation to mobile phone ownership and internet access.<sup>69</sup></li> </ul>                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Limited infrastructure, limited secure servers, lack of IT skills, and wide digital gap. Cambodia is ranked low in terms of innovation, technological readiness, and overall infrastructure compared to its neighbors, according to the Global Competitiveness Report 2017-2018.<sup>70, 71</sup></li> </ul>                                                           |
| Access to subsidies/ incentives       | <ul style="list-style-type: none"> <li>The government has allocated \$50 USD million to support small and medium-sized enterprises (SMEs) in the agricultural sector.</li> <li>The Ministry of Economy and Finance (MEF) has provided more financing for small and medium-sized (SMEs) in the country through the Credit Guarantee Fund, which guarantees loans provided by financial institutions, thus improving access for SMEs to obtain working capital. Women own the majority of businesses in Cambodia (61 %).</li> <li>Government has reduced electricity price at night for use in agriculture.</li> <li>Tax incentives and custom duty exemptions on priority sectors – agro-processing.</li> <li>The Cambodian government has allocated \$1.16 USD billion to address the economic and social impacts of the COVID-19 pandemic.<sup>72</sup></li> </ul> | <ul style="list-style-type: none"> <li>Threat of subsidies creating more market inefficiencies and dependence.</li> <li>Despite the subsidy in electricity, full-time electricity is not accessible to rural households of Cambodia. Still 30 % of rural households rely on off-grid power for electricity, including solar home systems, solar lanterns, and rechargeable batteries.<sup>73</sup></li> </ul> |
| Transaction cost to reach the farmers | <ul style="list-style-type: none"> <li>Specialized financial institutions and microfinances can facilitate the reach to farmers.</li> <li>Contract Farming models benefitting farmers with stable market access, credit, extension services, infrastructure, and other benefits that promote agricultural development.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>Contract farmers have on average larger rice fields (1.71 hectares), much larger than the &lt;1.0 hectare of a poor smallholder, suggesting that contract farming is not inclusive of the poorest farmers.</li> </ul>                                                                                                                                                  |
| Affordability                         | <ul style="list-style-type: none"> <li>Relatively low interest rates.</li> <li>Growing microfinance sector.</li> <li>MAFF's support for the National biogas Programs which provide a dedicated end users subsidy<sup>74</sup></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <ul style="list-style-type: none"> <li>SME registration in Cambodia is relatively costly.</li> <li>Poverty rate is 12.9% that may not be able to access the facilities.</li> <li>The credit facilities are mostly against collateral. Farmers may not own land for collateral.</li> </ul>                                                                                                                     |

|                             |                                                                                                                                                                                                                                                                                                     |                                                                                                                                                           |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|
| Access to finance for women | <ul style="list-style-type: none"> <li>- Only 2% gender gap in access to financial services.</li> <li>- Microfinance sector is highest invested sector in Cambodia with majority of its customers being women.</li> <li>- EODB 2020 ranked Cambodia 25<sup>th</sup> on access to credit.</li> </ul> | <ul style="list-style-type: none"> <li>- Studies show that pattern of use and mobilization of finance is relatively low in women.<sup>75</sup></li> </ul> |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|

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## ANNEX 1: SUMMARY OF RELEVANT POLICIES IN NEXUS

| Agriculture/Water /Energy Nexus    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agriculture Development Policy     | <ul style="list-style-type: none"> <li>- The Royal Government of Cambodia (RGC) has specified agriculture as one of its priorities in its rectangular strategy for growth, employment, equity, and efficiency. Policies on these key subsectors have been formulated, implemented, and continuously reformed by the RGC to promote sustainable agricultural growth. Therefore, Cambodia has achieved a remarkable increase in agricultural production and exportable surplus in a number of commodities, including paddy, cashew nut, rubber, cassava, sesame, and maize over the past 10 years. Rice production has shifted from shortfall to exportable surplus.</li> <li>- Agricultural water management (AWM), particularly irrigation is promoted by the RGC as a major component of its poverty reduction and economic development plans.</li> <li>- The government with support from the International Fund for Agricultural Development and private sector partners launched the Accelerating Inclusive Market for Smallholders in May 2017 with the project values is estimated \$62 USD million to \$80 USD million. The Project, that run for six years until 2023, have two components: building infrastructure and special microfinance facilities with 20% government subsidy.</li> </ul> |
| Agriculture Extension Policy, 2015 | <ul style="list-style-type: none"> <li>- Agricultural extension plays an important role in educating, training, and transferring technologies and innovations to farmers and farming communities to improve agricultural productivity, diversification, and commercialization. The goal of the policy is that all Cambodian farmers and farming communities will access and adopt improved agricultural knowledge, information, and technologies to enhance agricultural productivity, diversification, commercialization, and sustainable natural resources management.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Strategy for Agriculture and Water | <ul style="list-style-type: none"> <li>- The strategic development plans for agriculture and water resources, prepared by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Water Resources and Meteorology (MOWRAM), state sector visions and goals that contribute to national development.</li> <li>- The goal of the strategy is to contribute to poverty reduction, food security and economic growth through enhancing agricultural productivity and diversification and improving water resources development and management.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Cambodia Basic Energy Plan         | <ul style="list-style-type: none"> <li>- By 2030, the Basic energy plan targets to prolong the tariff cost reduction plan from 2020 to 2030 in terms of obtaining an electricity tariff at an affordable price.</li> <li>- Consider the extension of a Time-of-use tariffs to the low voltage.</li> <li>- Consumers and enhance the tariff differences between high and low consumption.</li> <li>- Continue to pursue an agreement with neighboring countries allowing exports of surplus generation.</li> <li>- Develop the guidelines for standardized grid connection.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| National Energy Policy             | <ul style="list-style-type: none"> <li>- A National Policy, Strategy, and Action Plan on Energy Efficiency in Cambodia was adopted by in 2018.</li> <li>- A strategy and action plan for the promotion of renewable energy, including a target percentage of renewable energy in the energy mix, is to be undertaken as part of the Ministry of Mines and Energy/ Climate Change Action Plan (MME CCAP), 2016–2018. Cambodia's Nationally Determined Contribution targets a 24% reduction in emissions from renewable energy and energy efficiency initiatives. Preparation of the Nationally</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                           | Appropriate Mitigation Actions required to meet this target and establish an emissions management approach for the sector are also part of the MME CCAP. <sup>1</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| MAFF Policy of Gender Mainstreaming       | <ul style="list-style-type: none"> <li>- The gender policy provides a basis for a gender mainstreaming and a holistic approach to agriculture sector and co-ordination. It provides a goal for compliance by national and international endeavor for agricultural and rural development in Cambodia. To overcome the constraints faced in gender mainstreaming, the Ministry of Agriculture, Forestry and Fisheries has laid down the following principles: The gender policy is grounded on strong foundation complying with national and international requirements. The policy is developed at a time when the agriculture sector in Cambodia is undergoing transformation providing a rallying point for pro-poor and women inclusive programming.</li> </ul>                                                                                                                                                              |
| Cambodia Industrial Development Policy    | <ul style="list-style-type: none"> <li>- The long-term Vision for Cambodia for 2030 and the Rectangular Strategy, Phase III have pointed out to the structural transformation of Cambodian economy in reaching a middle-income country status and have considered the industrial sector as a key driver of its economic growth.</li> <li>- The e-Royal Government has prepared and adopted this Industrial Development Policy as a guide for driving the development of the industrial sector in the country, which can contribute toward maintaining a sustainable and inclusive high economic growth.</li> </ul>                                                                                                                                                                                                                                                                                                             |
| Irrigation Policy, 2000                   | <ul style="list-style-type: none"> <li>- The policy is developed and regulated by Ministry of Water Resource and Metrology (MoWRAM) and it states the role of Ministry of Economy and Finance (MOEF) in making fund available to irrigated agriculture sector which also includes the establishment and operationalizing the Farmer Water User Communities (FWUC) until they can operate on a self-help manner. As per this policy, the responsibility of operation and maintenance and the emergency repair shall rest with FWUC in a gradual process. The policy says, farmers' communities will be encouraged to plan and develop irrigation schemes by utilizing their own resources. Upon request technical assistance could be provided by the government to the farmers in this regard.</li> </ul>                                                                                                                      |
| The National Water Resources Policy, 2004 | <ul style="list-style-type: none"> <li>- The NWRP provides important policy direction which is useful to water governance covering; surface and ground water resources, development and management of freshwater resources, effectiveness of water utilization and partnership, equitable water sharing and allocation, water related hazards, and maintenance, protection, and sustainability of aquatic systems.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| The Electricity Law, 2001                 | <ul style="list-style-type: none"> <li>- The law defines the role of government institutions with respect to the electricity sector. The Hydro Electricity Department of the Ministry of Industry, Mines and Energy (MIME) is responsible for developing policy and strategic plans for the hydropower sector, in cooperation with international and national institutions and agencies.</li> <li>- Based on the Cambodia Power Sector Strategy 1999-2016, the Cambodian Government approved the <b>Rural Electrification by Renewable Energy Policy, 2006</b> as an integral part of the government's overall agenda for energy. The policy's objective is to create a comprehensive enabling framework for renewable energy technologies to increase access to electricity in rural areas. A Master Plan study provides the guiding principles for the implementation of projects and programs under this policy.</li> </ul> |
| The National Sustainable                  | <ul style="list-style-type: none"> <li>- The NSDP, 2014–2018 emphasizes that although progress has been made in electricity expansion, tariff reduction, and institutional strengthening, further</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

<sup>1</sup> <https://www.adb.org/sites/default/files/institutional-document/479941/cambodia-energy-assessment-road-map.pdf>

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|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Development Plan (NSDP), 2014–2018                                          | development of the energy sector is essential for increased competitiveness and sustained economic growth. The eight key energy policy objectives of the government in the NSDP are as follows: (i) further expanding the capacity of low-cost and high-tech electricity production, especially from new and clean energy sources, along with continued development of all levels of the transmission network aimed at strengthening energy security and ensuring efficient, safe, high-quality, reliable, and affordable electricity supply and distribution to respond to development needs; (ii) further encouraging the private sector to invest in electricity generation and transmission and distribution infrastructure by focusing on technical and economic efficiency and minimizing environmental and social impacts; |
| National Policy on Green Growth (2013)                                      | <ul style="list-style-type: none"> <li>- The policy works towards maintaining political and macroeconomic stability within the ambit of green economic growth and low carbon emissions. It further aims at contributing to environment protection, natural resources management, biodiversity, and forest conservation, and maintaining quality of water, soil, air and efficient and ecosystem safety.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                |
| Draft Environment and Natural Resources Code                                | <ul style="list-style-type: none"> <li>- The purpose of this Code is to ensure the sustainable development of the Kingdom of Cambodia by protecting the environment and conserving, managing, and restoring natural resources and national heritage. Chapter 2 contains general principles which enshrine the following but not limited to the principles of avoiding harm to the environment, natural resources, and national heritage; public participation; access to information concerning the environment and natural resources; the polluter pays principle; the precautionary principle; evidence-based decision making; gender equality and free, prior and informed consent for indigenous peoples.</li> </ul>                                                                                                          |
| Law on Environmental Protection and Natural Resource Management (EPNRM)1996 | <ul style="list-style-type: none"> <li>- The primary legal requirements for environmental impact assessments (EIAs) in Cambodia are set out in Chapter III of the EPNRM Law and the Sub-Decree on Environmental Impact Assessment 1999 (EIA Sub-Decree). All projects must go through an Initial Environmental Impact Assessment (IEIA) to determine whether an EIA is required</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Cambodian Climate Change Strategic Plan (CCSP) 2014-2023                    | <ul style="list-style-type: none"> <li>- The CCCSP exists to develop Cambodia towards a green, low-carbon, climate-resilient, equitable, sustainable and knowledge-based society, providing the entry point for a structured and coherent approach to integrate climate change into the national development process. It outlines the national vision, mission, goals and objectives, as well as the strategic framework analysis in defining the strategic objectives and strategies for reducing vulnerability to climate change and shifting towards low-carbon development and technologies. Alongside the CCSP, sectoral Climate Change Action Plans detail the identification and prioritization of the actions for achieving the strategic objectives of the CCCSP.</li> </ul>                                             |

## ANNEX 2: LOCAL ENABLING ENVIRONMENT ACTORS AND STAKEHOLDERS IN THE NEXUS

| Sector(s)                                        | Name                                                  | Relevance to WE4F                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Local NGOs/CSO or Policy advocacy groups</b>  |                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Agriculture                                      | Environment and Agriculture Policy Program            | <ul style="list-style-type: none"> <li>The Agricultural Policies Monitoring Project works to influence agricultural policies and to encourage best practice for climate change adaptation to benefit farmers, especially those that are poor and vulnerable. It boosts awareness of climate change impacts on agriculture and the need for adaptation, and strengthens the capacity and skills of NGO network members</li> </ul>                                                                                                                                                                                                                                     |
| Agriculture                                      | Peri Urban Agriculture Cooperative (PUAC)             | <ul style="list-style-type: none"> <li>PUAC aims at alleviating poverty of rural families living in the outskirts of the city of Kampong Speu. The beneficiaries are 252 poor farmers and their families living in 16 villages. PUAC is offering them a scope of services adapted to their main needs. The support given allows them to improve the quality and the quantity of their agricultural productions and to increase their level of incomes. Farmers receive training to produce high value-added vegetables.</li> </ul>                                                                                                                                   |
| Energy                                           | EnergyLab                                             | <ul style="list-style-type: none"> <li>Based in Phnom Penh, Cambodia, EnergyLab works to support the growth of the clean energy market, with a particular focus on innovation, startups, and entrepreneurship. EnergyLab runs a range of programs to help entrepreneurs develop, launch, and grow new energy businesses in the region. Whether they be local or international, EnergyLab Cambodia assists by providing co-working space, ideation and opportunity analysis, support programs and investor introductions.</li> </ul>                                                                                                                                  |
| Agriculture                                      | Agriculture Cooperatives (AC)                         | <ul style="list-style-type: none"> <li>Broad based ACs are being promoted to provide an integrated approach to agricultural development and are gaining support from both government and donors as an alternative to FWUCs. ACs are involved in a wide range of production and post-harvest processes. For example, they supply inputs (seeds and fertilizer) at cheaper prices through bulk orders directly from manufacturers, provide extension advice, establish savings groups, and negotiate market prices for produce on behalf of their members.</li> </ul>                                                                                                  |
| Agriculture                                      | The Cambodia Agricultural Value Chain Program (CAVAC) | <ul style="list-style-type: none"> <li>CAVAC aims to increase farmer incomes in rice-based farming systems by accelerating growth in the value of agricultural production, by linking suppliers to Farmers.</li> <li>This approach reaches distant and disconnected rural areas where populations are spread out, infrastructure is poor, and resources and information are scarce.</li> <li>CAVAC identifies innovations that can overcome these inefficiencies, enabling farmers and public and private 'support providers' to access, communicate, and engage with one another in new ways. These include low-cost irrigation schemes managed locally.</li> </ul> |
| <b>Government Organization/Regulatory Bodies</b> |                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Investment                                       | The SME Bank                                          | <ul style="list-style-type: none"> <li>SME Bank facilitates SME access to finance. It has been confirmed that the government has set aside \$100 USD million as capital of the financial institution based on the Rural Development Bank model, providing both refinancing loans to Financial institutions. (FIs) and direct loans to SMEs.</li> </ul>                                                                                                                                                                                                                                                                                                               |
| Investment                                       | The Rural Development Bank                            | <ul style="list-style-type: none"> <li>The Rural Development Bank was established in 1998 to support the microfinance industry, especially small-scale farmers in rural areas. It operates mainly by refinancing loans to financial institutions (including</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                               |

|                                      |                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                      |                                                  | MFI and specialized banks), development communities, as well as SMEs that focus on rural development in Cambodia.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Agriculture                          | Ministry of Agriculture, Forestry, and Fisheries | <ul style="list-style-type: none"> <li>– Agriculture-related functions such as support for dryland agriculture; upland and lowland crops; rice production and marketing; and agricultural support services including research, extension, and education</li> <li>– Water resources-related functions such as support for irrigated agriculture, fisheries development, and forest and catchment programs.</li> <li>– Reports to the minister for Agriculture, Forestry and Fisheries</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                            |
| Water                                | Ministry of Water Resources and Metrology        | <ul style="list-style-type: none"> <li>– Development and management of all water resources according to the Law on Water Management (2007)</li> <li>– Reports to the minister for Water Resources and Meteorology</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Water                                | Cambodia National Mekong Committee               | <ul style="list-style-type: none"> <li>– Undertakes liaison between the government and the Mekong River Commission and facilitates programs of the Mekong River Commission</li> <li>– Reports to the minister for Water Resources and Meteorology</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Environment                          | Ministry of the Environment                      | <ul style="list-style-type: none"> <li>– Responsible for the protection of the water environment and regulation of pollution, including discharges into water bodies.</li> <li>– Reports to the ministers for Environment and Water Resources and Meteorology</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Climate                              | National Committee for Disaster Management       | <ul style="list-style-type: none"> <li>– Flood and drought included among disasters for which the committee provides support programs and organizes response to events</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>International Bodies/Agencies</b> |                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Agriculture                          | Food and Agriculture Organization (FAO)          | <ul style="list-style-type: none"> <li>– FAO is the principal multilateral donor in the field of agricultural development. The total sum devoted for irrigation development is difficult to assess, as the activities are usually more targeted towards the agricultural sector, which is the responsibility of Ministry of Agriculture, Forestry and Fisheries (MOAFF), and compartmentalized in various programs fostering productivity and food security</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Water                                | French Development Agency (AFD)                  | <ul style="list-style-type: none"> <li>– Has been involved in supporting the development of irrigation sector in Cambodia since mid-1990s.</li> <li>– Works with Ministry of Water Resource and Metrology (MOWRAM) and Water Users Group (FWUC) to; implement various tools and schemes such as information system on irrigation schemes, maintenance fund, apex committees; create organizations; and develop Cambodian policy framework for sustainable irrigation development policy.</li> <li>– The bank has approved a \$127.8 USD million loan to support the construction of transmission lines and substations to help provide Phnom Penh and three other Cambodian provinces with stable and reliable electricity supply. The project will also pilot the first utility-scale battery energy storage system in Cambodia, which will be funded by a \$6.7 USD million grant<sup>2</sup></li> </ul> |
| Agriculture                          | World Bank                                       | <ul style="list-style-type: none"> <li>– The World Bank in Cambodia operates in several domains pertaining to rural development, and on legal, judicial and fiscal reform processes.</li> <li>– The development banks and the IMF contribute to the national budget through allocations to the MOEF, who then allocates funds amongst the ministries; these funds are supposedly earmarked for specific purposes.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

<sup>2</sup> \$127.8 USD Million ADB Loan to Help Expand Power Grid in Cambodia. ADB, Sep 11, 2020. <https://www.adb.org/news/127-8-million-adb-loan-help-expand-power-grid-cambodia>

|                                                                    |                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                    |                                                                                                     | <ul style="list-style-type: none"> <li>– World Bank's major priority in Cambodia is road networks and linking farmers to market.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Water                                                              | Asian Development Bank (ADB)                                                                        | <ul style="list-style-type: none"> <li>– ADB is the biggest multilateral agency in terms of direct funding and project development in the water resource sector. Activities range from water supply to irrigation and river basin management; in the latter domain, the bank is closely working with and funding activities through the Cambodian National Mekong Committee and the Mekong Commission.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                          |
| Agriculture                                                        | World Food Program (WFP)                                                                            | <ul style="list-style-type: none"> <li>– The World Food Program has a special status in Cambodia due to its long-term presence since the end of the 1980s, and the provision of food, seed and other productive inputs in zones suffering shortages. The WFP also promoted the reconstruction of public infrastructure throughout the country, coupling the provision of food with people's labor contributions the agency supervised.</li> <li>– WFP partners with irrigation initiatives to provide its food for work model to develop tertiary canal systems.</li> </ul>                                                                                                                                                                                                                                |
| Water                                                              | European Commission                                                                                 | <ul style="list-style-type: none"> <li>– The European Commission funded the Economic and Social Relaunch of the Northwest (ECOSORN) project with an overall volume of 20 million Euros, which were also used for irrigation infrastructure rehabilitation in northwest Cambodia.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Donor funded Projects and Public Private Partnerships (PPP)</b> |                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Agriculture /Water/ Energy                                         | The Feed the Future Market Systems and Partnerships (MSP) Cambodia Agricultural Investment Activity | <ul style="list-style-type: none"> <li>– Managed by DAI on behalf of USAID/Cambodia, is offering opportunities for co-investment with private sector actors in Cambodia to improve:</li> <li>– Cold chain (temperature-controlled supply chain);</li> <li>– Agricultural storage capacity (warehouses, deposits, or holdings of farm products); and</li> <li>– Logistics (connectivity between production and consumption centers, over space and time, with minimal loss in quality and quantity) in the agriculture sector</li> <li>– <a href="https://www2.fundsforngos.org/latest-funds-for-ngos/cambodia-agricultural-investment-activity/">https://www2.fundsforngos.org/latest-funds-for-ngos/cambodia-agricultural-investment-activity/</a></li> </ul>                                             |
| Agriculture                                                        | International Fund for Agriculture Development (IFAD)                                               | <ul style="list-style-type: none"> <li>– IFAD loans support rural and agricultural development through a programmatic approach. Key activities include: <ul style="list-style-type: none"> <li>○ Enabling poor smallholders to take advantage of market opportunities.</li> <li>○ Increasing resilience to climate change and other shocks in poor rural households and communities.</li> <li>○ Improving poor households' access to rural services.</li> </ul> </li> <li>– All IFAD projects are aligned with the Government's national development strategies, in particular the Royal Government of Cambodia's Rectangular Strategy Phase IV.</li> <li>– <a href="https://www.ifad.org/en/web/operations/country/id/cambodia">https://www.ifad.org/en/web/operations/country/id/cambodia</a></li> </ul> |
| Water, Energy, Agriculture                                         | The National Biodigester Programme (NBP)/MAFF                                                       | <ul style="list-style-type: none"> <li>– This is a government owned program initiated by the Ministry of Agriculture, Forestry and Fisheries (MAFF) and Netherlands Development Organisation (SNV).</li> <li>– The program aims for the establishment of a self-sustaining, market driven, national domestic biodigester sector in Cambodia. So far 28,110 biodigesters has been installed.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                     |

## ANNEX 3: EMERGING PLAYERS IN MSME SUPPORT LANDSCAPE (INCUBATORS/ACCELERATORS)

| Key Players                          | Key Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Impact Hub Phnom Penh                | <ul style="list-style-type: none"> <li>– Empower youth and startups through trainings, stories, learnings, events.</li> <li>– Also supports in private investing.</li> <li>– <a href="https://phnompenh.impacthub.net/">https://phnompenh.impacthub.net/</a></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                   |
| XI consulting                        | <ul style="list-style-type: none"> <li>– Specialized in providing IT and accounting systems consulting to small businesses.</li> <li>– <a href="https://www.xiconsulting-asia.com/">https://www.xiconsulting-asia.com/</a></li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                     |
| SHE Investments                      | <ul style="list-style-type: none"> <li>– Design gender-specific and culturally tailored business training and mentoring programs that address the specific barriers female Cambodian entrepreneurs face and provide them with the tools and resources they need to overcome those barriers.</li> <li>– Partners with organizations and communities around the country to design and deliver industry-specific incubator programs, tailored to meet the needs of the program participants.</li> <li>– <a href="https://www.sheinvestments.com/incubator-accelerator-programs">https://www.sheinvestments.com/incubator-accelerator-programs</a></li> </ul> |
| Smallworld Cambodia                  | <ul style="list-style-type: none"> <li>– SmallWorld Ventures is committed to becoming the number one catalyst for funding and assisting startups in Cambodia.</li> <li>– Seed Equity Investments are provided to promising startup teams with projects ranging between \$5,000 to \$25,000 USD.</li> <li>– <a href="https://smallworldventure.com/">https://smallworldventure.com/</a></li> </ul>                                                                                                                                                                                                                                                         |
| iDE's Farm Business Advisors (FBAs)  | <ul style="list-style-type: none"> <li>– iDE trains independent private micro6entrepreneurs who provide high6quality agricultural products, technical advice, and market information to smallholder farmers. FBAs are franchisees linked to a central franchisor (currently iDE) that provides training and business support.</li> <li>– <a href="http://www.iwmi.cgiar.org/Publications/issue_briefs/cambodia/issue_brief_02-local_institutions_for_irrigated_agriculture_in_cambodia.pdf">http://www.iwmi.cgiar.org/Publications/issue_briefs/cambodia/issue_brief_02-local_institutions_for_irrigated_agriculture_in_cambodia.pdf</a></li> </ul>       |
| Cambodia Investors Corporation (CiC) | <ul style="list-style-type: none"> <li>– CiC is a peer-to-peer network, matching members' investment and capacity building needs with members seeking investment opportunities. Their vision is a prosperous local economy with local enterprises and investors – 95 % of their funding is from local investors. The CiC also offers a Business Incubator Program and a Bootcamp and Capacity Building program, focusing on all aspects of managing and promoting businesses, including investments and finance.</li> <li>– <a href="https://cic-investment.com/">https://cic-investment.com/</a></li> </ul>                                              |

## ANNEX 4: TAX PROFILE – RELATED TO WEF NEXUS INVESTMENT

- Income Tax Rate 0% - 20%
- Corporate Tax Rate 20%
- Sales Tax / Service Rate 10%

### Personal Income Tax

Individual income tax rates are progressive, between 0% - 20% as shown below:

| Taxable Income (KHR)       | Tax rate |
|----------------------------|----------|
| 0 – 500,000 KHR            | 0%       |
| 500,001 – 1,250,000 KHR    | 5%       |
| 1,250,001 – 8,500,000 KHR  | 10%      |
| 8,500,001 – 12,500,000 KHR | 15%      |
| 12,500,001 and above KHR   | 20%      |

- For non-residents, only the Cambodian sourced salary is subject to Cambodian tax regardless of the place of salary payment. The tax rate for non-residents is flat at 20%.
- For residents, including Cambodian and individual presents in Cambodia for more than 182 days in any 12-month period, are taxed at the progressive rates as mentioned above. Employers must make monthly tax on salary declarations and payments not later than the 15th day of the succeeding month.

### Corporate Tax

The standard corporate tax rate in Cambodia is 20%. Oil and gas, and a business of mineral exploitation activities are subject to a 30% tax rate. Insurance is granted 5% tax rate.

### Withholding Tax

| Types of taxable income   | Tax rate                                                                                                                                                                                                                                                                                         |                          |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                           | Payment for resident or resident foreigner                                                                                                                                                                                                                                                       | Payment for non-resident |
| Dividend                  |                                                                                                                                                                                                                                                                                                  | 14%                      |
| Rent                      | 10%                                                                                                                                                                                                                                                                                              | 14%                      |
| Interest                  | 15%                                                                                                                                                                                                                                                                                              | 14%                      |
| Royalty                   | 15%                                                                                                                                                                                                                                                                                              |                          |
| Service fee               | 15%                                                                                                                                                                                                                                                                                              |                          |
| Management fee            |                                                                                                                                                                                                                                                                                                  | 14%                      |
| Value Added Tax/Sales Tax | The standard rate of Value Added Tax (VAT) is 10%. However, 0% VAT rate applies to support industries who supply certain goods and services to exporters. The example of these industries are garment manufacturers, textile and footwear industries                                             |                          |
| Tax incentives for SMEs   | There are various tax strategies provided to SME owners in order to increase the level of competitiveness of agricultural products such as cotton, kenaf, sugar, palm, oil, rubber, cashew nut, cassava and fruits. In addition, export promotion for SME products is also granted. <sup>3</sup> |                          |

<sup>3</sup> [http://www.rd.go.th/publish/fileadmin/user\\_upload/AEC/AseanTax-Cambodia.pdf](http://www.rd.go.th/publish/fileadmin/user_upload/AEC/AseanTax-Cambodia.pdf)

## ANNEX 5: KEY DEMOGRAPHIC INDICATORS OF CAMBODIA

| Indicators                                                            | Value                             |
|-----------------------------------------------------------------------|-----------------------------------|
| Population                                                            | 16.83 million in January 2021     |
| Urban Population (% of total Population)                              | 24.5%                             |
| Agriculture Land Area (ha)                                            | 3.7 million ha                    |
| Land under cereal production (ha)                                     | 3.1 million ha (2018)             |
| Agriculture irrigated land (% of total irrigated land)                | 16% (2018)                        |
| Economically active population in agriculture                         | 5.5 million                       |
| Poverty head count (%)                                                | 12.9% (as of 2018)                |
| Undernourished population (%)                                         | 14.5 (as of 2018)                 |
| Annual Fresh Water withdrawal in agriculture (% of total fresh water) | 56% of total fresh water consumed |
| Decade growth in livestock population                                 | 1.5% annual (as of 2020)          |

Source:

<https://datareportal.com/reports/digital-2021-cambodia>

<https://data.worldbank.org/indicator/AG.LND.CREL.HA?locations=KH>

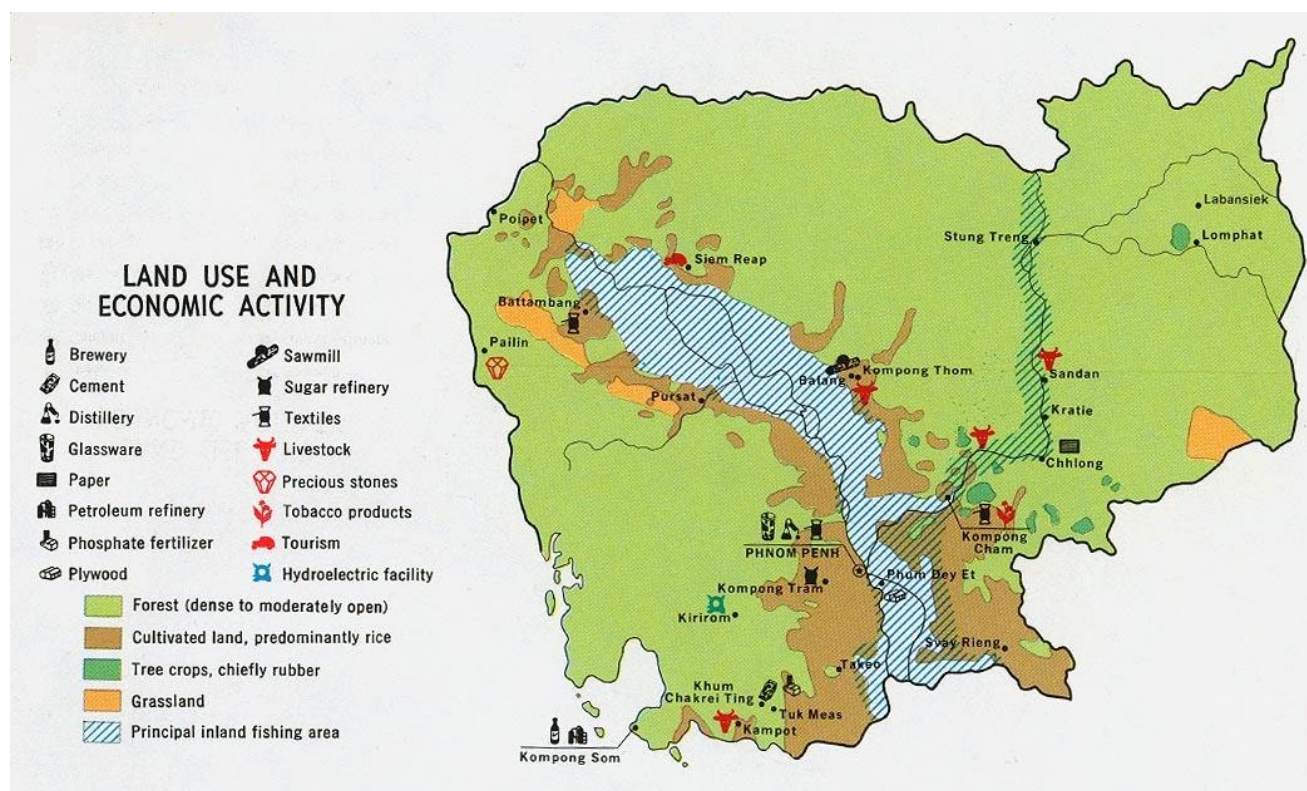
[https://mpira.ub.uni-muenchen.de/90172/1/MPRA\\_paper\\_90172.pdf](https://mpira.ub.uni-muenchen.de/90172/1/MPRA_paper_90172.pdf)

<https://www.adb.org/countries/cambodia/poverty#:~:text=Poverty%20Data%3A%20Cambodia,Cambodia%20is%200.7%25%20in%202019.>

<http://www.fao.org/3/i3761e/i3761e.pdf>

## ANNEX 6: LAND USE AND MAJOR ECONOMIC ACTIVITY

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Source: Retrieving from <https://mapcruzin.com/free-maps-cambodia/?C=S;O=A>



Government of the Netherlands



Sweden  
Sverige



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