

CAMBODIA ECONOMIC DEVELOPMENT & INVESTMENT OPPORTUNITIES

ACLEDA Bank Plc-JCA Business Matching Event

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ACLEDA Bank Plc.

November 20th, 2023
Phnom Penh, ACLEDA Bank Headquarters

- I. Cambodia's Achievement of the Past 25 Years
- II. Cambodia's Current Economic Situation
- III. Key Recent Development
- IV. Government Pentagon Strategy Phase I
- V. Why Invest In Cambodia?
- VI. The Triumphs ACLEDA: A Three-Decade Journey

I. Cambodia's Achievement of the Past 25 Years (1998-2022)

✓ Has made momentum progress in education and vocation training in both quality and quantity.



✓ Through the Win-Win Policy, Cambodia has achieved and maintained the sustained full peace since the end of 1998



1998-2022

- ✓ Achieved high and sustainable economic growth 7%
- ✓ GDP grew from \$3.11B to \$29.6B (10-fold increase)
- ✓ GDP per Capita increased from \$253 to \$1784 (7-fold increase)
- ✓ Maintained pre-COVID-19 poverty rate below 10%.
- ✓ Government revenue rose from 8% to 23% of GDP.
- ✓ Government expenditure rose from 13% to 27% of GDP.
- ✓ Low external public debt at 24.9% in 2022
- ✓ FDI inflow increases 15 times (2007-2022)
- ✓ Banking's assets, loans, and deposits collectively grew by 274%, 193%, and 150% as of 2022.



✓ Have been notably improved and modernized. National and provincial roads **11,042 km** and expressways **187.5km** from PP-Preah Sihanouk.

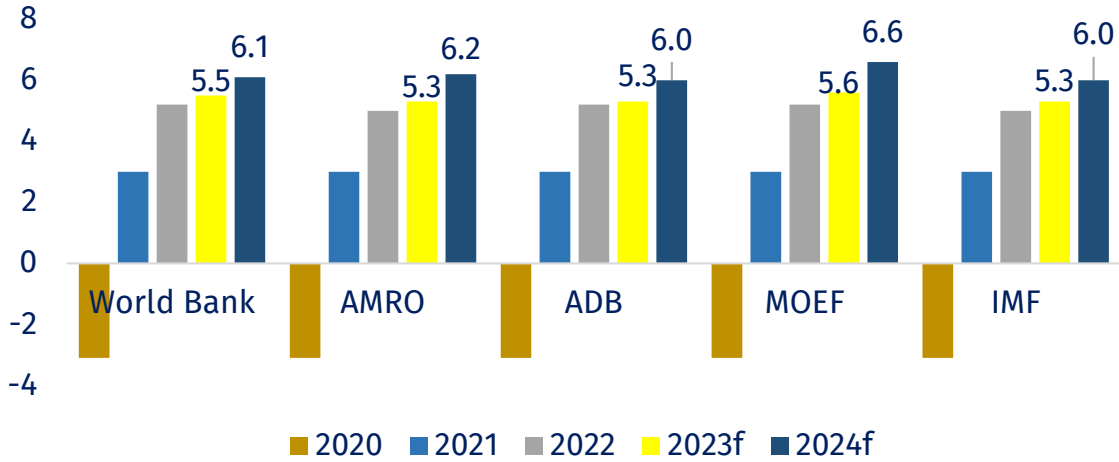


✓ Has made outstanding progress in institutional and governance reforms

II. Cambodia's Current Economic Situation

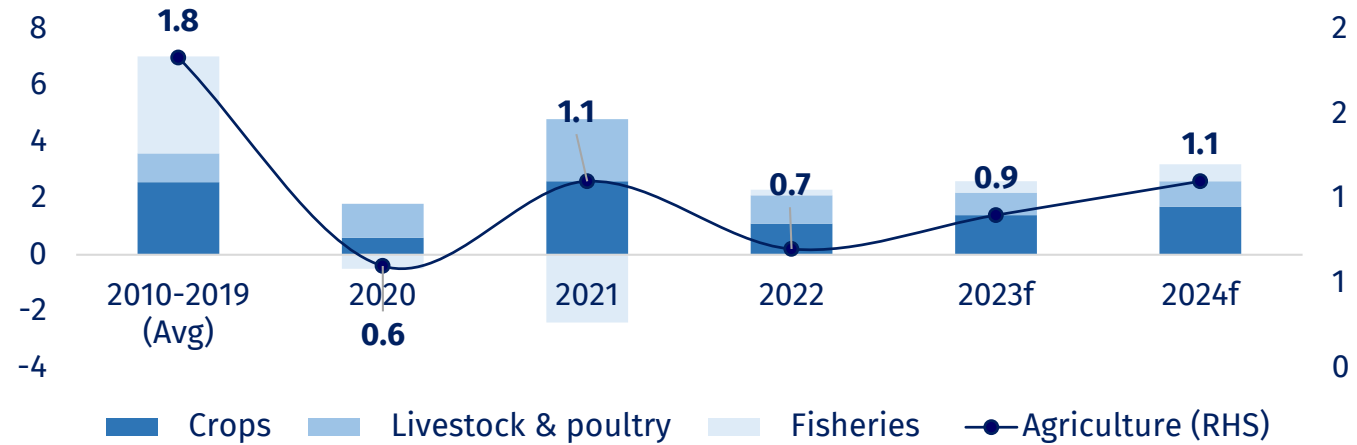
Cambodia's economy gained momentum in 2022, driven by a strong recovery in manufacturing and service. Projections anticipate further growth at 5.3% in 2023 and 6% in 2024.

GDP Growth (%)



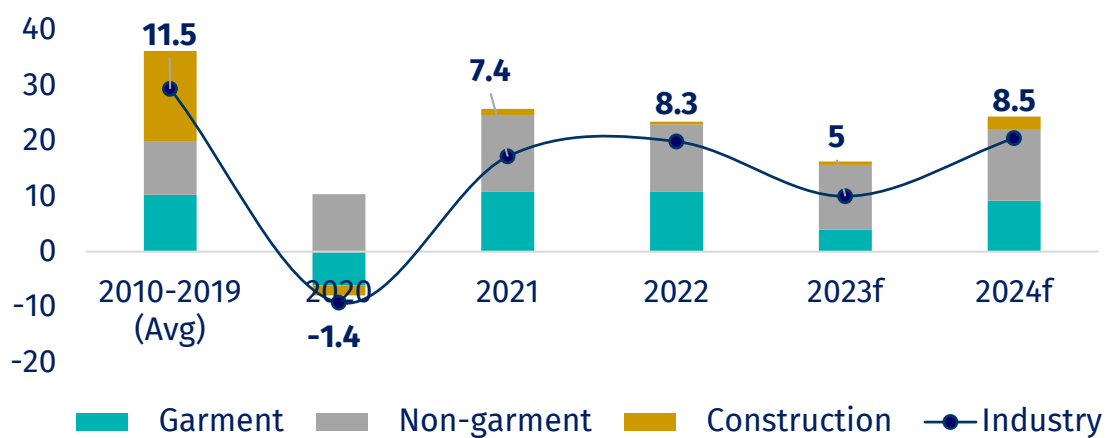
Agriculture Growth (%)

22% of GDP in 2022



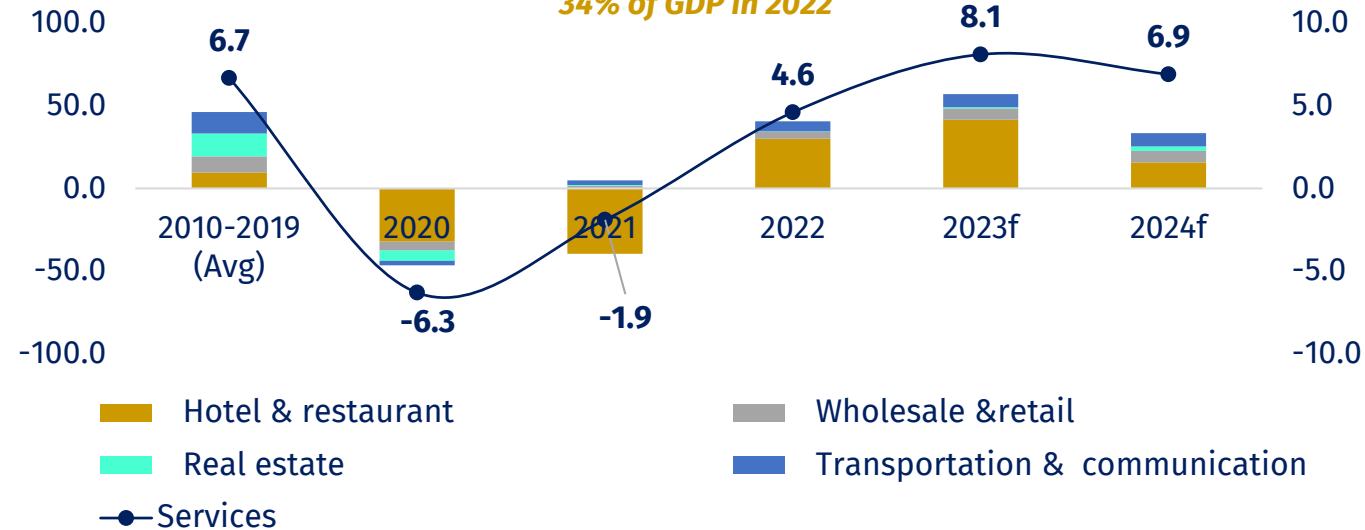
Industrial Growth (%)

38% of GDP in 2022



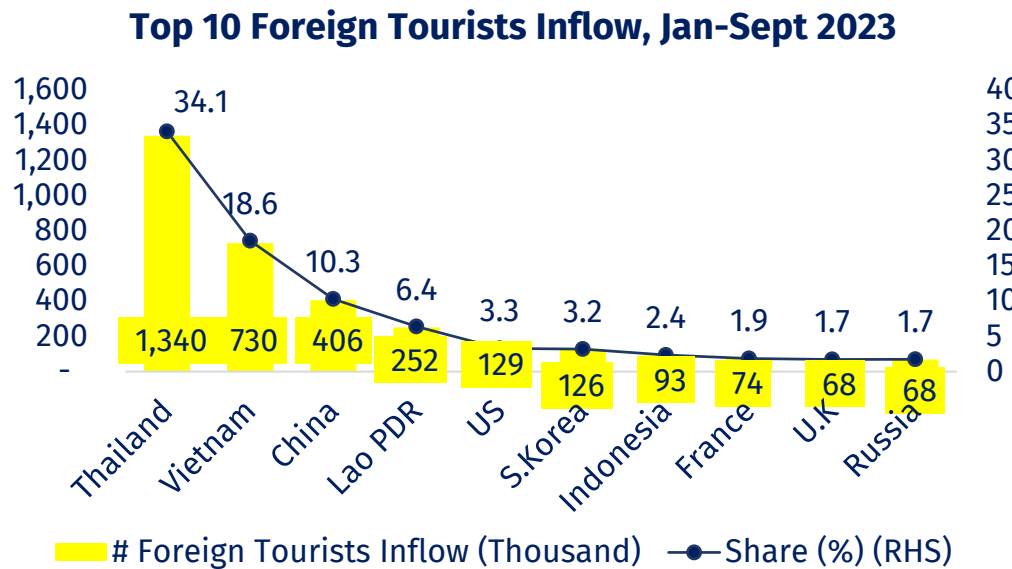
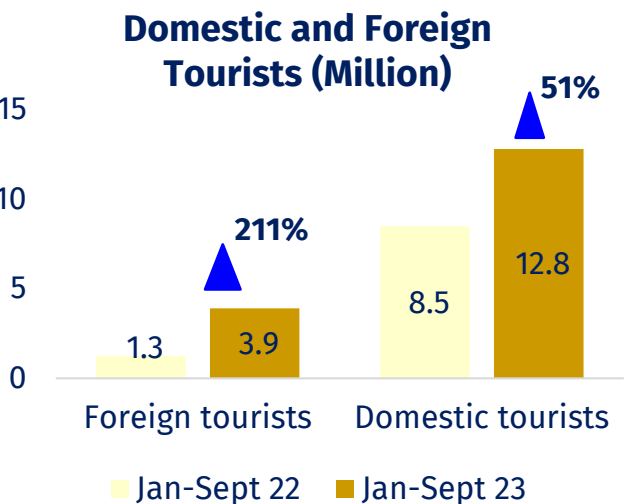
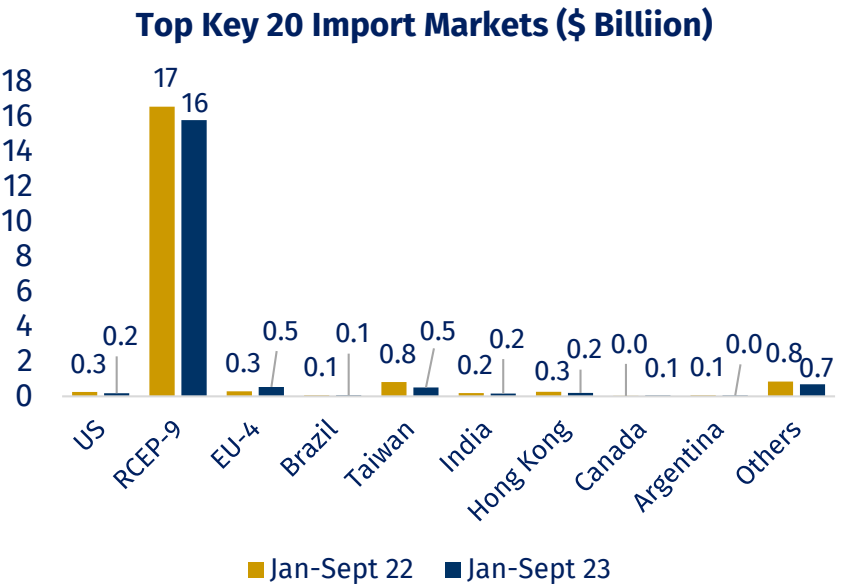
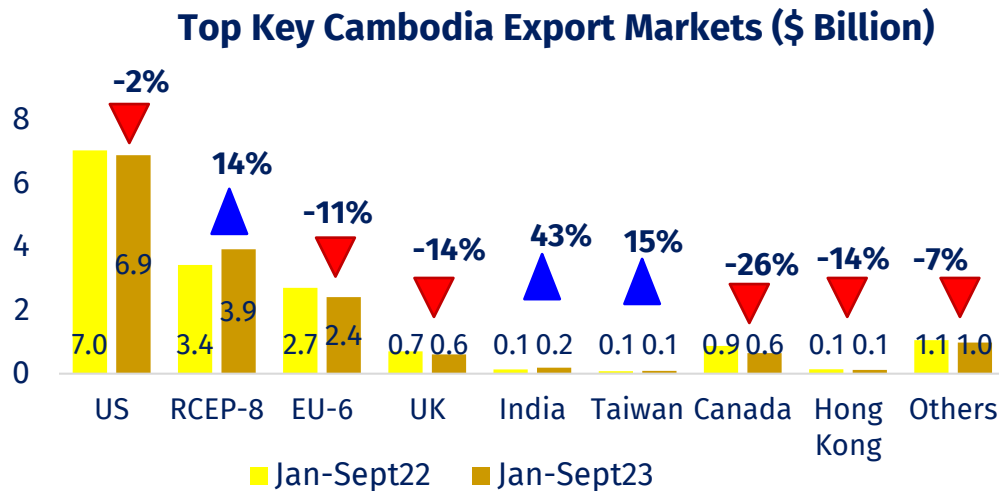
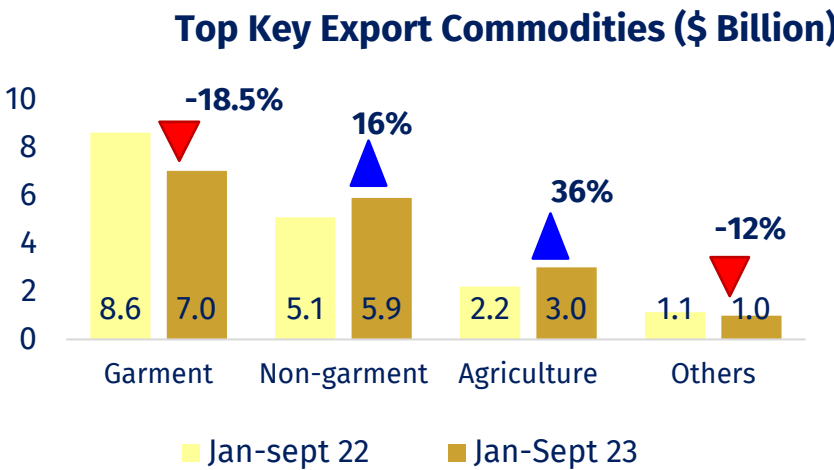
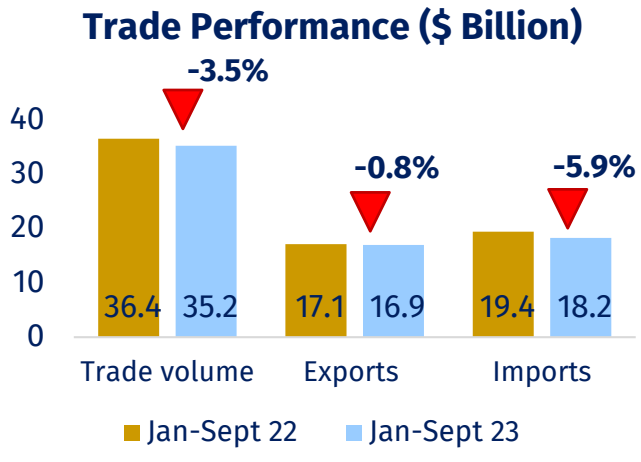
Service Growth (%)

34% of GDP in 2022



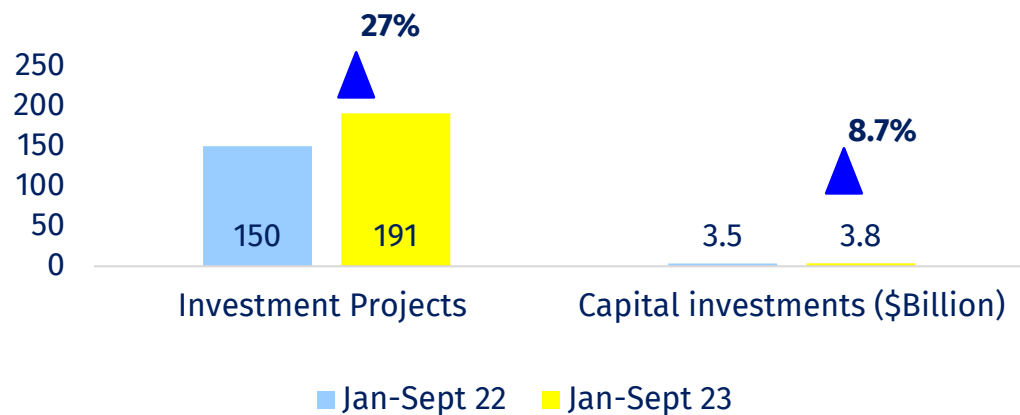
In the first 9-month of 2023, Cambodia's economic recovery showcased commendable progress, fueled by recovery of services, non-garment exports, and agricultural exports. Positive signs of

FDI's recovery and gradual upswing new construction projects further contribute to this positive trend.

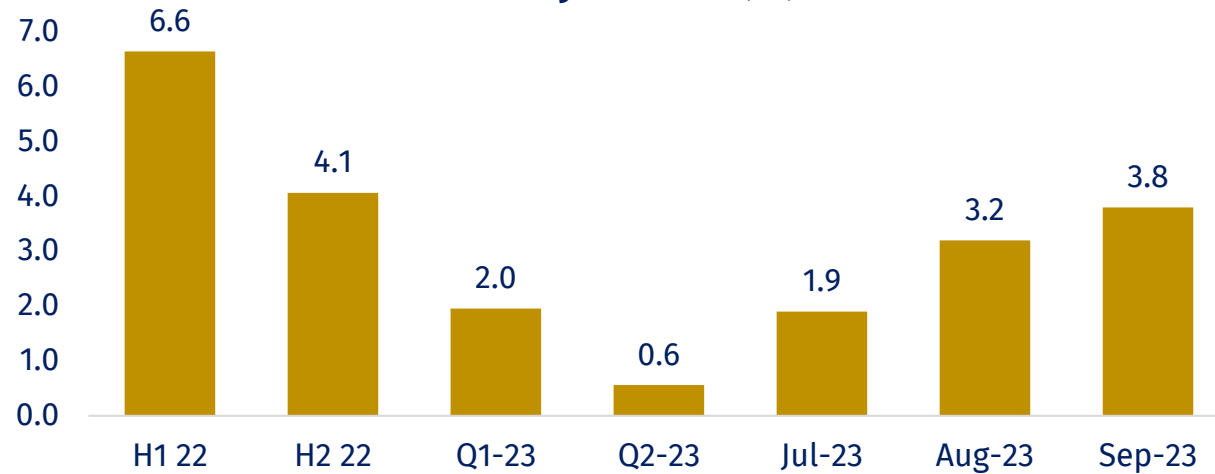


Note: RCEP-9 (RCEP-8: China, Japan, Vietnam, Thailand, Malaysia, Singapore, Indonesia, South Korea)+Laos; EU-6: Germany, Belgium, Netherlands, France, Spain, & Italy. EU-4: Finland, Italy, Germany, Denmark. Garment, non-garment, and agriculture commodities were aggregated from the top 20 exported commodities listed in GDCE

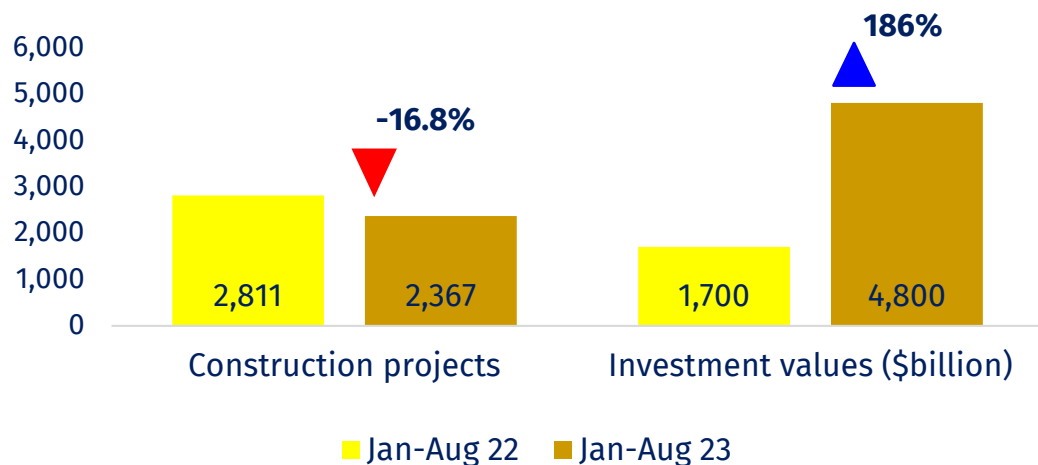
Number and Value of New Investment Projects



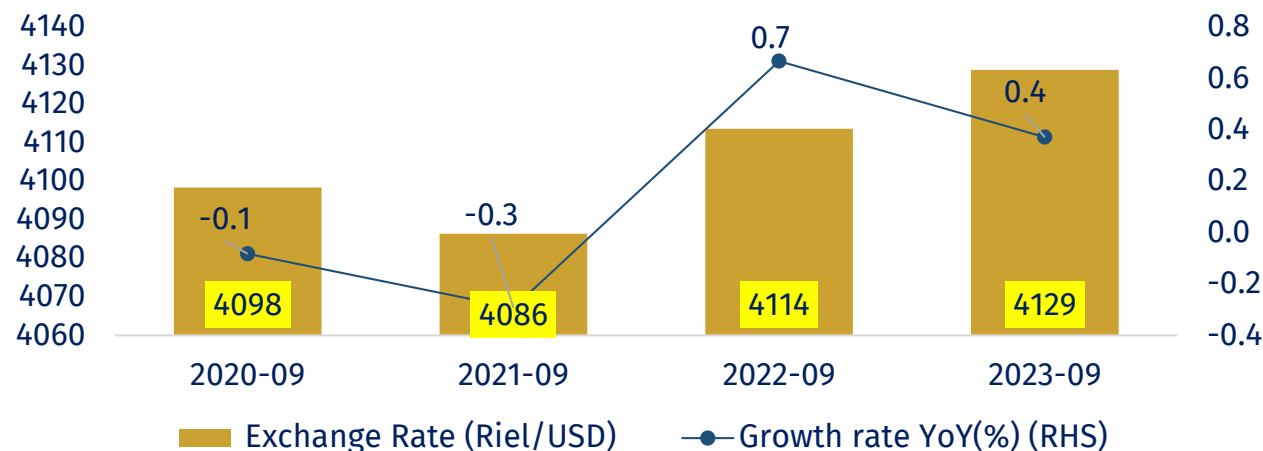
Monthly Inflation (%)



Number and Values of Construction Investments



Monthly Exchange Rate (Riel/USD)



III. Key Recent Development

Cambodia is actively investing infrastructure development to improve connectivity, facilitate trade, diversify tourism, and attract investments.

Key Milestones of Infrastructure Development as Government's Top Priority

Logistic System Improvement Master Plan of Cambodia
 Sustainable transport infrastructure
 SMRT Logistics
 Human and Technical development in Logistics
 Strengthening of legal and institute framework

- Completed (\$ 4.3 billion)
- On-going (\$ 3.55 billion)
- Understudy (\$ 8.2 billion)



Source: Compiled by authors from many sources

Recent FTAs to Diversify Export Markets and Investments



Cambodia-China FTA

- Tariff-free:** 98% of Cambodia's export to China, 90% of China's exports to Cambodia
- Cambodia's export to China:** milled rice, bananas, mangos, cassava, fishery, and apparel,
- Cambodia's imports from China:** raw garment materials, machinery, vehicles, foodstuffs, electronics, and medicines, among others.

Jan 2022



Regional Comprehensive Economic Partnership (RCEP)

- A largest trading bloc
- 30% of the World's GDP
- 30% of the World's population
- 28% of total global trade

December 2022



Cambodia-S. Korea FTA

- Tariff-free:** 95% of Cambodia's export to Korea, 92% of S. Korean exports to Cambodia
- Cambodia's export to S.Korea:** peppers, bananas, cashew nuts, potatoes, pineapples, coffee, fruits, corn, longans, tobaccos, meats, aquaculture products, sugar, rubbers, apparel, textiles, footwear, bicycles, travel materials, bags, accessories, industrial goods and more.
- Cambodia's imports from S. Korea:** electronic devices, automobiles, construction machinery, agriculture machinery, raw cloth material, processed cloth, cosmetics, food, groceries, construction materials and spare parts, and more.

Signed June 2023 & expected enter into force early 2024



Cambodia-United Arab Emirates (UAE) Comprehensive Economic Partnership Agreement (CEPA)

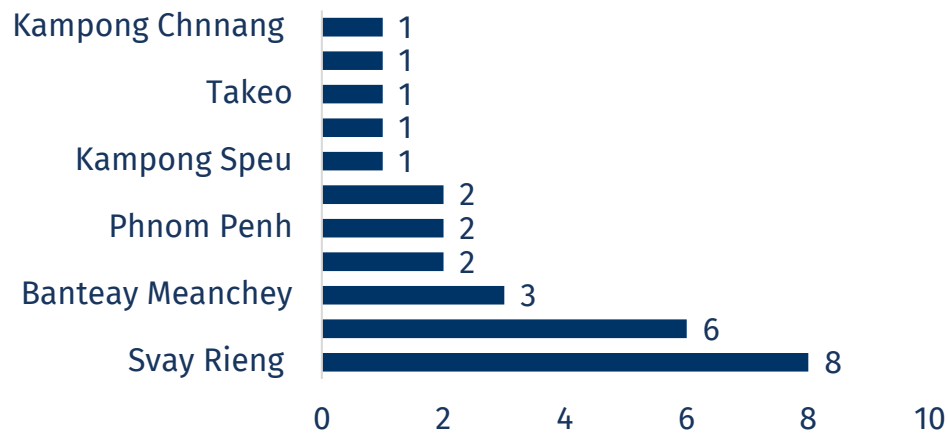
- Eliminating tariffs on most goods traded, reducing non-tariff barriers, and promoting trade in service and investment

Goal:

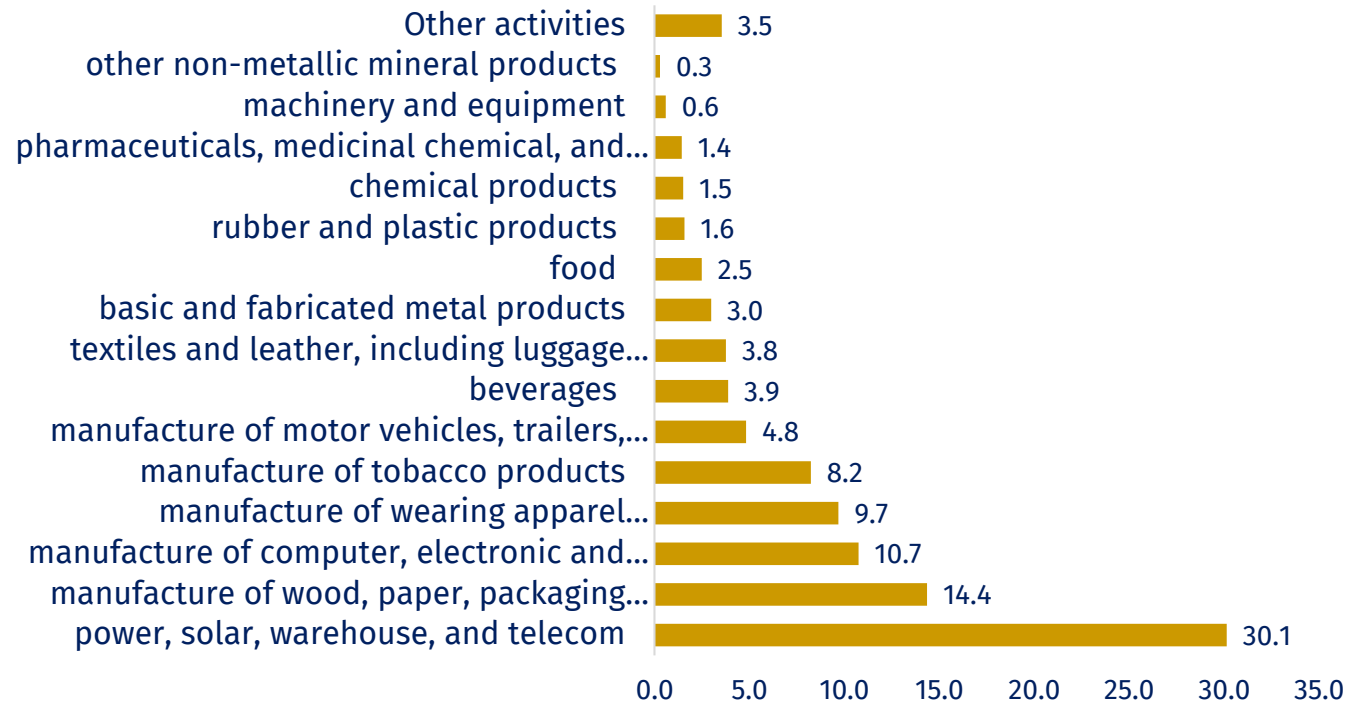
- Diversify export markets,
- Increase provincial economic productivity,
- Diversify economic basis

- As of 2020, Cambodia has 28 special economic zones with a total investment of \$3.7 billion, primarily located in the border provinces of Cambodia-Thailand, Cambodia-Vietnam, Phnom Penh, and the Coastal area.

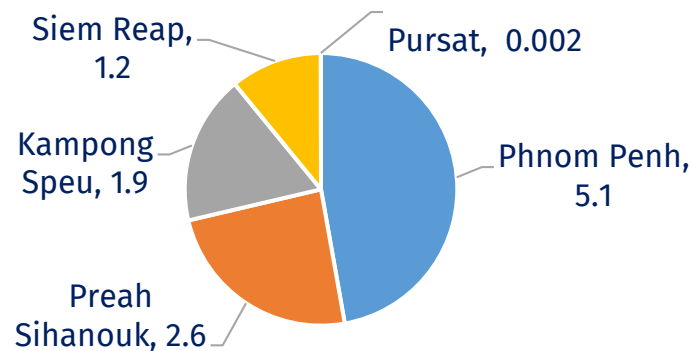
Number of Special Economic Zone, 2006-2020



% Share of Foreign Investment Capital in SEZs by Activities (2006-2020)

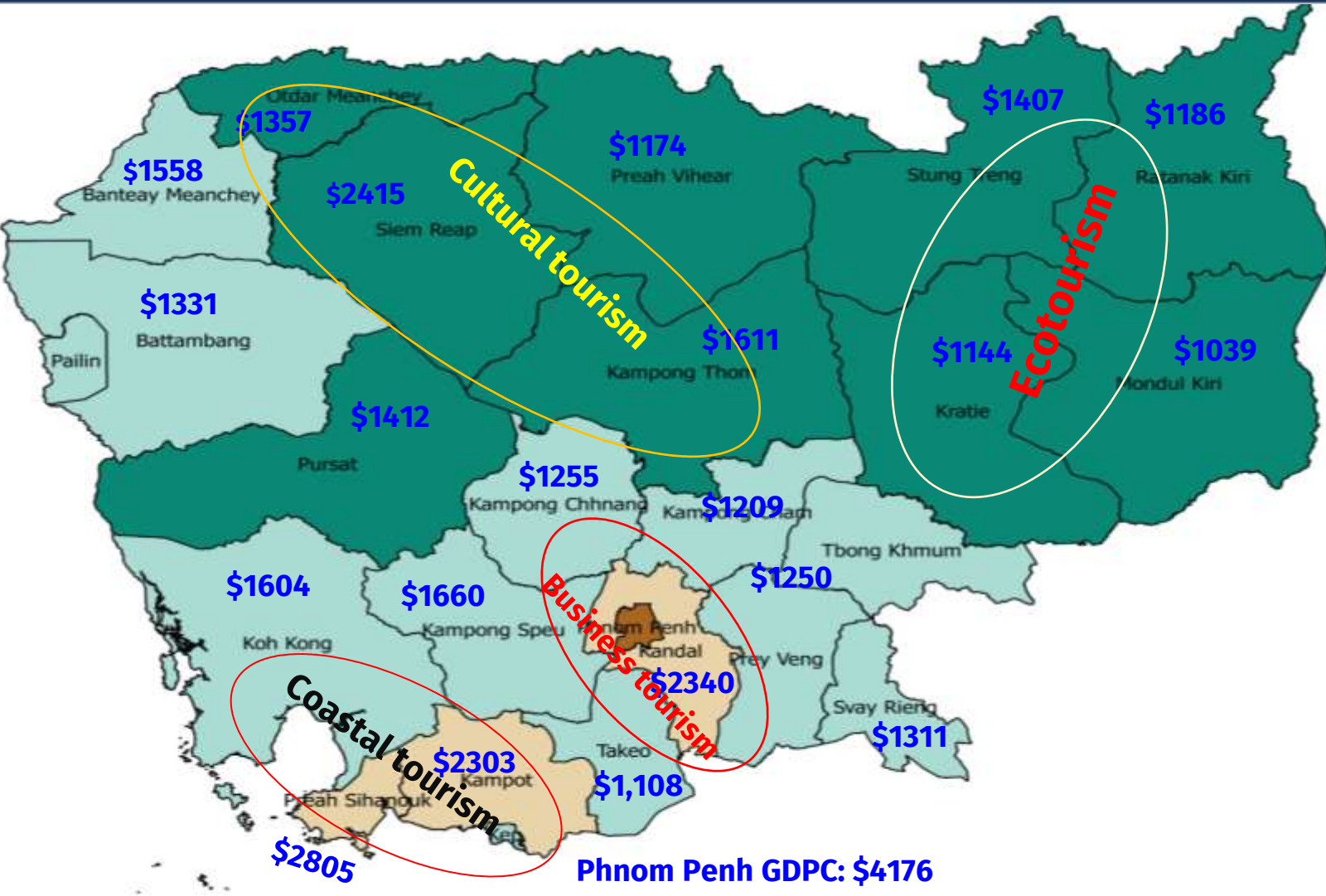


Distribution of FDI in Cambodia (\$US Billion), 2015-2019



Source: Chuop Theot Therith (2022)

Diversifying Tourism Destinations: Elevating Provincial GPC in Key Tourism Hubs (Siem Reap, Phnom Penh, & Preah Sihanouk), Surpassing the National Average



Key Strategic Tourism Spots	Provinces	GDP Per Capita, 2019	Average Income, 2019
Business tourism <i>Total pop: 2,129,371</i>	Phnom Penh	\$4176	\$4176
	Seim Reap	\$2415	
Cultural Tourism (Northwest) <i>Total pop: 2,196,376</i>	Kampong Thom	\$1611	\$1639
	Oddar Meanchey	\$1357	
	Preah Vihear	\$1174	
	Kratie	\$1144	
Ecotourism (Northeast) <i>Total pop: 825,066</i>	Mondulkiri	\$1039	\$1194
	Ratanakiri	\$1186	
	Stoueng Treng	\$1407	
	Kampot	\$2303	
	Koh Kong	\$1604	
Coastal tourism (Southwest) <i>Total pop: 998,148</i>	Kep	\$2303	\$2254
	Preah Sihanouk	\$2805	
	Preah Sihanouk	\$2805	

Source: Calculated by author using various data sources

Source: Many sources: Newspapers, World Banks, NIS, and Governor Press
 Note: GPC is the GDP per capita. The data in \$ inside the map is the GPC for each province in 2019

Key Government Policy, Initiatives, & Direction

Key Government Policies and Direction



Source: Compiled by authors from many sources

IV. Government Pentagon Strategy Phase I



ROYAL GOVERNMENT OF CAMBODIA



PENTAGONAL STRATEGY PHASE I

For Growth, Employment, Equity, Efficiency, and Sustainability.

Building the foundation towards realizing the Cambodia vision **2050**

August 2023

Enhancement and strengthening of accountability and integrity in public administration

Ensuring macroeconomic and financial stability

Pentagon 3: Development of private sector employment



Enhancement and strengthening of the effectiveness of laws and justice systems

Continued building of inclusive and effective partnerships for development cooperation.

Pentagon 4: Resilient, sustainable, and inclusive development

The core strategy governance reform and strengthening

Improvement of human resources and work efficiency

Adherence to an independent, rule-based, and smart foreign policy

Pentagon 2: Economic diversification and competitiveness enhancement



Strengthening of governance of private sector and businesses

Continued promotion of deeper integration into the regional and global economy

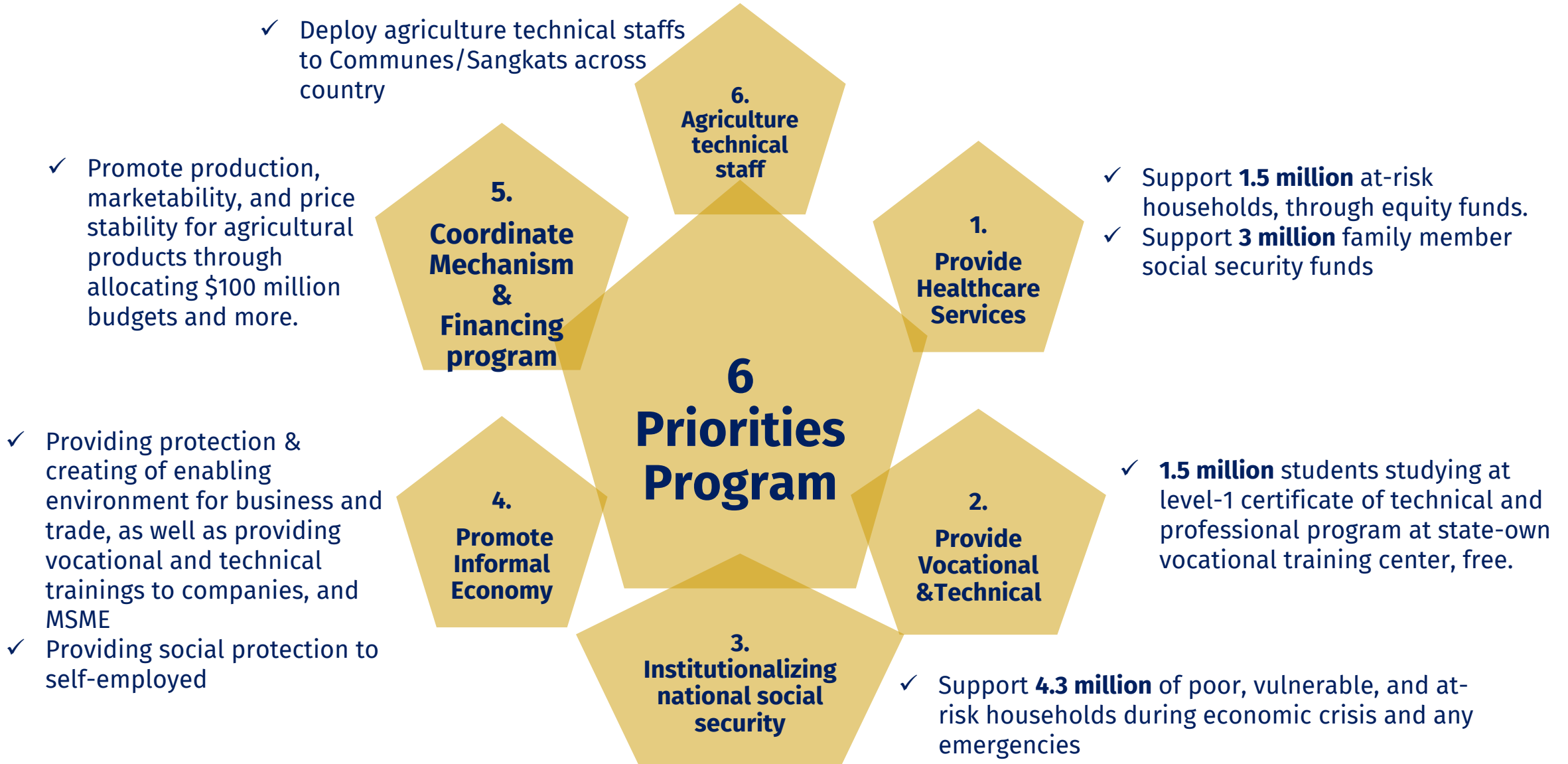
Pentagon 5: Development of digital economy and society

Institutional reforms and strengthening

Continued strengthening of peace, political stability, security, and public order.

Pentagon 1: Human capacity development





Pentagon Strategy is crafted with a forward-looking approach, dedicated to achieving the Cambodia Vision 2050 over the Next 25-Year. This strategy aims to transform

Cambodia into a civilized nation, characterized by the following key attributes:



Is a vibrant society.



Is high-income and resilient economy.



Are highly knowledgeable and have at least one skill in life.



Live in dignity and happiness, and enjoy equal access, equal rights, and equal opportunities in social protection.



Is a country that enjoys harmony, resilience, and inclusivity of physical and natural environment, and has a good balance between development and conservation.

V. Why invest in Cambodia?

Why Invest in Cambodia?

1. Open Economy



- No Restricted sector
- No local participation requirement
- No Capital Control

2. Fast-growing & stable economy



- GDP's Growth (7.8%), 2000-2019
- Stable Exchange rate
- Low Inflation Rate

3. Strategic Location & Connectivity (in the middle of ASEAN & CLMVT)



ASEAN (2022)

- Total Population: 673M
- FDI inflow: \$ 224B
- GDP: \$3.6T
- GDP's Growth: 4.9% (2000-2022)
- Travel by Air: 2-3h

CLMVT (2022)

- Total Population: 247M
- FDI inflow: \$ 35B
- GDP: \$ 1.01 T
- GDP's Growth: 6.1% (2000-2022)
- Travel by Air: 1-1:30h

4. Competitive & Dexterous Labor Forces



- Young and growing population (median age 26 Years old, 65% of its population falling within the working-age bracket)
- Low monthly minimum wages with dexterous workforce: \$200 in 2023, and \$ 204 in 2024.

5. Favorable FTAs to Access Big Markets



- **US:** Generalized System of Preferences (GSP)
- **Europe:** Everything But Not Arm (EBA)
- **S. Korea:** Cambodia-S. Korea FTAs
- **China:** Cambodia-China FTAs
- **RCEP:** ASEAN+ Australia, New Zealand, China, Japan, South Korea.
- ASEAN FTAs, ASEAN+1 with China, Japan, Hong Kong, S. Korea, India, Australia, New Zealand

VI. The Triumphs of ACLEDA: A Three-Decade Journey



1. ACLEDA's Success Story: A 3-Decade Journey



Progress agencies localised

by Maria Cecilia Dy

PHNOM PENH: The Local Economic Development Agencies, which previously operated under the aegis of the United Nations Organisations, have been localised.

This is to enable local leadership and sourcing of funds for its operation other than depending on the United Nations Development Programme and the International Labour Organisation which led and financed it in the past.

Twenty eight members of the agencies met here on Jan 19 to form the Association of Local Economic Development Agencies.

It elected a returning

refugee, In Channy, as its president and decided to seek non-governmental organisation status with the Supreme National Council.

Roel Hakemulder of ILO said putting the body under local leadership now helped to pave way for the gradual withdrawal of the two international organisations from the scene.

UNDP and ILO started the agencies on a short term basis with the hope of locals taking over.

The role of the renewed body will remain unchanged in that of entrepreneur training to develop the skills of Cambodians in a changing situation.

So far, it has trained 40 Cambodians in skills which will help them get into businesses. The two courses were held last year.

Successful trainees, who can prove viability of their business on the basis of product de-



In Channy ... first Cambodian aid agency chief

mand and location, are eligible to low interest loans of up of US\$2,000.

To help speed up the process of helping Cambodians into business, loans are also given to those already trained by other accredited agencies.

Priority for training are given to those who need it most, like women head of families, returnees, demobilised soldiers, handicapped and those displaced due to re-settlement.

The agency is represented in Battam-

bang, Siem Reap, Kampong Cham and Sisophon.

Each of these offices have a chief officer, credit officer, trainer and a informal sector agent.

Although the agencies prefer to train Cambodians in manufacturing, it also assists in some cases those who want to go into micro business like selling cigarettes.

In Channy says that US\$613,000 is available for the business loans this year; half which is for the micro businesses.

ACLEDA's Success: 3-Decade Journey From a National NGO to #1 Bank in Cambodia

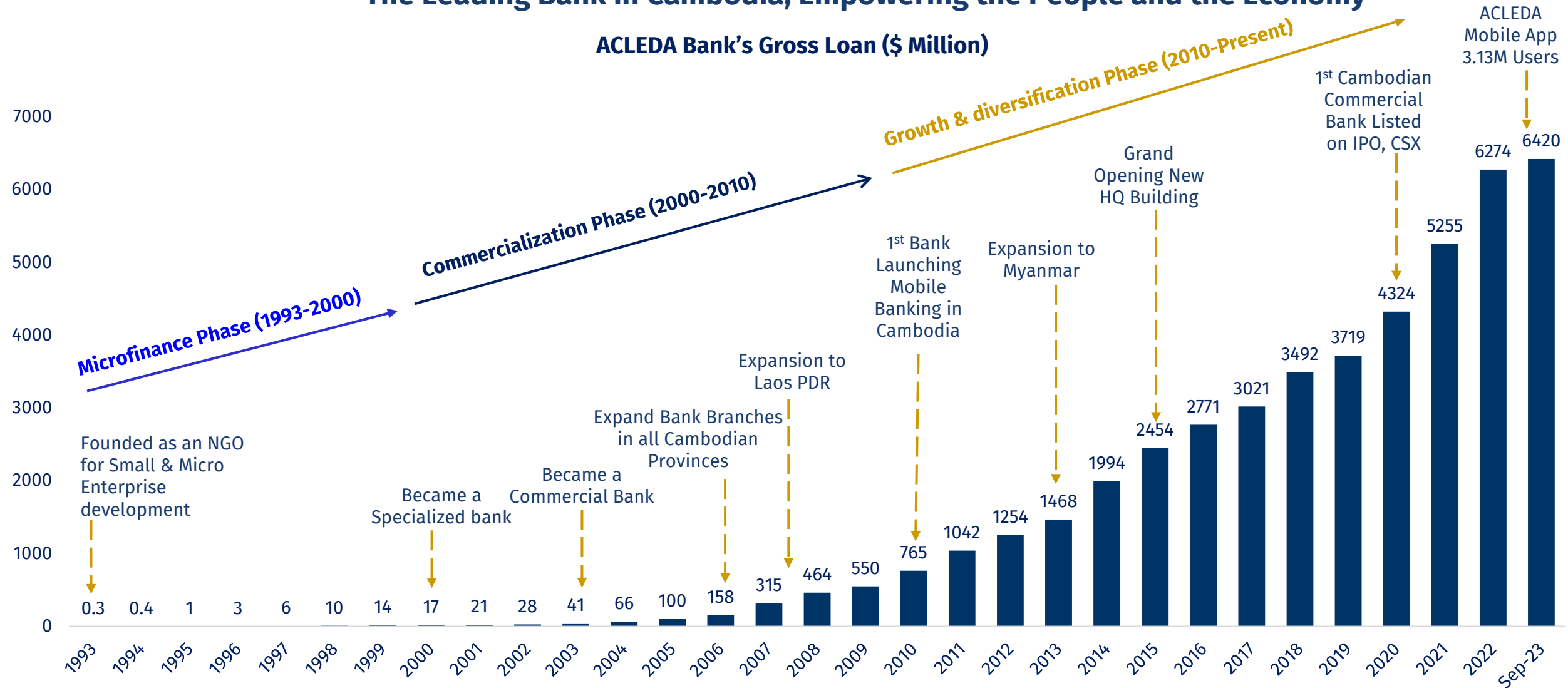
US\$613,000



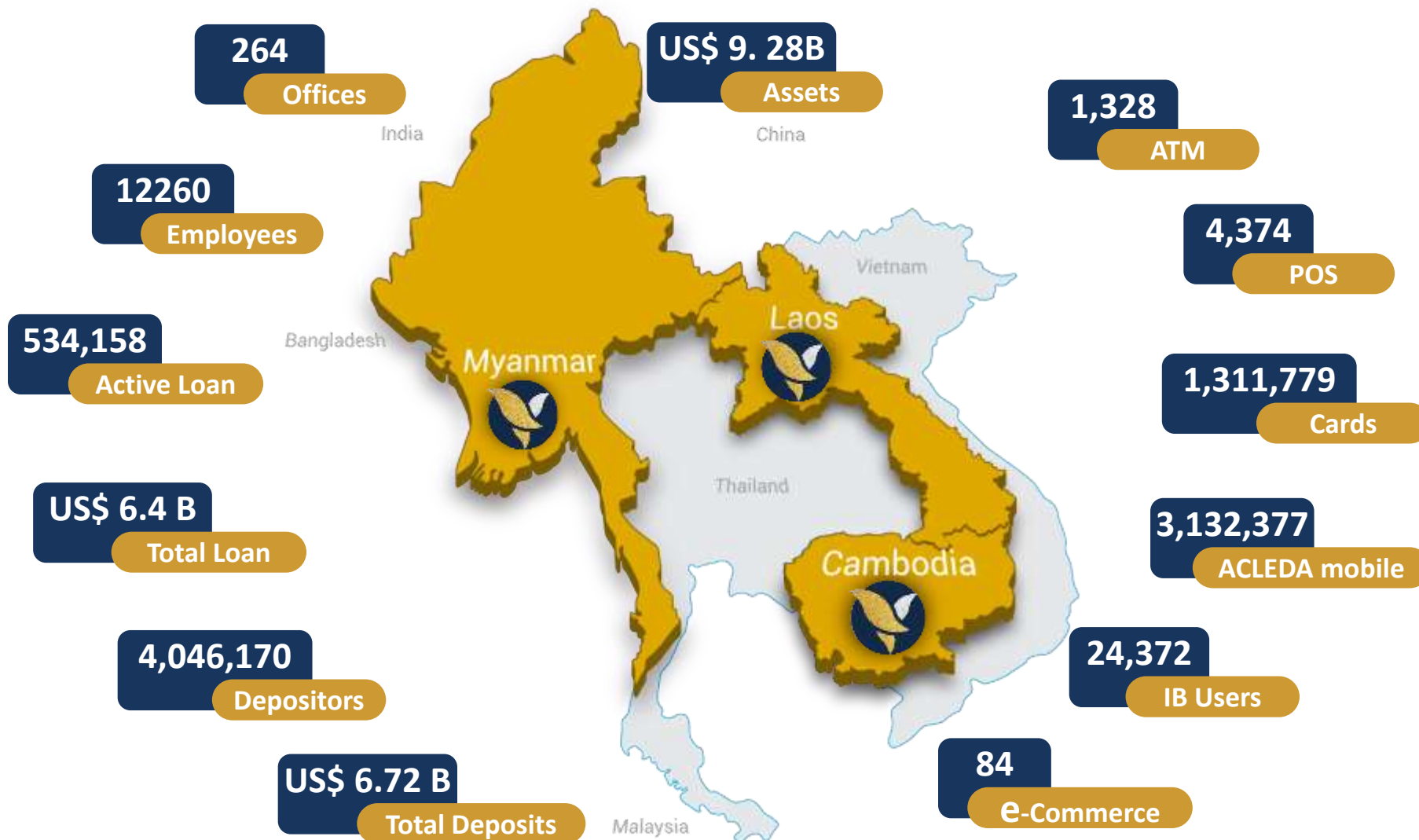
2. ACLEDA's 3-Decade Milestones

The Leading Bank in Cambodia, Empowering the People and the Economy

ACLEDA Bank's Gross Loan (\$ Million)

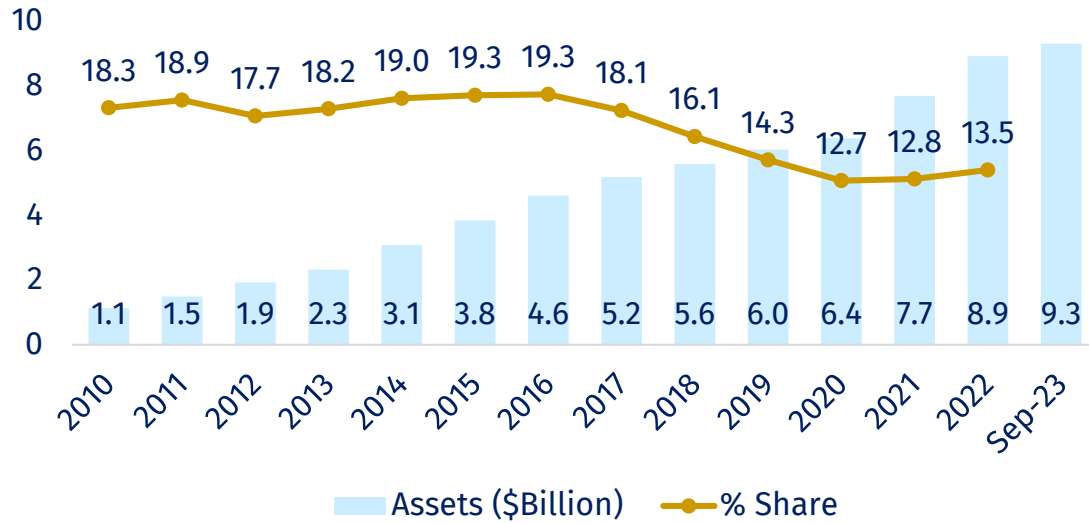


3. ACLEDA Growth and Expansion (1)

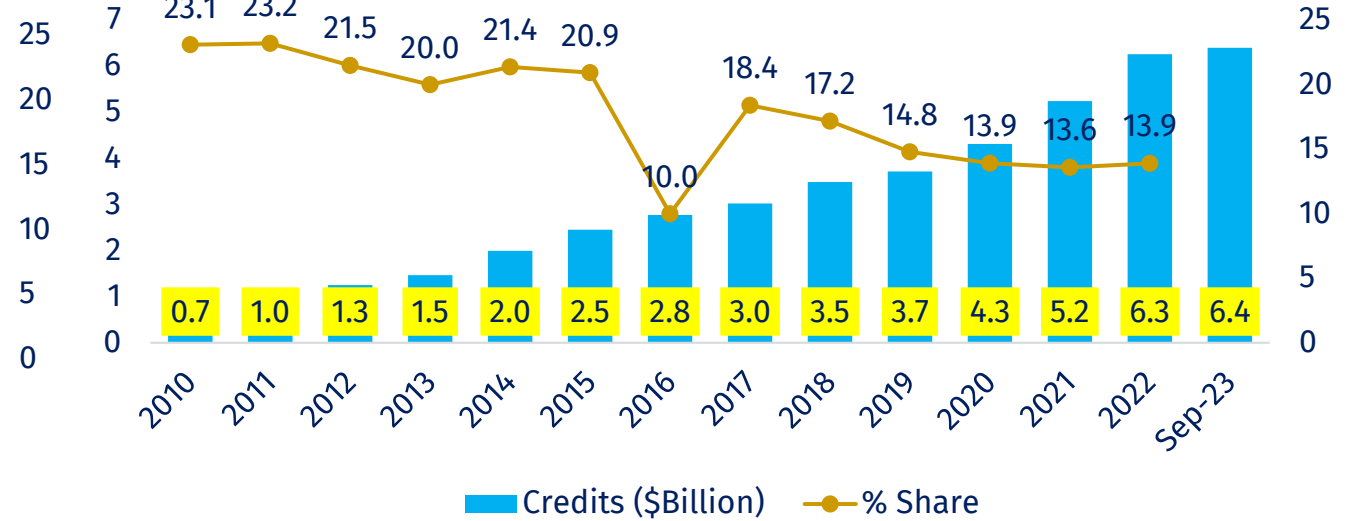


3. ACLEDA Growth and Expansion (2)

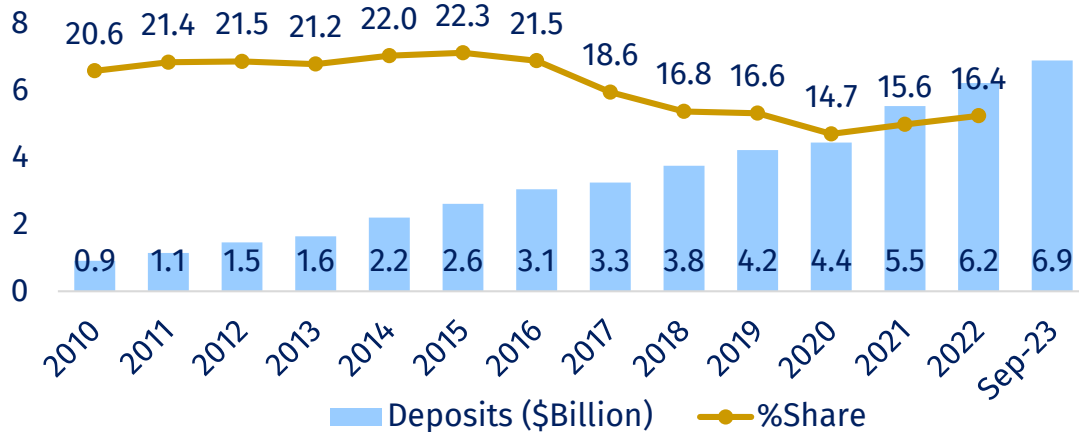
ACLEDA Bank's Assets and Its Market Share



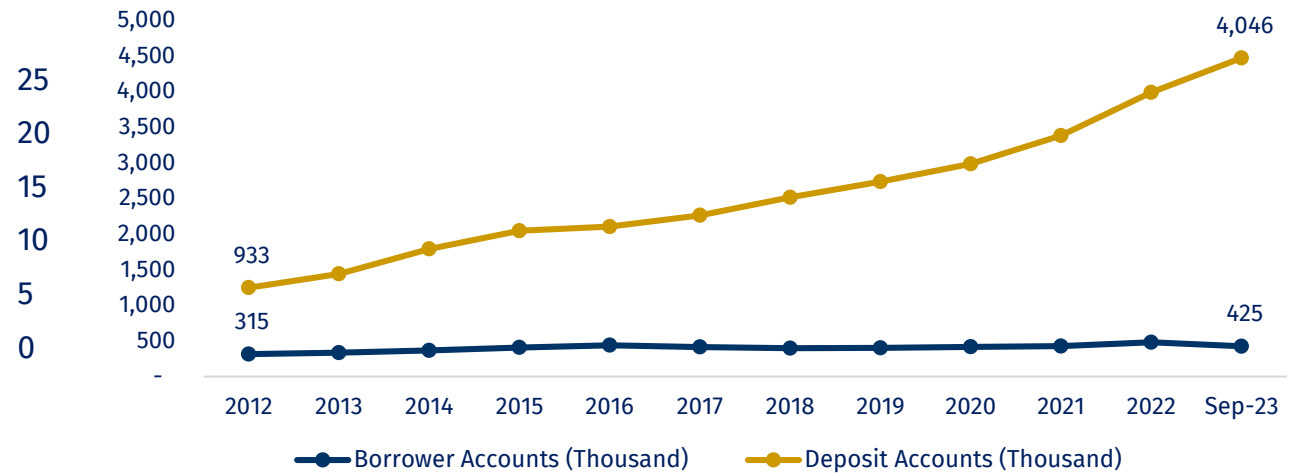
ACLEDA Bank's Credits and Its Market Share



ACLEDA Bank's Deposits and Its Market Share



Borrower and Deposit Accounts at ACLEDA Bank

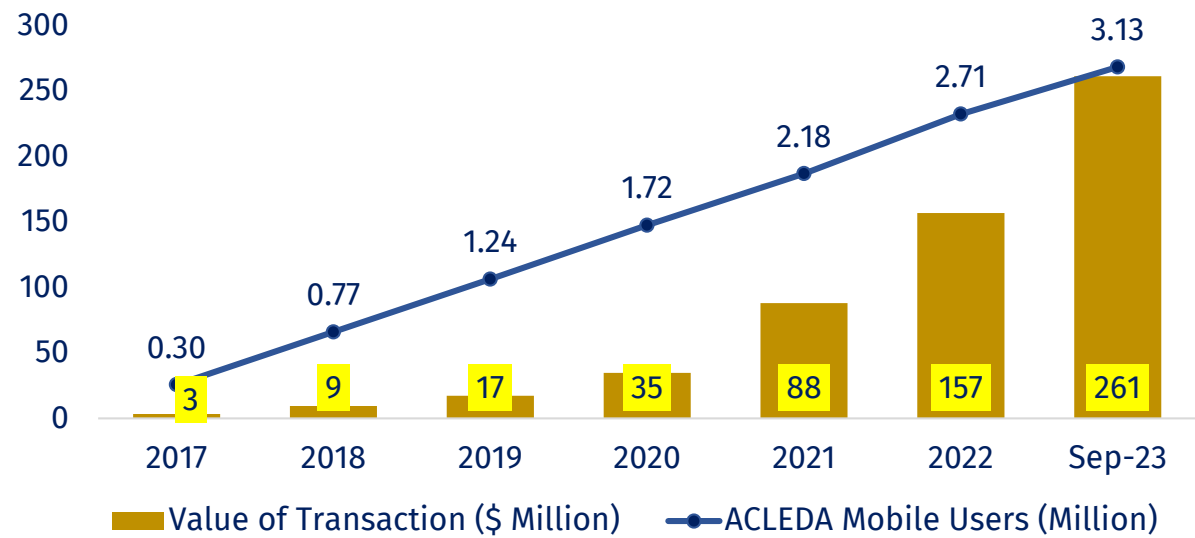


4. ACLEDA Innovative Banking Solution

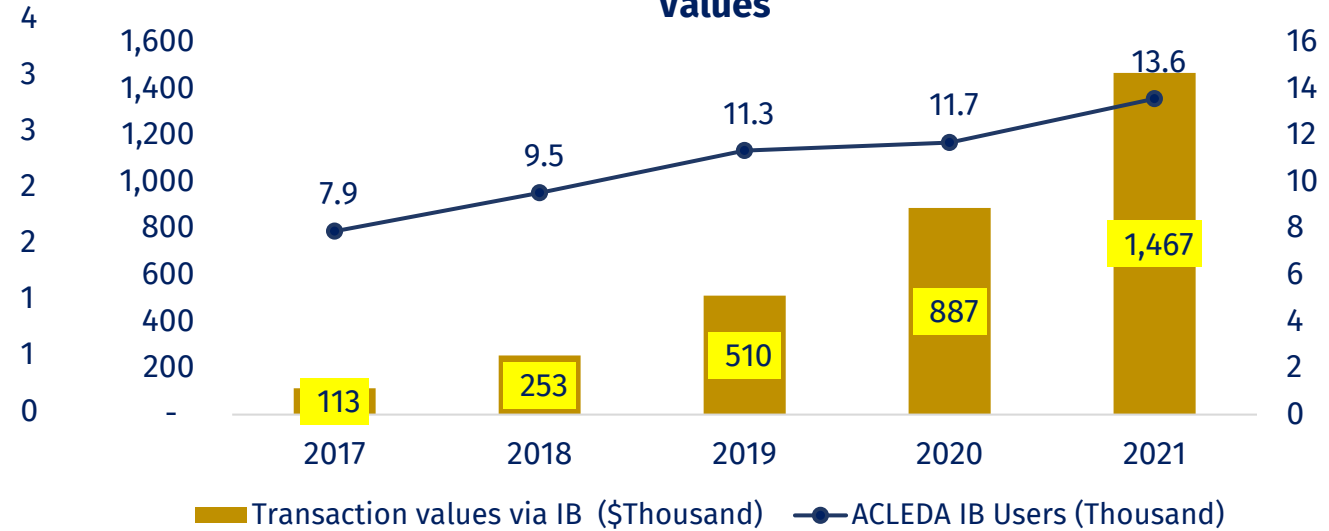


4. ACLEDA Innovative Banking Solution

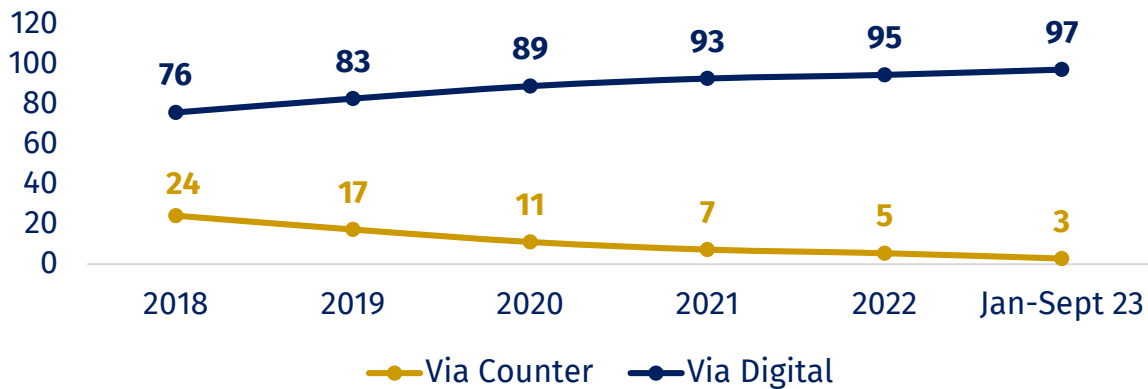
ACLEDA Mobile Users & Transaction Values



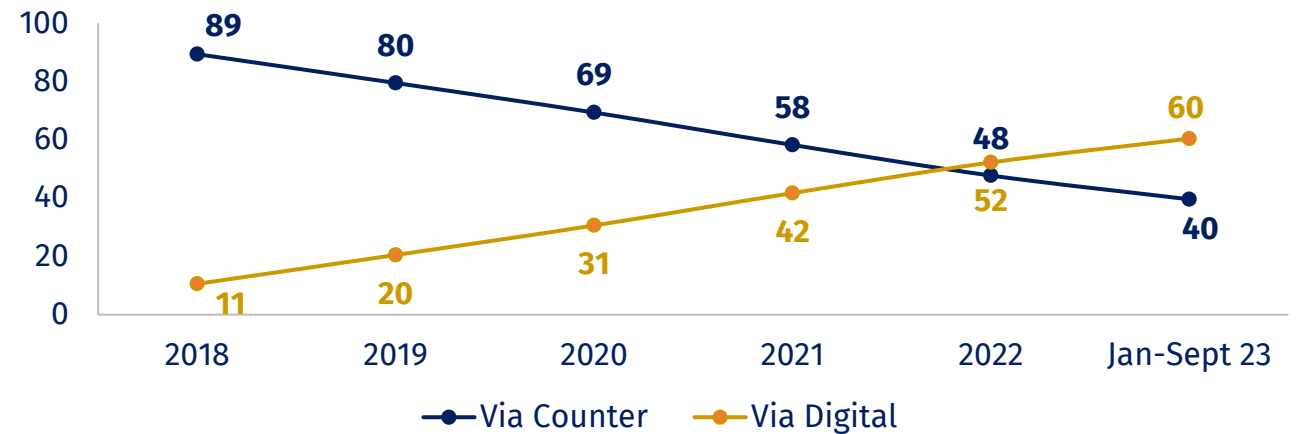
ACLEDA Internet Banking (IB) Users and Its Transaction Values



Overall % Share of Transactions Volume



Overall % Share of Transactions in Value



5. Other ACLEDA Key Product/Services Solution

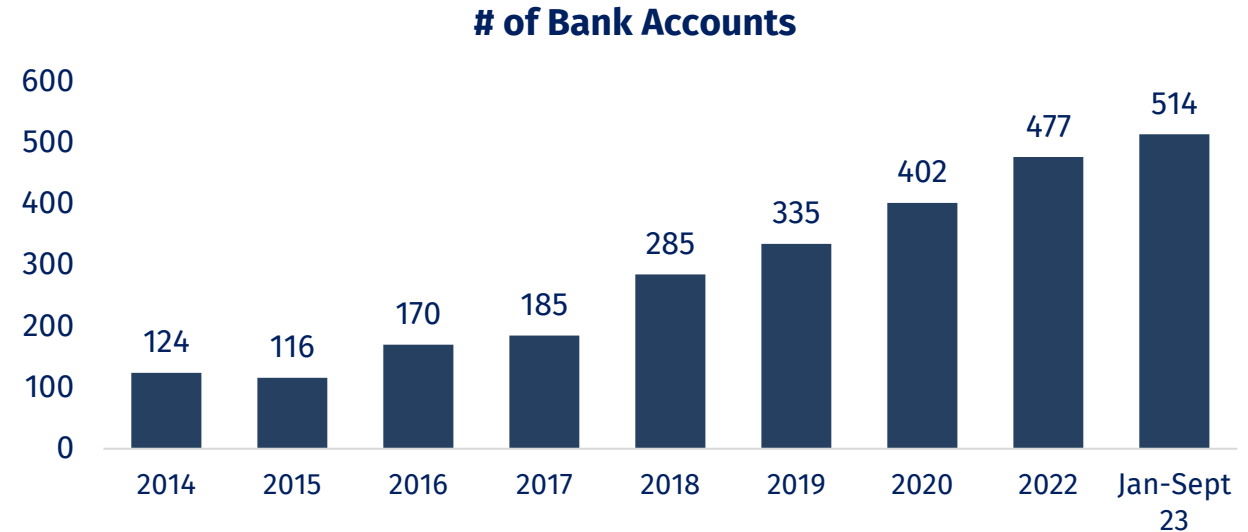
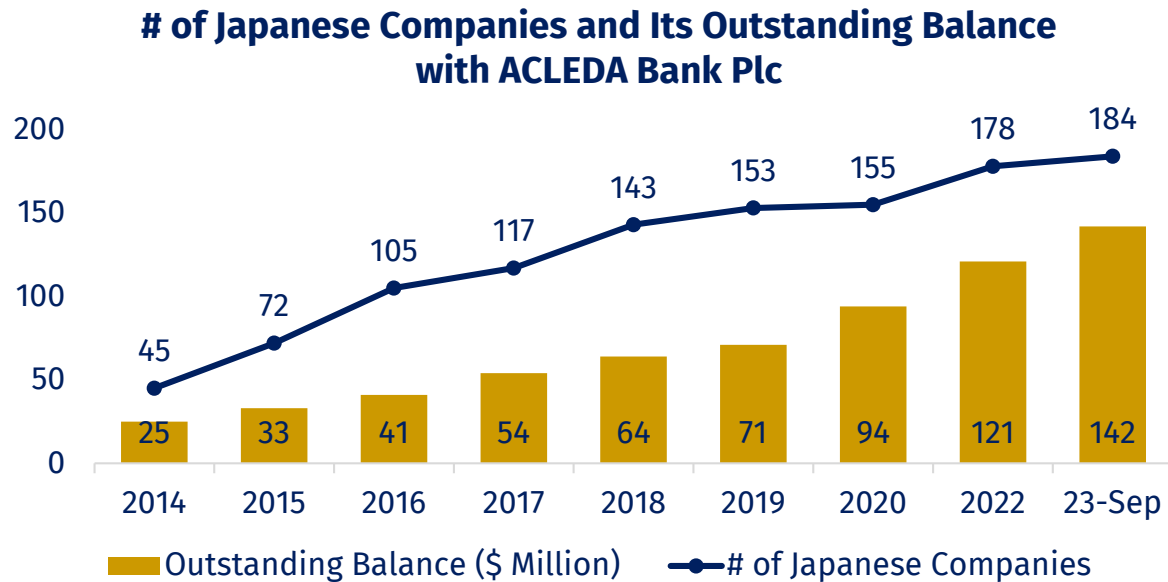
Further Product/Services Solution:



6. ACLEDA Business Alliance with Sumitomo Mitsui Banking Corporation (SMBC)

Since 2014, SMBC has been seconding a senior consultant to the Foreign Corporate Unit of ACLEDA Bank Plc., aiming to enhance the integration of financial services for ACLEDA Bank Plc.'s customers.

As of September 2023, ACLEDA's Business Alliance (SMBC) has extended support to 184 Japanese corporate companies, with a cumulative outstanding balance of \$ 142 million across 2608 accounts.



Our Call Centre serve customers 24/7.



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7. Future Outlook of ACLEDA Bank Development

Digital Banking Expansion



The Bank expands digital services for enhanced customer experiences.

Cross-Border Regional Payment Solution



The Bank persistently enhances its cross-border payment services within the region, striving to ensure convenience, speed, and safe for customers to sending and receiving money across borders.

Financial Inclusion



The Bank extends services to underserved populations, network expansion in rural areas and simplified banking products.

Sustainable Finance



The Bank integrates ESG principles into lending and investment practices amid growing global importance.

Cybersecurity



The Bank continues investment in robust cybersecurity measures to safeguard customer data.



Thank you very much!

どうもありがとうございます。!