

Enabling SME access to finance for sustainable consumption and production in Asia

An overview of finance trends and barriers
in **Cambodia**

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The goal of the European Commissions SWITCH-Asia programme is to promote economic prosperity and help reduce poverty in Asia by encouraging sustainable growth with low environmental impact from industries and consumers, in line with international environmental agreements and processes. More specifically, it aims to promote sustainable products, processes, services and consumption patterns in Asia by improving cooperation with European retailers, producer and consumer organisations and the public sector.



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Disclaimer: This report was undertaken based on the engagement of SWITCH-Asia to determine the processes, products, and best practice of financing institutions in Cambodia on green initiatives that support climate change mitigation, as well as identifying barriers and risks. Based on insights from the case studies, research, survey and interviews conducted, recommendations are also included.

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List of abbreviations

ADB	Asia Development Bank	NAMA	National Appropriate Mitigation Action
BoP	Base of the Pyramid	NBP	National Biodigester Programme
CBC	Credit Bureau Cambodia	NCPO-C	National Cleaner Production Office-Cambodia
CIS	Credit Information System	NEE	NAMA Executing Entity
CSX	Cambodian Exchange Market	NIE	National Implementing Entities
DEG	German Investment and Development Corporation	NSDP	National Strategic Development Plan
ERIA	Economic Research Institute for ASEAN and East Asia	PBPO	Provincial Biodigester Programme Office
FTB	Foreign Trade Bank	RDB	Rural Development Bank
GEF	Global Environment Facility	REEEP	Renewable Energy and Energy Efficiency Partnership
IDA	International Development Association	REF	Rural Electrification Fund
IEE	Industrial Energy Efficiency	SIFEM	Swiss Investment Fund for Emerging Markets
IFC	International Finance Corporation	SME	Small- and medium-sized enterprise
KR	Cambodian Riel	UNCDF	United Nations Capital Development Fund
MEF	Ministry of Economy and Finance	UNIDO	United Nations Industrial Development Organisation
MFI	Micro Finance Institution	USAID	United States Agency for International Development
MME	Ministry of Mines and Energy	USD	United States Dollar
MSME	Micro-, small- and medium-sized enterprise		

Executive Summary

Cambodia has one of the most vibrant microfinancing sectors in the world. Yet, financing that exceeds the smaller sums available from microfinance institutions are difficult to obtain especially for small and medium-sized enterprises (SMEs). For continuing the growth path that Cambodia has embarked on the access of SMEs to financing is crucial. Investments in business expansion and upgrading are important for the economic growth of the country. At the same time, investments should not only be made in mere expansion but also in efficiency improvements. The benefit of such efficiency improvements is that the economic productivity is increased and the environmental impacts are reduced. In Cambodia, however, the market for finance for such types of investment is still rather small.

This study examines opportunities available for SMEs to obtain capital for sustainable consumption and production (SCP) practices, in particular for green innovations, efficiency improvements and pollution abatement. The study also identifies current challenges that restrain access to (green) finance¹ for SMEs. The main results of the study can be summarised as follows:

- The Government of Cambodia has made efforts to develop an enabling policy framework for SME growth and green development. Yet, public funding is mainly available for rural electrification and agricultural development. The focus of these programmes is usually on farms and households rather than SMEs.
- The micro finance landscape in Cambodia is well developed. However, micro finance institutions (MFIs) are of limited relevance for SMEs as credits are usually below SMEs' capital requirements. Bank loans, on the other hand, in most cases exceed financing needs of small and lower-range medium businesses, even if they are officially targeted at SMEs. Additionally, many SME loans do not come with any considerable benefits compared to general commercial loans.
- While private equity and impact investment have been growing in Cambodia, investments are still limited to a small number of enterprises. These enterprises are often run by foreigners and have a dedicated green and/or social business model. Impact investors do usually not look for a conventional industrial enterprise that wants to increase its energy efficiency. Other opportunities for funding, such as through the capital market and factoring, are almost non-existent.
- Overall, SMEs' access to formal finance remains restrained. The majority of Cambodian SMEs look for funding within their personal or business network to finance their day-to-day business.
- Major challenges that keep SMEs from applying for formal financing are high collateral requirements and interest rates. Banks, on the other hand, are reluctant to lend to unregistered SMEs lacking in credit history and financial management capacities. As business registration comes with considerable bureaucratic and financial burden, many SMEs are not willing to become formalised. Instead, they prefer to operate using their limited resources. These circumstances severely hamper opportunities for investing into resource and energy efficiency or green innovations.
- The legal framework for governing the financial sector is still being built. A weak judicial system makes enforcing loan agreements and liquidating collateral rather uncertain, therefore reducing investors' motivation to become engaged in the SME and start-up scene.

¹ See Box 1 for a definition of green finance in the context of this study.

Introduction

Cambodia has experienced rapid development in the last two decades. Average annual GDP growth reached 9% before the global financial crisis and has since then climbed back up to 7% (Korea Development Institute 2012, World Bank Data 2015). In order to achieve sustainable economic growth in the future it is necessary not only to modernise the agricultural sector but also to promote the development of strong micro, small and medium enterprises (SMEs)². Important growth sectors of the national economy include manufacturing, tourism and agribusiness.

SMEs in Cambodia are categorised by the 2005 SME Development Framework according to the number of employees and the value of total assets (*see table 1*). However, this definition is not legally established and usage varies among ministries (SME Secretariat et al. 2007).

The number of SMEs in Cambodia has grown to over 500,000 in 2014 (ADB 2015, Phnom Penh Post 2015a). Approximately 97% of these businesses are micro enterprises while SMEs represent only around 2.7% of the total number of enterprises in the country (Ung and Hay 2011). In the same year, MSMEs together employed about 72% of the total national labour force (Economic Census of Cambodia 2014, cited in ADB 2015). However, several challenges prevent compiling more accurate statistics. Besides inconsistencies in the definition of (M)SMEs, the high informality of Cambodian enterprises is another factor. Depending on the source, up to 97% of MSMEs are not registered with the Ministry of Commerce (MEET-BIS Cambodia 2015, ADB 2014). Instead, the majority of enterprises are informally regulated by local authorities or are not registered at all (ADB 2008).

Many SMEs in Cambodia work with outdated and inefficient technology and thus have negative impacts on the environment and surrounding communities. With the high energy prices in Cambodia their inefficiency also implies higher production cost. Both aspects call for SMEs to use resources more efficiently. An approach to address this issue is sustainable consumption and production (SCP). It is a concept for reducing negative economic, environmental and social impacts of economic activities and can be defined as “a holistic approach to minimising the negative environmental impacts from consumption and production systems while promoting quality of life for all”

Table 1: SME classification in Cambodia according to SME Dev. Framework (MEET-BIS CAMBODIA 2014a)

	Employees	Assets
Micro enterprise	< 10	< EUR 47,000*
Small enterprise	11 - 50	EUR 47,000 - 236,000
Medium enterprise	51 - 100	EUR 236,000 - 471,000

(UNEP 2011). SCP has been included as Goal No. 12 of the United Nations’ Sustainable Development Goals (SDGs) which states “Ensure sustainable consumption and production patterns” and explains SCP in a catch-phrase with “doing more and better with less” (UN n.d.).

In this study it is examined which funding sources are available for SMEs in Cambodia to finance a shift towards more sustainable consumption and production patterns. How the term green finance is used in this study is explained in the box below.

Even if cleaner technologies are available, SMEs may not adopt them due to limited access to financing (MEET-BIS CAMBODIA n.d.). Interviews have shown that oftentimes SMEs require between EUR 10,000 and 100,000 but cannot find formal funding because bank loans are usually larger, while MFI credits are smaller. While the Cambodian micro finance institution (MFI) sector has gained worldwide recognition, the banking sector is relatively underdeveloped compared with other South-east Asian countries and primarily focuses on large or foreign-run enterprises (Mekong Strategic Partners 2015, Korea Development Institute 2012). Other sources of financing, such as the capital market and financial leasing are even less developed.

According to a survey by the international finance corporation (IFC), about 90% of surveyed SMEs from the agribusiness sector have identified lack of access to finance as their major constraint for growth³. Two out of every three SMEs operating in the manufacturing and service sectors state the same problem (IFC 2010, cited from World Bank 2010). Therefore, 60-90% of SMEs use informal finance (MEET-BIS Cambodia 2015, 2014b).

In the following chapters, the financing landscape for SMEs in Cambodia will be analysed in more detail regarding opportunities as well as challenges to access finance in general and green finance in particular.

² In this study, the abbreviation « SME » will generally include micro enterprises, unless further specifications are made.

³ While agribusiness SMEs make up about one third of all SMEs in Cambodia, their financing needs amount to about half of the financing demand of all SMEs (World Bank 2010).

Green Finance, SMEs and SCP

In the context of this study, the term “green finance” will be used to link the three focal topics of the study series: small and medium enterprises (SMEs), sustainable production and consumption (SCP) and access to finance. Aspects of SCP most relevant for SMEs are the reduction of energy and material intensity of goods and services production; the reduction of waste and emissions from raw material extraction, production, consumption, and disposal; and the application of life-cycle thinking in all stages of a product’s life (UNEP 2012). Green finance is thus defined as all capital from public and private sources enabling SMEs to achieve or contribute to these SCP goals.

Green finance from the financial institutions’ perspectives usually comprises financial products and services to promote environmentally responsible investments and stimulate low-carbon technologies, projects, industries and businesses. For green finance products, financial institutions usually consider environmental factors in the internal processing of the transaction, e.g. in the loan sanctioning, monitoring or risk assessment (PWC 2013). Green finance covers not only investment costs but also operational costs such as production preparation or land acquisition costs for green projects (Zadek and Flynn 2013).

In addition to dedicated green finance, this study will also take into account selected SME financing products. This is based on the fact that SMEs may also use conventional financing sources for making green investment, especially if the green finance landscape is still underdeveloped.

Methodology

The objectives of this study are to:

- Present an overview of funding opportunities for SMEs with a focus on green SME projects
- Identify and analyse successful cases of green SME financing
- Identify and analyse barriers to green financing for SMEs

The results of this study can be used to inform relevant stakeholders of the situation regarding access to finance by SMEs in Cambodia. This shall especially foster the development, up-scaling and replication of green financing schemes for SMEs to enable more investments in sustainable production and consumption practices.

Data collection was conducted through literature review and face-to-face interviews.

Literature review was conducted on relevant topics, including the situation of SMEs in Cambodia, situation and trends in green financing, etc. Reviewed literature includes studies, reports, newspaper articles as well as statistical data.

Face-to-face interviews were held with senior officials in Cambodian financing institutions, international donor organisation as well as research institutes and consultancies in Phnom Penh between August 9 and August 15, 2015.

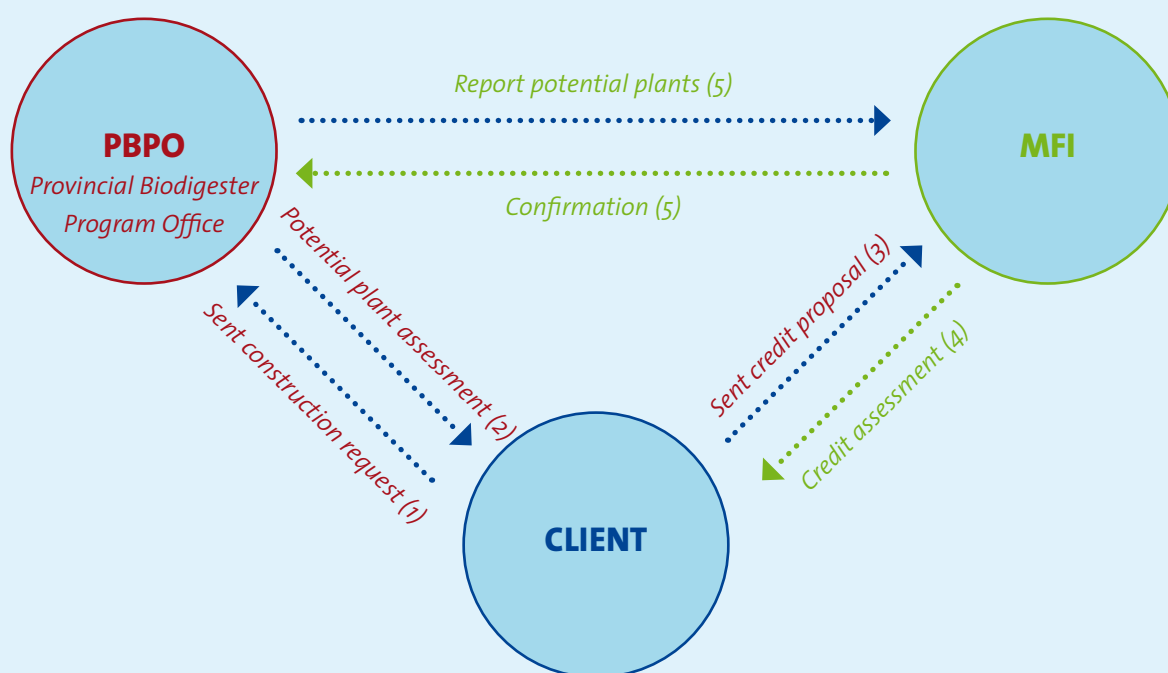
SMEs and Green Finance

Government schemes

Promoting SMEs and green development

The political relevance of SME development and green growth has been increasing in Cambodia in the last decade. Importantly, the Cambodian National Strategic Development Plan (NSDP, 2014-2018) acknowledges that private sector development, particularly of SMEs, is a crucial factor for facilitating growth and poverty reduction in the country. Moreover, it recognises that environment, green growth and low-carbon development are important cross-cutting issues that need to be mainstreamed into strategies for the development of priority sectors, above all agriculture and physical infrastructure. Three out of four priority expenditure areas of the NSDP 2014-2018 are potentially important for (green) SMEs: manufacturing and agro-industry development, rice production and export, and tourism development (Royal Government of Cambodia 2014). These considerations are further elaborated in specific policies and strategies, such as the National Policy on Green Growth (2010) and the corresponding Strategic Plan on Green Growth (2013 – 2030), the SME Development Framework (2005) and the SME Development Strategic Framework (2010–2015) as well as the Industrial Development Policy (2015-2025) (ADB 2015; Vietnam News Agency 2013). The Ministry of Industry and Handicraft (MoIH) is also working on an SME Policy that

National Biodigester Programme (NBP) Loan Process (NBP 2015)



is aimed at providing a national framework to promote and regulate SMEs and define clear tax rules (Phnom Penh Post 2015b). Further stipulations have been made in dedicated sector policies. For instance, the Draft National Energy Efficiency Action Plan calls for increasing support to industrial SMEs for implementation of energy efficient solutions (UNDP 2015).

Government funding for green investments with relevance for SMEs

Targeted public funding is a key prerequisite for creating vibrant green economies. In Cambodia, a number of support schemes for rural electrification, energy efficiency and renewable energy have been established by the government and ministries in cooperation with international donors. However, green funding programmes remain relatively isolated and often do not explicitly address SMEs.

The **Rural Electrification Fund (REF)** is one of the most important tools of the Cambodian government for meeting its rural electrification targets. It was established in 2004 with funding from the World Bank and the Global Environment Facility (GEF). The REF financially supports rural households as well as private electricity suppliers to improve electricity infrastructure in rural areas. Both

renewable and non-renewable energy technologies are eligible. Funding is provided through interest-free loans, grants and loan guarantees (ADB 2015a, Electricité du Cambodge n.d.).

The **National Biodigester Programme (NBP)** is a joint project of the Ministry of Agriculture, Forests and Fisheries and SNV Netherlands Development Organisation. Since its launch in 2005 the programme has been supporting farmers with installing biodigesters by providing preferential loans and a subsidy for investment costs. Financial support is provided in cooperation with several Cambodian MFIs (NBP 2015). Even though the target group is currently limited to rural households, interviews suggested the partaking agencies want to start looking at micro and small enterprises as well.

Besides these successful nation-wide schemes, also pilot programmes on SCP-related topics have been implemented in Cambodia in the past. Two successful pilot schemes that ended recently are project on energy efficiency in the industrial sector and the technology development fund. The support provided by the projects were not relevant for the majority of SMEs as the number of beneficiaries of each of the two projects was rather low (<50), but they may provide lessons learnt for other schemes that have a broader reach.

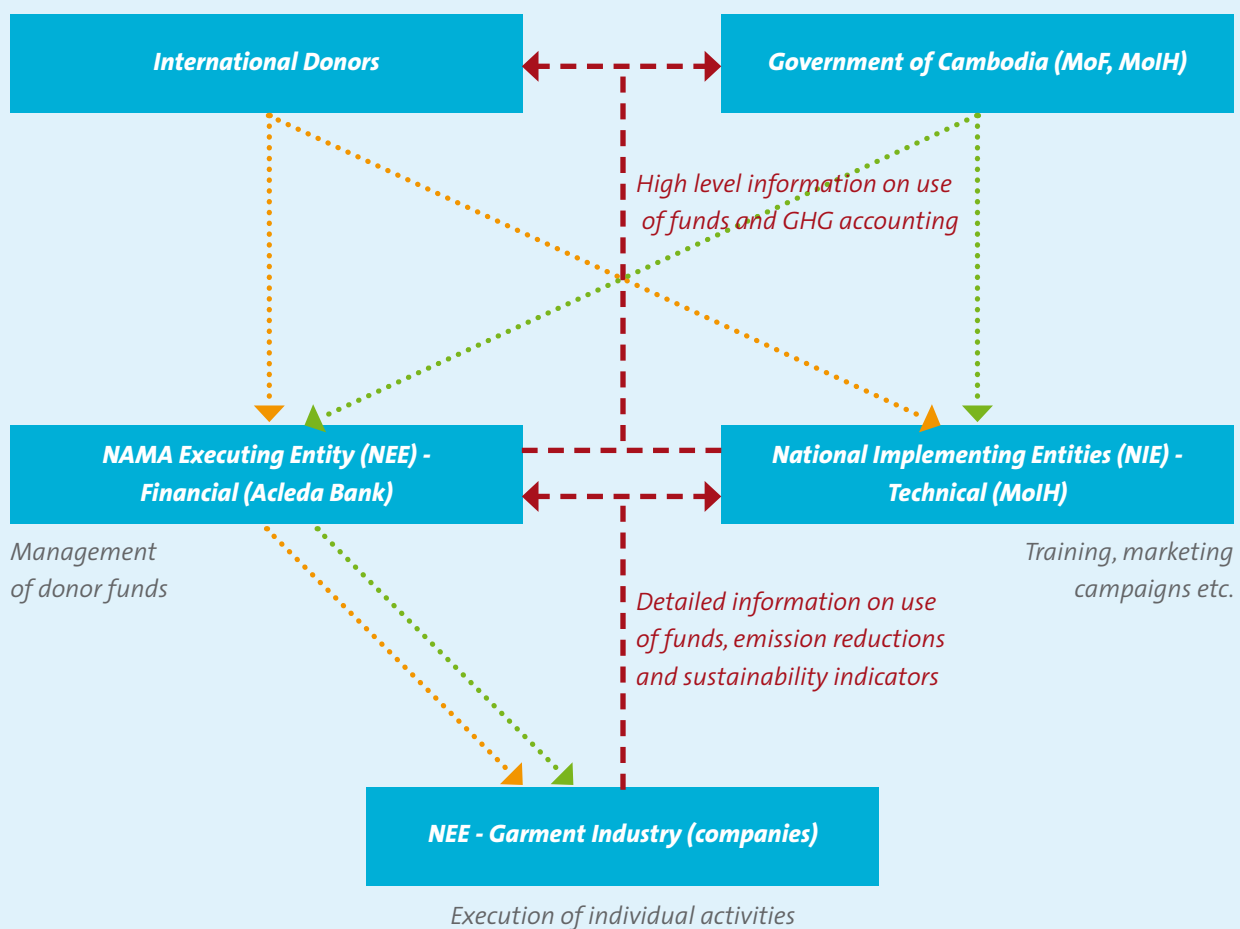
The first project on Reducing Greenhouse Gas Emissions through Improved Energy Efficiency in the Industrial Sector was implemented by the United Nations Industrial Development Organisation (UNIDO), in collaboration with the Ministry of Mines and Energy (MME) and the National Cleaner Production Office – Cambodia from 2011 - 2015. Its primary objective was to strengthen local capacity for improving energy efficiency in five energy-intensive sectors (food, rice and rubber processing, garments, brick kilns). The project focused on specific pilot companies which they provided with technical assistance and project co-financing (ADB 2015b, NCPO-C 2013).

In 2012, the MME together with ADB launched the Technology Development Fund, a pilot matching grants fund to strengthen SMEs with fewer than 100 employees and less than EUR 471,000 in assets. The project is funded by an ADB grant and equipped with EUR 754,000.

Eligibility for the first phase of funding was limited to food and beverage businesses to upgrade their product quality. Grants ranged from EUR 5,000 to 28,000, or up to 50% of an enterprise's total properties. Throughout all phases, as many as 30 companies would receive the financing (ADB 2012, Phnom Penh Post 2012a).

Another SCP-related project likely to become relevant for SMEs in the garment sector in the future is the planned Nationally Appropriate Mitigation Action (NAMA) in the garment industry. The aim of this NAMA is to encourage garment manufacturers to invest in energy efficient equipment by subsidising 15% of the investment cost (UNDP 2015). The programme activities are scheduled to be implemented from 2016 to 2021 (NAMA database). Even though SMEs are not explicitly mentioned, the Cambodian garment industry is generally dominated by small enterprises.

Figure 2: Overview of flow of funds (UNDP 2015)



Legend: **International** flow of funds **National** flow of funds --- **Information** flow on **use** of funds

Banking sector and micro finance institutions

Developing a formal financial sector

Developing the financial system of the country has been on the political agenda of the Cambodian Government (ADB 2015). Several laws have been passed to regulate the financial sector and to create an enabling legal framework for all stakeholders. The **Secured Transaction Law** was legislated in 2007 to raise the efficiency of collateralised loans (ADB 2008). In 2008, the National Bank of Cambodia issued new legislation that allows strong micro finance institutions to collect public deposits, thus increasing funds available for on-lending to borrowers (IFC 2010). With the adoption of the **Law on Financial Leasing** in 2009, banks are now authorised to conduct financial leases to SMEs lacking in collaterals. A draft regulation on specialised credit institutions is being finalised and it aims to increase access to finance for SMEs as well as scrutinise the operation of MFIs (ADB 2014). In addition, a law on collateral management is currently being drafted which would allow banks to accept movable assets as collateral.

In addition to regulatory instruments, information can also serve as an important tool for improving the quality of markets. In an attempt to reduce information asymmetry between financial institutions and their (potential) customers, the National Bank of Cambodia in cooperation with IFC and stakeholders from industry established the **Credit Bureau Cambodia (CBC)** in 2012 (IFC 2013). Its main task is to conduct credit background checks of individual borrowers. The information helps financial institutions assessing the creditworthiness of new borrowers. Membership of the Credit Bureau is required for all banks, MFIs, and other financial institutions (ADB 2014).

These efforts, paired with strong economic growth and a continuous expansion of the financial system, have caused **lending by both banks and MFIs to grow quickly**. While for a long time, Cambodia had one of the lowest banking intermediation rates in the world, credit provided by the banking sector began to rise at a quick pace in 2004 and reached 40% of GDP in 2012 (Trading Economics n.d.). MFI loans grew by 50% from 2012 to 2013 and again by 39% from 2013 to September 2014 (ADB 2015).

Yet due to a variety of reasons, among them a low diversification of the financial landscape and lack of a functioning collateral system, the overall performance of the Cambodian financial system is low (ADB 2014). Even though the introduction of a **credit guarantee system** was considered to address the issue of shortage of col-

laterals for SMEs, no concrete results have been achieved yet (Korea Development Institute 2012). With credit volumes rising quickly, concerns are even being voiced over financial bubbles and over-indebtedness. Finally, a weak judicial system makes enforcing loan agreements and liquidating collateral rather uncertain, therefore reducing investors' motivation to become engaged in the SME and start-up scene.

Green lending with relevance for SMEs

Green credit is not yet a priority for Cambodian banks. The only existing initiatives in the country that consider green criteria for lending are supported or led by international donor organisations. Yet, these initiatives are still in the very beginning.

A recent initiative that has been launched is the **Clean-Start Energy Access Window Challenge** under the SHIFT Programme of the United Nations Capital Development Fund (UNCDF) and partners. It encourages financial institutions to develop innovative financial products for consumers and enterprises that want to invest in access to clean energy. The fund will provide financial support to 4-8 projects in Cambodia and Myanmar. Application deadline was in October 2015 and it remains open whether and which Cambodian organisations will be selected for support (UNCDF 2015).

Several international donor organisations are in the phase of developing finance schemes for Cambodia that explicitly target green issues, above all related to energy use. One organisation is conducting a feasibility study for a credit line on **energy efficiency and energy from biomass** in eight sectors, among them restaurants, rice mills and garment industry. Another organisation is planning a project with a Cambodian bank on giving grants and soft loans to **commercial farms for biogas generation**. Farms would use the electricity for their own operations and ideally also sell surplus energy to the nearby communities. In terms of funds, there will be EUR 188,000 for grants and the same amount for soft loans. Altogether, eleven projects are to be financed under the scheme. Before the money is dispersed, feasibility studies will be conducted at the farm level. A third international financing organisation is preparing a feasibility study on a potential new programme addressed at **SMEs in the field of agriculture**. The financial product under consideration is a EUR 141.3 million credit line along the agricultural value chain. The focus of the credit line may include a green or energy efficiency component, for example on cooling storages.

Lending for SMEs in general

Many Cambodian banks have **specific SME credit lines**. Generally, ACLEDA Bank is considered to be most active in developing the SME market. ACLEDA started as a microfinance institution and has kept its focus on the needs of small borrowers, even though it is now Cambodia's largest bank (Phnom Penh Post 2012a). Besides ACLEDA Bank, other commercial and specialised banks have credit lines for SMEs. As there is no uniform definition of such credit lines, conditions vary between banks (MEET-BIS Cambodia 2015).

SME lending by Cambodian banks is oftentimes supported by **loans and technical assistance from multi- or bilateral donors** because banks lack the required funds, know-how or interest in engaging with the SME sector on their own initiative (Korea Development Institute 2012). ACLEDA has recently been granted a EUR 70.6 million loan by ADB as well as a loan of up to EUR 103.6 million by IFC and the Global Agriculture and Food Security Programme. Both loans are earmarked for **lending to SMEs and agribusinesses** (ADB 2013, IFC 2015).

Another project with relevance for SMEs is the **financing programme for private water and rural electricity enterprises** that has been developed by AFD in cooperation with Foreign Trade Bank (FTB). The programme provides a EUR 14.1 million credit facility for the water and electricity sector. Loans given out under this facility have preferential terms that cater to the needs of SMEs – interest rates are lower than the market average, the lending period is up to ten years, and collateral requirements can be flexibly adapted to the respective borrower. Environmental impact is currently not a criterion for lending. Besides the credit facility, the programme also includes an investment grant of EUR 800,000 for the water supply sector (AFD and FTB 2015).

With a few exceptions, such as the AFD-FTB programme described above, many SME loans by Cambodian banks do not come with considerable benefits for SMEs compared to general commercial loans – interest rates and collateral requirements are high while lending periods are short (Korea Development Institute 2012). Additionally, SME loans, according to the definition of most Cambodian banks, are relatively large and often exceed financing needs of small and lower-range medium businesses (MEET-BIS Cambodia 2015). This implies that despite a growing share of so-called “SME loans” in banks, small enterprises' access to finance remains restrained. So far, the government has not agreed to establish a **specialised bank for SMEs** because it wants to avoid increasing competition for existing banks and micro-finance institutions (Phnom Penh Post 2012).

While the **microfinance landscape** is well developed in Cambodia, the large majority of micro credits are targeted at households and micro-sized businesses. Such credits are usually not relevant for SMEs as they require larger amounts of money. However, with growing competition in the micro finance market, some MFIs have become interested in working with SMEs. For example, PRASAC, Sathapana and Amret give out loans of EUR 40,000 or more (MEET-BIS Cambodia 2014a).

Providing **credit guarantees** is another mechanism for facilitating SME access to finance. For instance, ADB together with the Ministry of Economy and Finance (MEF) have established a risk-sharing facility in Cambodia that guarantees 50% of the loan amount borrowed by SMEs participating in the scheme (Korea Development Institute 2012). The remaining risk is borne by the respective MFI or bank from which the money is borrowed (Cambodia Development Review 2012). Furthermore, the IFC and International Development Association (IDA) had also installed a risk sharing facility under the Agribusiness Access to Finance Project in 2010. However, both risk sharing facilities suffer from a lack of eligible borrowers and remain underused. Due to this reason, the IFC/IDA facility was closed in 2013 (World Bank 2015).

Other sources of financing

Other financing types besides conventional banks loans are in principal available for SMEs. Yet, neither funding from capital markets, nor from financial leasing models or impact investors has become a relevant source of finance for SMEs in Cambodia. Only the informal financing sector is important for SMEs as the requirements for accessing funding are much lower than in the formal market. This advantage is paid with very high interest rates.

Trading volumes on the **Cambodian Exchange Market** (CSX) have been extremely low and as of 2014, only two companies were listed (ADB 2015). In 2015, plans were announced to set up a small board for SMEs to raise capital under relaxed listing regulations. The board will require SMEs to have a minimum operating capital of EUR 470,000 which is considerably lower than the EUR 9.4 million required for the main board. SMEs will have to release only one year of financial statements, as compared to three years required for larger companies (Phnom Penh Post 2015c).

Financial leasing has become more popular in Cambodia lately – the number financial leasing companies has increased from two in 2013 to six in 2014 (ADB 2014, ADB 2015). How the financial leasing model can be used to finance SCP interventions is described in the box below.

The market for **private equity and venture capital** has also been growing in Cambodia but is of very limited relevance for SMEs wanting to invest in sustainable consumption and production. One particular fund that is dedicated to promoting the SME sector is the Cambodia-

Leasing schemes for clean technology

The SWITCH-Asia *MEET-BIS Cambodia* project was launched in 2014. Its main objective was to stimulate SME investment in energy efficiency and renewable energies through access to finance. Four funding approaches were explored, including product-based financing (leasing), supplier-financing (for energy service companies (ESCOs)) and end-user financing (targeted credit lines for SMEs). Out of these options, financial leasing turned out to be the most promising approach. In 2015, a 6-months pilot programme was established together with MegaLeasing, a company specialising in small leasing contracts for motorbikes, cars and electronic equipment (MEET-BIS Cambodia 2014b). Even though the *MEET-BIS Cambodia* project ended before it reached its projected project end, MegaLeasing continues to provide the leasing service designed under the project.

The MegaLeasing pilot scheme was designed as follows: SMEs lease energy efficient air conditioning equipment from MegaLeasing which, in turn, purchases the equipment from GA Aircon. The lease contract is signed for two years, during which the MegaLeasing keeps ownership of its equipment. The SME pays regular leasing rates, which include an interest rate of 2.6-2.8% depending on whether the lease amount is above or below EUR 4,700. Once all payments have been made the SME becomes the owner of the technology (MEET-BIS Cambodia 2015). As the air conditioning itself serves as collateral, the SME does not have to provide any additional security. In case of non-compliance with the leasing contract MegaLeasing can request for the equipment to be returned and can sell it back to GA Aircon.

Laos Development Fund (CLDF), established by Emerging Markets Investments Advisers in 2009. It has total funds of almost EUR 18.8 million and uses the money to provide growth capital to innovative SMEs in Cambodia and Laos. By 2014, the fund had invested in eight SMEs in several sectors, including hospitality, agricultural processing, telecommunication, financial services and education. The fund works with its investees to implement environmental, social and governance standards (SIFEM 2014). In regard to green investments, the Mekong Renewable Resources Fund has become a relevant player in Cambodia. It was launched by Indochina Capital in 2011. With a target capitalisation of EUR 141.2 million, the fund is much larger than the CLDF. Its investments focus is on environmental services and infrastructure, renewable energy and energy efficiency in the Lower Mekong region including Cambodia. The fund can also provide loans of up to EUR 47 million (MEET-BIS CAMBODIA 2014a).

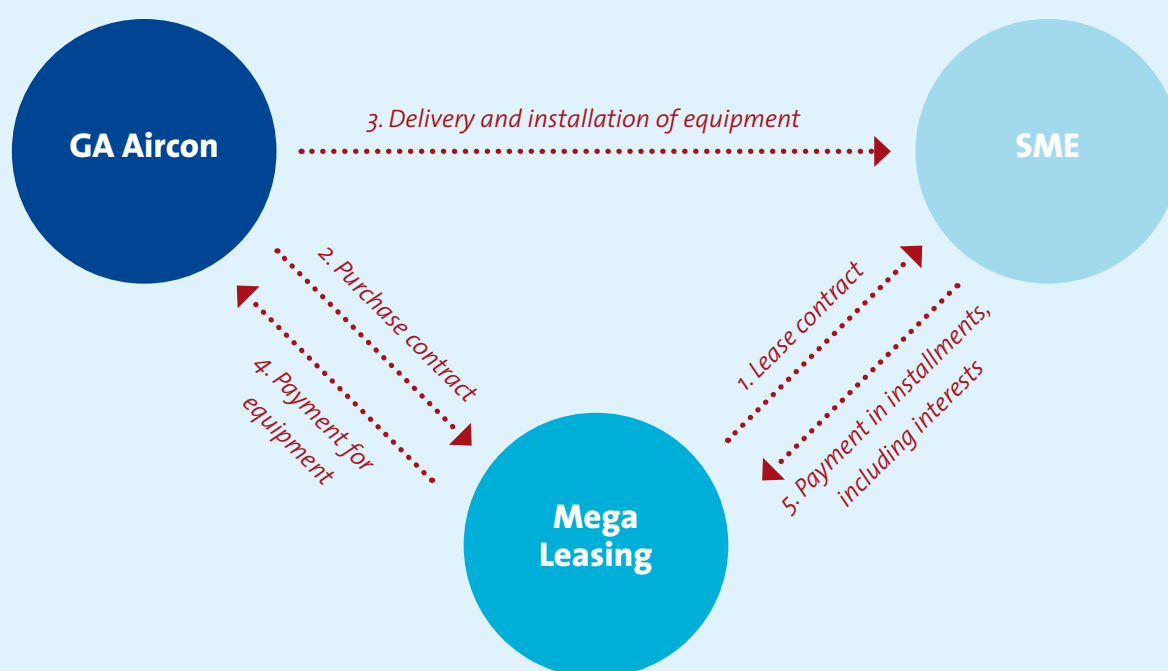
Beyond private equity and venture capital, **impact investment** is gaining momentum in Cambodia as awareness of social and environmental issues in the private sector is growing. Several impact investment funds are now (partly) based in Cambodia. For example, Arun LLC provides investment for social enterprises in developing countries. The fund, which is based in Japan, attends to several projects in Cambodia, including Lighting Engineering Solution, a social enterprise working with solar power. Arun offers not only financial support but also managerial assistance and is considered very responsive to SME needs (MEET-BIS Cambodia 2014c). UBERIS is a Cambodia-UK-based impact investor that can provide EUR 19,000 to 1.9 million to businesses serving people at the Base of the Pyramid (BoP). In contrast to many other funds, UBERIS invests mainly in domestic companies owned by Cambodians. It is currently funding 3-4 companies and plans to finance the same amount in 2016. Another impact investor operating in Cambodia is the Insitor Impact Fund from Luxembourg. It provides loans ranging from EUR 190,000 to 2.4 million to companies developing socially inclusive and environmentally friendly solutions for the poor. Overall, impact investment in Cambodia is targeted at creating social impact for poor rural households while aspects of environmental protection and low-carbon development receive comparatively little attention.

Another alternative for raising capital for sustainable investments is through **crowdfunding**. This financial instrument is still new to Cambodia and until now only one national crowdfunding platform, called Cambofund, has been launched (Development Innovations 2015). However, there did not seem to be much activity on the website (cambofund.com) and it was taken offline during the

course of research for this study. According to information from the personal interviews, MEET-BIS Cambodia also considered crowdfunding to finance solar water heaters, however, was kept from doing so by complex registration requirements for NGOs entering the financial sector (INGL 2015). Crowdfunding through international platforms, such as Indiegogo, has been used by expatriates living in the country but has not reached domestic SMEs yet (MEET-BIS Cambodia 2014c).

Informal money lending, e.g. by pawn shops, is flourishing especially in rural area (ADB 2015). In fact, pawn shops have had a strong presence in the Cambodian financial sector since the Ministry of Economy and Finance began approving licenses for their business in 2009. Pawn shops generally provide small loans for short lending periods. Collateral includes a large variety of goods and money can be handed out immediately after valuing a customer's collateral (Phnom Penh Post 2014d).

Figure 3: The leasing scheme under the MEET-Bis Cambodia project (2015)



(based on NBP 2015)

Another leasing-to-own scheme is being rolled out by **NexusC4D and the Renewable Energy and Energy Efficiency Partnership (REEEP, 2015)**. The objective of the project is to support rice mills in switching from diesel electricity generation to rice husk gasification. According to an interview, favourable leasing conditions were established with SME Renewables, a local supplier of gasifiers, and a revolving loan was set up in cooperation with ACLEDA bank. So far, the Austrian government has contributed EUR 220,000 and additional EUR 300,000 – 400,000 are being sought.

Once a rice milling company has approached SME Renewables, an energy audit is conducted to calculate the expected savings. After approval, the SME makes a deposit to the leasing company which, in turn, installs the new machinery on the company's premises. The total cost is reimbursed to SME Renewables through the project fund, including a grant component of 8%. The SME then receives technical training, health and safety information as well as laptop with accounting software from SME Renewables for using the gasifier and to keep track of the energy saving. Furthermore, monthly maintenance of the gasifier is provided for the first year. The SME pays a monthly leasing fee including an 8% interest rate to ACLEDA Bank which then transfers the money back to NexusC4D. Payback time is determined to be about three years.

It is expected that 8-11 rice mills will be supported throughout the course of the project. Currently, only rice mills that are not connected to the grid can participate. NexusC4D considers developing a scheme for solar energy generation that would also be open to rice mills connected to the grid.

Challenges for SME access to green finance

SMEs' access to finance in general and particularly green finance is limited in Cambodia as has been described in the preceding sections. The SME Policy Index (ADB 2014) comes to the conclusion that **Cambodia scores well below the average of countries in the Association of South-east Asian Nations (ASEAN)** when it comes to access to finance for SMEs. Barriers for a better access of SMEs to finance can be found on the demand and supply side as well as in the structure of the political and financial system.

Demand side barriers

- **SME are not sufficiently aware of options for funding.**

There is funding available for SMEs and green investments, yet the awareness about these funding options among SMEs is limited. Especially SMEs operating in rural areas, such as agribusinesses, are difficult to reach with marketing campaigns by the financing institutions. This leads to the effect that SMEs, which may have ideas on how to improve their production with SCP measures, refrain from implementing them as they think that no funding is available.

- **Informality and a lack of financial information hamper SMEs' creditworthiness.** Many SMEs prefer to stay unregistered in order to avoid taxation and dealing with authorities. Even if SMEs are registered and eligible for funding, company staff oftentimes does not have the capacity or motivation to follow standard accounting procedures. Consequently, SMEs lack information on cash flows and financial history. However, most financial institutions are reluctant to lend to such customers as the perceived risk is too high (World Bank 2013).

- **SMEs are not sufficiently aware of the business opportunities of green investments.** Increasing efficiency and environmental performance are not important issues for the majority of SMEs. Environmental regulation is not enforced in a way that would require SMEs to consider significant improvement of their operation. In addition, SMEs are not aware about the saving potentials related to energy, water and material consumption from implementing SCP measures. Given the high energy prices in the country, especially energy efficiency measures would be very attractive for SMEs.

- **SMEs do not generate demand for green SME financing products.** The combination of the above barriers – lack of awareness on investment options, lack of awareness on funding options, lack of prerequisites for receiving bank funding – leads to the effect that SMEs do not apply for alternative fundings available in the market. As was shown by the example of credit guarantee schemes by ADB and IFC/IDA, theoretically well-designed programmes sometimes do not work because of a lack of eligible borrowers. This, in turn, discourages financial institutions to offer such financing products.

Supply side barriers

- **Capital costs and collateral requirements are too high.** In Cambodia, loans are available only at very high interest rates and collaterals. The average lending rate on domestic currency bank loans was around 16% annually as of June 2014. Meanwhile, MFI loans had an average interest rate range of 2–3% per month and pawnshops charge around 3–15% per month (ADB 2015). Even though loans are generally cheaper by about a third when taken up in USD, capital costs still remain too high compared to SMEs' low profit margins. As a result, profits are often not reinvested to grow the companies but rather to merely pay back loans (Ung and Hay 2011). The average amount of collateral required by financial institutions amounts to 125–200% of the total loan amount (ERIA 2014). Most banks accept only hard land titles registered with the Cambodian Cadastral Office. It is an enormous challenge for SMEs to make collaterals available. In contrast to banks, MFIs accept "soft titles" and other assets as collateral (MEET-BIS CAMBODIA 2015, ADB 2014).
- **Financing institution usually offer short-term lending – SMEs require long-term lending.** SMEs' critical need is for long-term financing. This demand is difficult to satisfy for banks as they also lack adequate access to long-term capital due to several reasons: 1) money can usually not be deposited for more than two years, thus limiting banks' financial resources for lending; 2) no interbank market exists for commercial bank funding; and 3) banks have no access to debt capital markets (ADB 2014).
- **Loan approval is long and complicated.** Bank procedures are too complicated and require a considerable amount of time. The informal credit market operates more efficiently and SMEs prefer it compared to conventional banks.

- **Impact investment funds are usually not looking for financing conventional SMEs.** Impact investors and investment funds usually have rather high minimum investment requirements. Impact investors are also interested in innovative business models rather than conventional energy or resource efficiency improvements. These two constraints lead to the situation that many impact funds in Cambodia direct their investments to foreign run companies.
- **Financial institutions lack understanding of green finance and do not see it as a potential market.** The majority of Cambodian banks would not get into green finance based on their own motivation, either because they do not see the potential or because they lack the necessary capacities for risk assessment and development of adequate financial products. As the credit sector in general shows high annual growth rates, banks do not see the need to develop niche products such as green finance.

Structural barriers:

- **Corruption is high in Cambodia.** This was cited as the most problematic factor for doing business in Cambodia in 2013 and 2014 (WEF 2014, WEF 2015). In particular for larger projects requiring official certificates it is expected to pay bribes. Concerns were also voiced in interviews that financing products with preferential conditions for SMEs or green investments are considered with distrust as it is feared that bribes have to be paid.
- **Existing laws are inadequate to protect lenders' interests.** A weak judicial system makes enforcing loan agreements and liquidating collateral rather uncertain (IFC 2010). This makes it unattractive for new financing institutions to enter the market and for existing financing institutions to attempt new financing model. It is considered safer to stick to the model that has proven to work in the past.

The legal framework for collaterals is inadequate. The cost and time required for registering land to obtain so-called “hard land titles” in Cambodia are an enormous burden for SMEs. Yet hard land titles are required as collaterals if SMEs want to take up a loan. Additionally, there is no centralised collateral registry office under operation in Cambodia. Both factors put rather high barriers on SMEs that want to use their de facto owned land as collateral. These challenges might be addressed by the law on collateral management that is currently being drafted.

The challenges and barriers described above have resulted in the situation that the availability as well as the actual uptake of SME and green financing in Cambodia is rather small. The success story of the Cambodian microfinance landscape demonstrates that there is a potential for a well-functioning SME financing landscape. As described above, several MFIs have already taken up the challenge and are offering financing products geared towards SMEs. What can be done to reinforce this development, include other types of financing institutions and also include the issue of green financing is described in the conclusions in the next section.

Conclusions

The analysis above has shown that Cambodia needs to improve the financial opportunities of SMEs that want to invest, especially in SCP measures. With SCP included in the United Nations' Sustainable Development Goals (SDGs), the topic will now gain more prominence in the political arena, internationally as well as nationally. It is clear that suitable financing mechanism need to be in place to enable companies and especially SMEs to leapfrog a polluting growth path and support them from early on in implementing SCP measures. Given the barriers described above the following recommendations are given to enable SMEs to better access funding for SCP measures:

- Technical assistance should be extended to SMEs for preparing financial statements.** A key prerequisite for obtaining external finance in form of loans or equity are comprehensive financial statements. To be able to develop such statements companies have to have a proper bookkeeping system in place. Support in the form of capacity building and handholding is required for SMEs to develop such bookkeeping systems. This is also an area in which international donor organisation providing capacity building could play a relevant role.
- The lack of trust between SMEs and formal financial institutions could be reduced by installing "trust brokers".** An independent actor could help both sides in bridging the gap between financing supply and demand. Consultants, research organisations and technology suppliers could act as such trust-brokers as they could on the one hand side, demonstrate to financing institutions that the investments lead to economic and environmental savings; they could, on the other hand, support SMEs in preparing suitable financial statements and loan requests.
- Financial institutions should consider reviewing their credit policies in order to better cater to the needs of SMEs.** Important steps could be to adapt loan volumes to SME needs and to gradually reduce interest rates or collateral requirements. International donor organisations could support banks in the beginning of this process by providing
- the necessary capital for such schemes. They could also offer technical capacity support for creating a project pipeline. Financing institutions would need to consider such project or programme-related support as an investment in the future and make sure that the capacities that are being built are kept in the institution.
- Micro finance institutions should be encouraged to also lend to SMEs.** With their vast and well-established networks, MFIs would be able to reach SMEs throughout the country. As described above, PRASAC, Sathapana and Amret are already offering loans of up to EUR 47,000 to SMEs. The experience of these MFI in the SME financing market should be closely monitored to derive lessons learnt and ideally replicate the model with other MFIs. In addition, it should be considered whether MFIs can tailor dedicated green financing programmes that are only available for investing in SCP measures.
- The costs of formally registering as an enterprise should be lowered.** In order to convince the large amount of informally operating SMEs to enter the legal system, it is necessary to reduce transactions costs for registration and to reduce bureaucratic requirements for registered SMEs. Additionally, positive or negative incentives could be used to encourage compliance or to sanction non-compliance with registration requirements. However, as the high degree of informality among Cambodian SMEs is effectively a structural problem that is linked to corruption and general mistrust of SMEs towards the public sector, this problem will require the cooperation of political, private sector and financial actors. It is to be seen as a long-term goal.
- Business opportunities linked to green finance should be highlighted to banks.** The booming financial market in Cambodia is good business for the country's financing institutions. To profit from this market financing institutions do not have to provide innovative financial products – this means that there is currently no incentive for banks to position themselves as "green bank" to attract new customers. Nonetheless, it can be communicated

to banks that once the growth slows down, those banks that have invested in financial products such as green loans will have an advantage over other banks. As the financing market develops and is satisfied, distinctions between banks become more and more important. Additionally, companies considering environmental impacts of their investments are often more reliable customers with a lower risk of defaulting. Capacity building support should be offered to banks on how to set-up green financing schemes and how to implement environmental assessment procedures.

- **More pilots for green finance schemes should be developed.** The *MEET-BIS* project has shown that the approach of piloting a green finance schemes may be an avenue to success. It allows showcasing other financial institutions that green financing works and that there is a demand for this type of financing. Even if a certain scheme or approach does not work, the negative impact of a pilot scheme remains limited and allows drawing learnings from a failure. Especially in a market like Cambodia where green finance is not yet developed, pilot schemes have a large potential for introducing the different players – from SMEs to banks to public authorities – to the topic.
- For the implementation of these recommendations, a close cooperation between the different stakeholders – policy makers and authorities, private sector associations, financing institutions, and donor organisations – is required. The MFI sector is an important starting point for the development of a green SME financing ecosystem. Given the current economic state of the Cambodian economy and its projected growth, an intervention to develop this financing ecosystem is required today. The experience of other countries that have embarked on a growth path shows that the focus on SCP cannot be taken early enough. With the National Plan on Green Growth as well as the Strategic Plan on Green Growth, it should be a priority of the Cambodian government to not only focus on economic growth per se but to set the required conditions for green growth – a green financing framework being an essential pillar of any broader strategy.

With its projects, the SWITCH-Asia Programme can contribute to the development of the financial sector in Vietnam, especially with regard to the development of dedicated green SME finance products. There is an enormous opportunity for the projects funded by the SWITCH-Asia Programme to contribute to a project pipeline for SCP measures. As up-scaling of SCP measures is the overall goal of the SWITCH-Asia Programme and most grant projects engage directly with SMEs, the SWITCH-Asia Programme can generate demand for green SME finance. It needs to be demonstrated to financial institutions that such demand exists to make of such financing products.

If project activities are related to SMEs, SWITCH-Asia projects should include a financing component. SMEs could be trained to increase their financial literacy and be supported in developing appropriate financing proposals, preferably for SCP measures. At the same time financing institutions could be targeted with capacity building measures on specific opportunities for green investments. They could be sensitised on the types of SCP investments relevant for the particular project. This would make the access to finance easier for companies. Activities with financial institutions could be implemented on the local branch level as well as the general management level.

In addition, projects could work on establishing alternative financing models – for example leasing models – for SCP measures supported under the project. There is also potential for bringing the supply- and demand side together. Fairs and market places could be set-up where financial institutions and SMEs meet. At such events investment proposals would come together with funding. These events could be held for the SMEs of one particular SWITCH-Asia project only; they could also be held for all companies participating in SWITCH-Asia projects in a particular country or even at a regional level with financial institutions and companies from several countries. The SWITCH-Asia Programme should make use of its unique position and the broad actor network involved to push the agenda for more and better access to green SME finance in Vietnam and the region.

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Annex: Database with Funding Schemes

Rural Electrification Fund (REF)	
Implementing institution	Electricité du Cambodge (EDC)
Description	The REF financially supports rural households as well as private electricity suppliers to improve electricity infrastructure in rural areas.
Volume, duration and status	<p>Volume: In 2014, EDC has provided a fund of EUR 5.7 million for the operation of REF and implementation of three rural electrification development programmes consisting of (i) Programme for Power to the Poor (P2P), (ii) Programme for Solar Home System (SHS), and (iii) Programme for Providing Assistance to Develop Electricity Infrastructure in Rural Areas.</p> <p>Duration and status: Running since 2004</p>
Target group and targeted investments	<p>(P2P): Interest free loans for rural households to pay the following costs (i) connection fees of the electricity supplier, (ii) deposit to the electricity supplier, (iii) purchase of materials and labour for the installation of wires from the connection point to the house, and (iv) purchase of materials and labour for the installation of in-house wiring.</p> <p>SHS: Subsidy to rural households to pay part of the cost of purchasing and installing solar home systems</p> <p>Programme for Providing Assistance: Loan guarantee, interest free loans and/or grants for electricity suppliers to construct electricity supply infrastructure.</p>
Type of finance and conditions	<p>P2P: Interest-free loans of up to 480,000 Riels per household. The interest free loan will be paid back through the electricity supplier in monthly instalments within 36 months. The electricity supplier will be pay back to REF.</p> <p>SHS: Subsidy of EUR 94 per SHS. The purchaser shall pay back the remaining cost, after deducting the subsidy, to REF by any one of the 3 options: (1) payoff at the time of installation; (2) half-yearly instalments within 4 years; (3) monthly instalments within a period of 4 years.</p> <p>Programme for Providing Assistance: Type of finance depends on the area of operation: 1) Area with high density of population having economic efficiency (loan guarantee); 2) Area with medium density of population, where doing electricity business may not be profitable (interest free loans); 3) Area with low density of population, where doing electricity business is not viable (interest free loans and grants).</p>
Contact	CleanStart Programme: Hee Sung Kim (Analyst), hee.sung.kim@uncdf.org; Vincent Wierda (Programme Manager), vincent.wierda@uncdf.org
Source(s)	http://www.uncdf.org/cleanstart http://www.uncdf.org/sites/default/files/download/1_shift_cleanstart_window_challenge_info.pdf

CleanStart Energy Access Window Challenge	
Implementing institution	Shift Challenge Fund (United Nations Capital Development Fund and partners)
Description	The Fund provides funding to financial institutions for on-lending to consumer or enterprises wanting to invest in access to clean energy.
Volume, duration and status	EUR 0.9 to 1.1 million for around 4-8 projects. Application deadline for the first round of funding was in Oct 2015. It remains open whether and which Cambodian institutions will be selected for support.
Target group and targeted investments	The following types of organisations can apply for funding: Financial institutions, registered companies with capacity to undertake financing, MFIs or financial cooperatives. The applicant should formulate a project with a consumer and/or enterprise financing element related to the energy access sector. The project idea should contain an innovation and/or should aim to reach low-income consumers including women, who want to transition to cleaner and more efficient energy.
Type of finance	Grants and other financial support
Conditions	The minimum grant size per project will be EUR 94,000. Rapid disbursement of funds in tranches, with first tranche before the end of 2015 based on mutually agreed milestones.
Contact	CleanStart Programme: Hee Sung Kim (Analyst), hee.sung.kim@uncdf.org; Vincent Wierda (Programme Manager), vincent.wierda@uncdf.org
Source(s)	http://www.uncdf.org/cleanstart http://www.uncdf.org/sites/default/files/download/1_shift_cleanstart_window_challenge_info.pdf

Finance Programme for Rural Electrification Enterprises	
Implementing institution	AFD and FTB
Description	This programme is based on a EUR 14.1 million credit facility for the water and electricity sector and runs for five years.
Volume, duration and status	Volume: EUR 8.5 million for loans (expected by the end of 2015) and EUR 800,000 for grants.
Target group and targeted investments	Private water and rural electrification enterprises that comply with the following requirements: 1) Age of borrower or co-borrowers: Less than 60 years 2) Type of license: A valid license or under renewal processing at the EAC 3) Number of connections: 500 existing connections Regarding equity participation, the enterprise must participate with: 1) At least 20% of total assets; 2) 20% of new investment.
Type of finance	Investment, loans and grants
Conditions	Max.: Up to 80% of a project amount Min.: EUR 14,000 Interest rate: 8-10% p.a. Term: Min. 4 years, Max. 10 years Grace Period: Min. 12 months Collateral: (i) Properties (hard or soft title) and/or, (ii) Fixed-assets
Contact	FTB Head Office Branch, No.3, Street Kramuon Sar, Sangkat Phsar Thmey 1, Khan Daun Penh, Phnom Penh, Cambodia Tel: 855 (0) 23 862 111 GRET, No. 22, Street 330, BKK III, Phnom Penh, Cambodia Tel: 855 (0) 23 220 259
Source(s)	AFD and FTB (2015): ACCESS TO FINANCE PROGRAM for Rural Electrification Enterprises. A Guidebook.

Lease-to-own scheme	
Implementing institution	REEEP and NexusC4D
Description	REEEP and NexusC4D set up a revolving fund to provide affordable loans to rice mills to switch from diesel electricity generation to rice husk gasification. It is a waste to energy project under the REEEP programme funded by Austria with EUR 220,000 in the first phase; in the second phase additional EUR 300,000 – 400,000 are supposed to be acquired. There is a small grant component of 8% which goes to the supplier of the gasifiers (SME Renewables); the supplier imports the gasifiers from India
Target group and investments	Rice mills; The total market size is around 20 – 80 units; altogether the programme wants to identify 15 – 16 potential mills and then select 8 – 11 units which will receive the support
Type of finance	Leasing
Volume, duration and status	Volume: EUR 220,000
Conditions	The loans are only accessible for rice mills that are not connected to the grid; for those connected to the grid, NEXUS is considering setting up a scheme that would include solar energy generation.
Contact	http://www.nexusfordevelopment.org/
Source(s)	Interview

MEET-BIS Leasing scheme	
Implementing institution	MEET-BIS Cambodia; Mega Leasing Plc
Description	Launched in 2014, the SWITCH-Asia “MEET-BIS Cambodia” project aimed at stimulating SME investment in EE and RE through Access to Finance (A2F). Four financing models have been tried: ESCO model, leasing model, loan model and supplier financing model. Based on an assessment of the financing landscape, leasing was selected as the most promising concept. By 2015, one pilot programme has been established together with MegaLeasing.
Target group and investments	Enterprises with 50 – 300 employees, especially hotels and guesthouses, regional focus on Phnom Penh City and Siem Reap (during the pilot phase in 2015). Investment available for ACs, Solar Water Heaters, LED lighting and water pumps.
Type of finance	Leasing
Volume, duration and status	Duration: since 2015. Even though the MEET-BIS project was ended early, MegaLeasing continues to provide the leasing model designed under the project.
Conditions	<p>EUR 1,900 - 19,000 per application</p> <p>Maximum interest rate per month is:</p> <p>a) 2.80% if lease amount < EUR 4,700</p> <p>b) 2.60% if lease amount > EUR 4,700</p> <p>Period: 2 years</p> <p>Collateral: Product</p> <p>Borrower contribution: 20%</p> <p>Admin fee: 0.5% of approved amount</p> <p>Repayment capacity: Net income to repayment amount should be at least 150%, Credit History study (Credit Bureau)</p> <p>No collateral required.</p>
Contact	http://www.megaleasing.com.kh/
Source(s)	<p>MEET-BIS Cambodia (2014b): SME lending and green finance mechanisms in Cambodia. Webinar SWITCH-Asia, 12 September 2014</p> <p>MEET-BIS Cambodia (2015): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. End-Finance Component Report.</p>

Cambodia-Laos Development Fund	
Implementing institution	Emerging Markets Investment
Description	The Fund was established in 2009 with an investment focus on SMEs in Cambodia and Laos, based on the total capital of EUR 1.9 million. It has a technical partnership with Aureos Capital Limited (Aureos).
Target group and investments	Business services, agribusiness, and microfinance.
Type of finance	Investments
Volume, duration and status	Volume: EUR 9.1 million Duration: 2009 onwards
Conditions	N/A
Contact	Joshua Morris Managing Director, Emerging Market Investments Tel: +855 (23) 221890. Level 2, The Hong Kong Centre. Sothearos Blvd. Phnom Penh. Kingdom of Cambodia http://www.emergingmarkets.asia/
Source(s)	http://www.sifem.ch/med/375-141222-cldf-case-study-sifem96ppi.pdf

ACLEDA loan for promoting financial inclusion	
Implementing institution	Implemented by ACLEDA Bank; financed by ADB
Description	ADB has extended a senior loan to ACLEDA for on-lending to MSMEs.
Volume, duration and status	Volume: 5-year senior loan of up to EUR 71 million to ACLEDA Bank Duration: 2014-2018/19
Target group and investments	Micro, small and medium enterprises (MSMEs), primarily in rural areas
Type of finance and conditions	Loans (specific product and conditions to be determined by ACLEDA)
Contact	General contact: +855 (0)23 994 444, +855 (0)15 999 233, inquiry@acledabank.com.kh , http://www.acledabank.com.kh/kh/eng/contact
Source(s)	http://www.adb.org/sites/default/files/project-document/79755/47914-014-rrp.pdf

ACLEDA credit line for SMEs and the agricultural sector	
Implementing institution	Implemented by ACLEDA Bank; financed by IFC, the Global Agriculture & Food Security Programme (GAFSP) and Sumitomot Mitsui Banking Corporation.
Description	IFC and partners have extended a senior loan to ACLEDA for on-lending to agribusinesses and SMEs.
Volume, duration and status	Volume: 5-year senior loan of up to EUR 104 million to ACLEDA Bank Duration: 2015-2019
Target group and investments	Agribusinesses and SMEs
Type of finance and conditions	Loans (specific product and conditions to be determined by ACLEDA)
Contact	General contact: +855 (0)23 994 444, +855 (0)15 999 233, inquiry@acledabank.com.kh, http://www.acledabank.com.kh/kh/eng/contact
Source(s)	http://ifcext.ifc.org/ifcext/spiwebsite1.nsf/DocsByUNIDForPrint/DE6DE70752CA7F2485257DBE00547EBA?opendocument http://www.gafspfund.org/content/acleda-mfi-cambodia

ACLEDA SME loan	
Implementing institution	ACLEDA Bank
Target group and investments	SMEs
Type of finance and conditions	Microloans: < EUR 2,400 (12% of total portfolio) Small loans: EUR 2,400– EUR 28,000 (33% of total portfolio) Medium loans: EUR 28,000 - EUR 14.1 million (33% of total portfolio) Interest rate: 15% / year Loan term: 6 - 8 years - Microloans: group lending, no collateral required, credit assessment takes approximately 2 – 3 days - SME loans: collateral required (usually fixed assets, sometimes movable assets such as motorcycle), for loans up to EUR 471,000 the credit assessment takes one week
Contact	General contact: (+855) 23 994 444, (+855) 15 999 233, inquiry@acledabank.com.kh, http://www.acledabank.com.kh/kh/eng/contact
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Advanced Bank of Asia SME loan	
Implementing institution	Advanced Bank of Asia (ABA)
Target group and investments	SMEs
Type of finance and conditions	SME loans: < EUR 283,000 Interest rate: 11% / year Loan term: 5-7 years
Contact	General contact: Tel: (+855) 23 225 333; https://www.ababank.com/contact-support/aba-locator/
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

CIM Bank SME loan	
Implementing institution	CIM Bank
Description	SME loan
Target group and investments	SMEs, but the bank also finances suppliers of generators, tractors; CIM Bank is mainly focused on the machinery sector.
Type of finance and conditions	Interest rate: 10% / year Loan term: 5 years Loan to Value: 0.70
Contact	Address: 20ABm, Corner Preah Norodom Blvd. & St. 118, Sangkat Phsar Chas, Phnom Penh, Kingdom of Cambodia Tel: 855 23 988 388/89 888561/17 333 867/ 16 600 659 Email: phan.yun@cimb.com.k www.cimbbank.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Campu Bank SME loan	
Implementing institution	Campu Bank (Cambodian Public Bank)
Description	SME loan
Target group and investments	Financing for energy efficiency/ renewable energy projects. SMEs must comply with the following criteria: 1) Asset size < EUR 188,000 2) Employees < 100
Conditions	Interest rate: 8 - 12% / year Loan term: 5 years Hard title of property required as loan collateral
Contact	Address: No. 23, Kramuon Sar Avenue (Street No. 114), Sangkat Phsar Thmey 2, Khan Daun Penh, Phnom Penh, Cambodia. Tel: 855 23 222 880/16 998 833 Fax: 855 23 222 887 Email: ongmt@campubank.com.kh/ CustomerService@campubank.com.kh www.campubank.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Rural Development Bank SME loan	
Implementing institution	Rural Development Bank
Description	Rural Development Bank (RDB) provides short, medium and long term loans to SMEs and SME associations, especially in support of the agro-industry (Khiev 2013). RDB also extends credits to microfinance institutions which then lend to borrowers
Type of finance	Loans
Conditions	Depends on source of funding Usually loans start from EUR 47,000 Loan Term: 3 – 5 years Loan to Value: 0.5 – 0.7
Contact	Address: #9-13, St7, Sangkat Chaktomuk, Khan Duan Penh, P.O.Box: 1410 Phnom Penh, Cambodia Tel: 855 23 220 810/811 H/P: 855 12 261 287/ Fax: 855 23 224 628 Email: admin@rdb.com.kh/pech_sany@hotmail.com www.rdb.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

ANZ Royal Bank SME loan	
Implementing institution	ANZ Royal Bank
Description	SME loan
Target group and investments	SMEs that comply with the following criteria: (1) turnover between EUR 1.9 million to 9.4 million (2) Focus on trade and agribusiness; do not lend to hotels and tourism as they find the sector rather volatile;
Type of finance	Loans
Conditions	Loan amount: EUR 188,000 – 4.7 million
Contact	Address: #20, Kramoun Sar & Corner of St. 67, Level 3, Phnom Penh, Cambodia. P.O Box:624 Tel: 855 23 999 000, Fax: 855 23 986 104, Mobile: 855 17 298 095/89 439 371/016 931 151 Email: Chhuonnarita.Hang@anz.com / sreynin.tang@anz.com
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Canada Bank SME loan	
Implementing institution	Canada Bank
Description	SME loan
Target group and investments	Rice milling sector as a support to government policy
Type of finance	Loans
Conditions	Conditions SME loans < EUR 188,000 Interest rate: 10 - 12% / year Loan term: max 3 years
Contact	Address: Canada Tower, #315, Ang Duong St. (corner of Monivong Blvd.), Phnom Penh, Cambodia Tel: 855 23 868 222 Fax: 855 23 427 064 www.canadiabank.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

FTB SME loan	
Implementing institution	Foreign Trade Bank of Cambodia
Description	SME loan
Conditions	EUR 94,000 - 940,000 Interest rate: 10 - 12% / year Loan term: max 5 years
Contact	Address: No.49, Samdech Pan (214)/cm, St. Trasak Paem (63), Sangkat Boeung Raing, Khan Daun Penh, Phnom Penh, Cambodia Tel: 855 23 862 111 E-mail: chea-san@ftbbank.com; sengkry.meng@ftbbank.com www.ftbbank.com
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

PRASAC SME loan	
Implementing institution	Prasac MFI
Description	SME loan
Conditions	Up to EUR 47,000 Interest rate: 1.4%/ month to 2.6%/ month for very small loans Term: max 5 years
Contact	Address: No.212, St.271, Sangkat Toul Tumpung 2, Khan Chamkamon, Phnom Penh, Cambodia Tel:855 23 220 102 Fax: 855 23 216 362 www.prasac.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

AMRET SME loan	
Implementing institution	Amret
Description	SME loan
Conditions	EUR 14,000 – 47,000 Interest rate: 1.2 - 1.4% / month Loan term: max 4 years Loan to value: 0.5
Contact	Address: #35BA, St.169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia, P.O Box: 411. Tel: 855 23 880 942, Fax: (855-23) 881 342 E-mail: info@amret.com.kh website: amret.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Sathapana SME loan	
Implementing institution	Sathapana MFI
Description	SME loan
Conditions	Up to EUR 188,000 Interest rate: 1.2% / month (lower interest rate for loans > EUR 47,000) Loan term: max 5 years Loan to value: 0.5 (soft title); 0.7 (hard title)
Contact	Address: #831C, Monivong Blvd., Phsar Doem Thkov, Chamkamon, Phnom Penh, Cambodia, P.O Box: 1423 Tel/Fax: 855 23 223 058 www.sathapana.com.kh
Source(s)	MEET-BIS Cambodia (2014a): MSME Access to Finance for Energy Efficiency and Renewable Energy Investments in Cambodia. Draft Report

Arun	
Implementing institution	Arun
Description	Social impact fund from Japan that has invested in six social enterprises in Cambodia. Was considered as most relevant by the MEET-BIS study on crowdfunding and impact investment.
Target group and investments	Social enterprises
Type of finance	Debt and equity
Volume, duration and status	Running
Conditions	Financing amount: EUR 47,000 – 94,000 Term: 3 – 5 years Annual interest rate: 5 – 10%
Contact	http://www.arunllc.jp/en/arun/description/
Source(s)	MEET-BIS Cambodia 2014c: Impact investment and Crowd funding.

UBERIS Capital	
Implementing institution	UBERIS
Description	UBERIS Capital supports social enterprises at various stages of development. Assistance is provided in the form of advisory, project management and financing.
Target group and investments	High growth social enterprises that serve the base of the socio-economic pyramid
Type of finance	Equity and loans
Volume, duration and status	Ongoing
Conditions	Term: 2 – 7 years Amount: > EUR 471,000
Contact	Impact HUB Norodom Boulevard / Street 294 Phnom Penh http://www.uberiscapital.com/home/
Source(s)	MEET-BIS Cambodia 2014c: Impact investment and Crowd funding.