

# Policy Tracker on Sustainable Finance Policy and Environmental Social Governance (ESG) in Cambodia

2023



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The Fair Finance Cambodia (FFC) coalition aims to reduce the negative impacts of cross-border investments on human rights, the environment, and climate change, particularly those made by multinational financial institutions, banks, and insurers, while increasing inclusive economic development. FFC is operational in Cambodia – wherein the Civil Society Organization (CSO)- led Fair Finance Cambodia coalition implements research and engagement with key stakeholders, including financial regulatory and policymaking institutions, banking and investment associations, multilateral development banks, and academia. FFC is a member of Fair Finance Asia (FFA), a regional network of CSOs committed to ensuring that financial institutions' funding decisions in the region respect local communities' social and environmental well-being.

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## List of Abbreviation

AAC	Action Aid Cambodia
ADB	Asian Development Bank
CCC	Cooperation Committee for Cambodia
CC	Climate Change
CCCSP	Cambodia Climate Change Strategic Plan
CSO	Civil Society Organization
DP	Development Partners
ESG	Environmental, Social, and Governance
FFA	Fair Finance Asia
FIs	Financial Institutions
GE	Green Economy
GEP	Green Economy Policy
GMS	Great Mekong Sub-Region
MAFF	Ministry of Agriculture, Forestry and Fishery
MEF	Ministry of Economy and Finance
MFIs	Micro Finance Institutions
MoE	Ministry of Environment
MoPWT	Ministry of Public Work and Transportation
NSDP	National Strategic Development Plan
NBC	National Bank of Cambodia
NGOF	NGO Forum on Cambodia
OiC	Oxfam in Cambodia
PRI	Principles for Responsible Investment
RGC	Royal Government of Cambodia
SECC	Securities and Exchange Commission of Cambodia
SF	Sustainable Finance
SME	Small and Medium Enterprise
SRI	Social Responsibility Investment
TIC	Transparency International Cambodia

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## Executive Summary

Most governments and companies rely on financial institutions (FIs) for the global distribution of financial flows, which enable them to produce goods or products and provide services in various sectors. Funds provided by FIs can have unintended negative consequences on the environment, human rights, and development opportunities. The criteria of the emerging twin concepts of environmental, social, and governance (ESG), and sustainable finance (SF) are socially and economically constructed. These concepts have led to the development of the ASEAN Taxonomy<sup>1</sup>, which serves as a common framework for assessing the financial returns and related impacts of investments for ASEAN Member States (AMS) and other countries. According to the National Green Growth Roadmap of the Ministry of Environment (MoE), green growth is defined as environmentally sustainable economic progress that fosters low-carbon, socially inclusive development. As a result, the ESG and SF criteria have been incorporated into various policies and laws to encourage green growth, a green economy, and sustainable finance, but most of the governmental officers are quite familiar with “green finance”. In May 2023, the Department of Green Economy<sup>2</sup> of MoE launched the United Nations Partnership for Action on Green Economy (UN PAGE)<sup>3</sup> with support from the five UN agencies to reaffirm its commitment towards sustaining the country's economic growth on a sustainable and inclusive trajectory. Many policies, action plans and guidelines to promote the green economy were developed by the department. However, in practice, it is still a lack of alignment and coherence between these terms.

This paper has two main objectives. Firstly, based on the desk review, it aims to provide a simplified explanation of key terms and findings related to ESG and SF. Secondly, it presents a policy tracker that includes relevant policy and legal documents such as royal decrees, sub-decrees, and other announcements concerning ESG and SF. The following sections (5, 6 & 7) cover the:

- Key principles of the Constitution concerning sustainable finance policy and ESG criteria
- Laws that are relevant to sustainable finance policy and ESG principles
- Royal decrees that are relevant to sustainable finance policy and ESG principles
- Sub-decrees that are relevant to sustainable finance policy and ESG principles
- Ministerial orders or proclamations (Prakas)
- Decisions (Sech Kdei Samrach)
- Circulars (Sarachor)

In conclusion, this policy track is an interactive list of online-policy platforms that enable relevant agencies, investors, and regulators to have access for different purposes. It provides online resources to help policymakers and policy practitioners identify and use policy and legal documents. In long-term use, this policy track should be developed into a platform where all actors can track the progress, update documents, and see key indicative outcomes of each policy and legal framework. Moreover, it can be used as an online mode where all users can identify policy changes, policy compliance, and obligations of key actors and agencies.

The author suggests that the policy tracker outlined in this paper can be used as a starting point to analyze policy areas and develop policy and legal frameworks for promoting a green economy and sustainable finance in Cambodia. To achieve this, regulators, bankers, microfinance institutions, investors, and other development partners should consider Cambodia's Green Economy Policy. Furthermore, it is crucial to propose relevant regulations pertaining to the Green Growth and Green Economy in order to foster long-term sustainable finance, development, and growth. To enable such policies, feasibility studies to support the drafting of regulations, are essential.

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<sup>1</sup> ASEAN Taxonomy for Sustainable Finance: <https://asean.org/book/asean-taxonomy-for-sustainable-finance/>

<sup>2</sup> Devarparment of Green Economy: <https://ncsd.moe.gov.kh/dge>

<sup>3</sup> Cambodia UN PAGE: <https://www.un-page.org/countries/cambodia/>

## 1. Introduction

Fair Finance Cambodia (FFC) is a coalition hosted by Oxfam in Cambodia (Oic). FFC operates under the umbrella of the regional initiative, Fair Finance Asia (FFA)<sup>4</sup>, to promote sustainable finance in Cambodia. This coalition consists of Oxfam in Cambodia (Oic)<sup>5</sup>, Cooperation Committee for Cambodia (CCC)<sup>6</sup>, The NGO Forum on Cambodia (NGOF)<sup>7</sup>, Transparency International Cambodia (TIC)<sup>8</sup>, SILAKA<sup>9</sup>, and Action Aid Cambodia (AAC)<sup>10</sup>. FFC focuses on engaging stakeholders to create a self-sustaining mechanism for a responsible financial sector through the following approaches:

- Strengthen civil society organizations' (CSO)' capacity to contribute to the promotion of responsible finance.
- Facilitate awareness raising among the public on responsible finance.
- Increase awareness and political will among government agencies, regulators, banks, and banking associations to adhere more to responsible and sustainable finance standards.
- Support key stakeholders to assume leadership in developing appropriate policies and regulatory initiatives that will improve banks' social and environmental performances.
- Facilitate a CSO and private sector-led platform on Cambodia's financial outlook and prosperity that brings together influencers including investors, decision-makers, and affected communities to build shared understanding.
- Develop and advance the concept and implementation of ESG among the ASEAN Member States. Some policymakers at the Ministry of Environment (MoE) have expressed interest in exploring the opportunity to organize a multi-stakeholder dialogue at the national and regional levels on ESG. However, they do not have the expertise and human resources to work on this agenda. Therefore, Oic and CCC could explore collaboration with the MoE on ESG.
- Identify entry points for collaboration between the Royal Government of Cambodia (RGC) and private banks in Cambodia to effectively coordinate ESG initiatives, focusing on private sector investments, good practices, and make sustainable finance and ESG principles implementable.

FFC is a member of Fair Finance Asia, a regional network of CSOs committed to ensuring that financial institutions' funding decisions in the region respect local communities' social and environmental well-being.

FFA is a program funded by the Swedish Embassy in Bangkok, Thailand. FFA is a network of civil society organizations working to ensure that financial institutions (FIs) operating in Asia are transparent and accountable to environmental, social, and governance (ESG) criteria in their financing activities and investment decisions. FFA aspires to contribute to reducing inequality in Asia by creating an enabling policy environment for integrating social and environmental considerations by FIs, and ensuring that they uphold and advance the interests, needs, and well-being of local communities.

Currently, FFA is operational at the regional level and in eight countries across Asia: Cambodia, India, Indonesia, Japan, Pakistan, Philippines, Thailand, and Vietnam. FFA's regional program management unit is headquartered in Phnom Penh, Cambodia.

FFA is part of the Fair Finance International (FFI)<sup>11</sup> network, which operates in six countries globally, in addition to the ten FFA countries. FFI and FFA coalitions use the Fair Finance Guide International Methodology (FFGI)<sup>12</sup> to assess and report on the policy and practices of financial institutions, and this forms an integral part of FFA's influencing and engagement approach to promoting sustainable finance and responsible investments in Asia.

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<sup>4</sup> Fair Finance Asia: <https://fairfinanceasia.org/>

<sup>5</sup> Oxfam in Cambodia: <https://cambodia.oxfam.org/>

<sup>6</sup> Cooperation Committee for Cambodia: <https://www.ccc-cambodia.org/en>

<sup>7</sup> The NGO Forum on Cambodia: <https://www.ngoforum.org.kh/>

<sup>8</sup> Transparency International Cambodia: <https://www.ticambodia.org/>

<sup>9</sup> SILAKA: <https://www.silaka.org/>

<sup>10</sup> Action Aid Cambodia: <https://cambodia.actionaid.org/>

<sup>11</sup> Fair Finance International: <https://fairfinanceguide.org/>

<sup>12</sup> Fair Finance Guide International Methodology 2020: <https://shorturl.at/boB02>

## 2. Objectives

The objectives of this policy tracker are:

- To check the existence of sustainable finance policies and their associated policies, including ESG-informed policies
- To gain an understanding of the implementation process of these policies
- To compile the existing policies into a web-based database that can be regularly updated with new documents or revisions related to these policies.

## 3. Methodology

This study employs a web-based analysis of secondary data, including policy and legal documents, reports, and publications pertaining to sustainable finance policy and ESG criteria. The secondary sources cited in this study range from laws to royal decrees, sub-decrees, ministerial orders or proclamations (Prakas), Decisions (Sech Kdei Samrach), to Circulars (Sarachor) issued by all key regulators and stakeholders as follows:

- Key principles of the Constitution concerning sustainable finance policy and ESG principles
- Laws that are relevant to sustainable finance policy and ESG principles
- Royal decrees that are relevant to sustainable finance policy and ESG principles
- Sub-decrees that are relevant to sustainable finance policy and ESG principles
- Ministerial orders or proclamations (Prakas)
- Decisions (Sech Kdei Samrach)
- Circulars (Sarachor)

## 4. Literature review of ESG and sustainable finance

### 4.1 Simplifying the ESG concept

The discourse of ESG has been globally constructed and utilized since 2005 by various organizations such as the International Finance Corporation (IFC), European Union (EU) and United Nations (UN) agencies, FFA, OiC, the Royal Government in Cambodia (RGC), and local Non-Governmental Organizations (NGO). There is a growing debate on the interconnection between the "E" (Environmental), "S" (Social), and "G" (Governance) aspects of ESG. This approach is part of socially responsible investment (SRI) and is becoming increasingly mainstream among investors and analysts conducting environmental and social risk assessment and ethical investment<sup>13</sup>.

#### ***What is ESG?***

The IFC of the World Bank Group (2021)<sup>14</sup> defines the ESG concept in three dimensions (see Figure 1 below).

- Environmental issues: potential or actual changes to the physical or natural environment (e.g., pollution, biodiversity, impacts, carbon emission, climate change, and natural resource use)
- Social issues: Potential or actual changes in the surrounding community and workers (e.g. health and safety, supply chain, diversity, and inclusion)
- Governance: Corporate governance structure and processes by which companies are directed and controlled (e.g. board structure and diversity, ethical conduct, risk management, disclosure, and transparency), including the governance of the key environmental and social policies and procedures.

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<sup>13</sup> Ditlev-Simonsen, Carolin D: [https://link.springer.com/chapter/10.1007/978-3-030-88203-7\\_9](https://link.springer.com/chapter/10.1007/978-3-030-88203-7_9).

<sup>14</sup> World Bank: <https://shorturl.at/iknvX>

## **Why ESG matters (IFC 2021)?**

The ESG concept is used to assess companies' or investments' sustainability in the following factors<sup>15</sup>:

- **Creating long-term value:** Information about ESG management and performance plays a key role in bridging the information gaps between companies, investors, and other stakeholders. These gaps impact how assets are valued and may impair the ability of companies to transition to more sustainable business practices to support and build a resilient economy.
- **Optimizing risk management:** Successfully managing ESG factors is an effective means to optimize risk management and safeguard the value of underlying assets. Many companies are found to have shortcomings in respect of their ESG approaches. ESG mismanagement can lead to severe financial costs and reputational damage.
- **Ensuring regulatory compliance and creating competitive advantage:** Policymakers are issuing new rules on ESG factors, impacting industrial processes and value chains. Companies already embedding these components in their strategy and management plans have a competitive advantage by lowering their compliance costs.
- **Refining corporate purpose and addressing stakeholder priorities:** Should the focus be solely on maximizing shareholder profit, or should companies aim to create long-term value that benefits all stakeholders? Investors, business associations, and even governments are re-evaluating the corporate purpose, and board members are expected to reassess the mission, vision, and purpose of the companies they represent. The concept of stakeholder capitalism is guiding economic development in a new direction.

## **What are key ESG principles applied?**

Depending on the context, ESG principles have been applied differently in various countries and organizations. For instance, signatory countries have developed and applied the Principles for Responsible Investment (PRI), which consist of six principles<sup>16</sup>. They include:

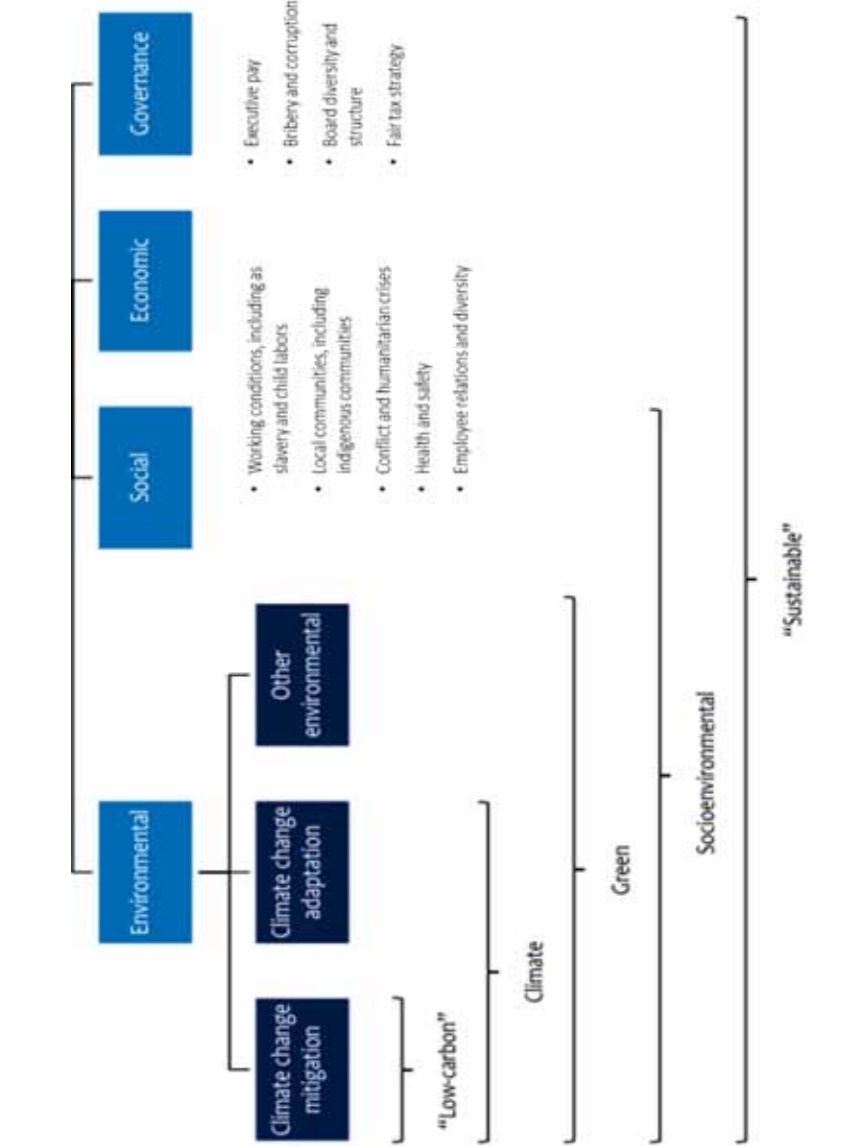
- Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- Principle 3:** We will seek appropriate disclosure on ESG issues by the entities we invest in.
- Principle 4:** We will promote acceptance and implementation of the principles within the investment industry.
- Principle 5:** We will work together to enhance our effectiveness in implementing the principles.
- Principle 6:** We will each report on our activities and progress toward implementing the principles.

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<sup>15</sup> IFC ESG Guidebook: <https://shorturl.at/IELR4>

<sup>16</sup> Principle for Responsible Investment: <https://shorturl.at/nGOW5>

Figure 1: A simplified schema for understanding broad terms of ESG



Source: UNEP<sup>17</sup>

	<p><b>Environmental</b></p> <p>Businesses rely on natural resources and physical assets to perform their operations. Products and services may directly or indirectly impact the environment.</p> <ul style="list-style-type: none"> <li>• Climate change</li> <li>• Carbon management</li> <li>• Resource depletion</li> <li>• Pollution</li> <li>• Energy consumption</li> <li>• Land use</li> <li>• Loss of biodiversity</li> <li>• Water consumption</li> <li>• Waste management</li> <li>• Innovations or products or services that reduce environmental impact</li> </ul>
	<p><b>Social</b></p> <p>To conduct their operations, companies harness the talent and skills of their employees. Products and services, and operating activities involved in production, may benefit society or cause harm.</p> <ul style="list-style-type: none"> <li>• Job creation and working conditions</li> <li>• Equal opportunity</li> <li>• Diversity</li> <li>• Training</li> <li>• Impacts on local communities</li> <li>• Health and safety</li> <li>• Child and forced labor across supply chains</li> <li>• Grievance mechanisms</li> <li>• Human rights</li> <li>• Social impact of products, services, or company operations</li> <li>• Gender-based violence and harassment</li> </ul>
	<p><b>Governance</b></p> <p>When making decisions and allocating their natural, human and financial resources, companies should consider how they will create long-term value that will benefit all stakeholders.</p> <ul style="list-style-type: none"> <li>• Purpose, values and culture</li> <li>• Board diversity, structure and oversight</li> <li>• Succession planning</li> <li>• Executive pay</li> <li>• Internal controls</li> <li>• Risk governance</li> <li>• Ethics and compliance</li> <li>• Shareholder rights</li> <li>• Governance of stakeholder engagement</li> <li>• Disclosure and transparency</li> </ul>

Source: IFC<sup>18</sup>

<sup>17</sup> UNEP 2016 "Definitions and Concepts", page 11: <https://shorturl.at/nzL39>

<sup>18</sup> IFC ESG Guidebook 2021, page 14: <https://shorturl.at/IELR4>

## 5. Policy track mapping of ESG in Cambodia

While there is no clear indication of ESG policy documents in Cambodia, there are relevant policy and legal frameworks that incorporate ESG and SF principles. These include (*see Section 5 below*):

- (i) National Policy on Green Growth 2013-2030<sup>19</sup>
- (ii) National Strategic Plan on Green Growth 2013-2030<sup>20</sup>
- (iii) National Green Growth Roadmap 2009<sup>21</sup>
- (iv) Cambodia Climate Change Strategic Plan (CCCSP) 2014-2023<sup>22</sup>
- (v) Law on Environmental Protection and Natural Resources Management 1996<sup>23</sup>
- (vi) Environmental Impact Assessment Process 1999<sup>24</sup>
- (vii) National Adaptation Plan Process in Cambodia 2017<sup>25</sup>
- (viii) Green Investment Delivers Growth in Cambodia 2018<sup>26</sup>
- (ix) Phnom Penh Green City Strategic Plan 2017-2026<sup>27</sup>
- (x) Green City Strategic Planning Methodology 2016<sup>28</sup>
- (xi) Sustainable City Plan for Phnom Penh 2018-2030<sup>29</sup>

In Cambodia, there are different policy and legal frameworks for sustainable finance, including (*see Section 6 below*):

- (i) Laws and Regulations Applicable to Banks and Financial Institutions 2016<sup>30</sup>
- (ii) Law on Banking and Financial Institutions 1999<sup>31</sup>
- (iii) Law on the Organization and Conduct of the National Bank of Cambodia 1996<sup>32</sup>
- (iv) Regulations Concerning Licensing Conditions for Banks and Financial Institutions 1997<sup>33</sup>
- (v) Regulations Applicable for Microfinance Institutes 2016<sup>34</sup>
- (vi) Cambodia Sustainable Finance Principles Implementation Guideline 2019<sup>35</sup>
- (vii) National Financial Inclusion Strategy 2019-2025<sup>36</sup>
- (viii) Financial Sector Development Strategy 2016-2025<sup>37</sup>
- (ix) Banking and Financial Institutions Code of Conduct 2022<sup>38</sup>

Some of the key regulators for sustainable finance in Cambodia include:

1. National Bank of Cambodia (NBC): As the central bank of Cambodia, NBC is responsible for regulating and supervising financial institutions, including those engaged in sustainable finance.
2. Securities and Exchange Commission of Cambodia (SECC): SECC regulates and supervises Cambodia's securities market, including issuing and trading green bonds and other sustainable financial instruments.
3. Ministry of Economy and Finance (MEF): MEF is responsible for formulating and implementing economic and financial policies in Cambodia, which includes promoting sustainable finance.
4. Ministry of Environment (MoE): MoE is responsible for formulating and implementing environmental protection and sustainability policies, including promoting sustainable finance.

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<sup>19</sup> National Policy on Green Growth 2013-2030: <https://shorturl.at/bkBKX>

<sup>20</sup> National Strategic Plan on Green Growth 2013-2030: <https://shorturl.at/klrG8>

<sup>21</sup> National Green Growth Roadmap 2009: <https://shorturl.at/asyL3>

<sup>22</sup> Cambodia Climate Change Strategic Plan (CCCSP) 2014-2023: <https://shorturl.at/muxKR>

<sup>23</sup> Law on Environmental Protection and Natural Resources Management 1996: <https://shorturl.at/aqBN8>

<sup>24</sup> Environmental Impact Assessment Process 1999: <https://shorturl.at/fu358>

<sup>25</sup> National Adaptation Plan Process in Cambodia 2017: <https://shorturl.at/fpxBN>

<sup>26</sup> Green Investment Delivers Growth in Cambodia 2018: <https://shorturl.at/hijLS>

<sup>27</sup> Phnom Penh Green City Strategic Plan 2017-2026: <https://shorturl.at/coEPT>

<sup>28</sup> Green City Strategic Planning Methodology 2016: <https://shorturl.at/sRTV5>

<sup>29</sup> Sustainable City Plan for Phnom Penh 2018-2030: <https://shorturl.at/juHJ1>

<sup>30</sup> Laws and Regulations Applicable to Banks and Financial Institutions 2016: <https://shorturl.at/jqxVY>

<sup>31</sup> Law on Banking and Financial Institutions 1999: <https://shorturl.at/dqU48>

<sup>32</sup> Law on the Organization and Conduct of the National Bank of Cambodia 1996: <https://shorturl.at/dnEY6>

<sup>33</sup> Regulations Concerning Licensing Conditions for Banks and Financial Institutions 1997: <https://shorturl.at/fqMN8>

<sup>34</sup> Regulations Applicable for Microfinance Institutes 2016: <https://rb.gy/fsy6s>


<sup>35</sup> Cambodia Sustainable Finance Principles Implementation Guideline 2019: <https://rb.gy/f47f3>

<sup>36</sup> National Financial Inclusion Strategy 2019-2025: <https://rb.gy/hivr4>

<sup>37</sup> Financial Sector Development Strategy 2016-2025: <https://rb.gy/rp18w>

<sup>38</sup> Banking and Financial Institutions Code of Conduct 2022: <https://rb.gy/09rif>

## 5.1 National Policy on Green Growth 2013-2030

	 <a href="#">National Policy on Green Growth 2013-2030</a>
<b>Focus:</b>	ESG
<b>Publication date:</b>	1 March 2013
<b>Legal framework:</b>	National policy framework
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	It is voluntary. The National Council on Green Growth and the MoE work together to implement and coordinate this national policy.
<b>Brief description:</b>	Green Growth is driving the Kingdom of Cambodia's comprehensive integration into a regional framework and the global stage. This integration aims to maintain political and macroeconomic stability, particularly in the economic sector, environment, society, and culture, by fostering harmonization, sustainability, and balance. Furthermore, it emphasizes promoting green economic growth, which entails minimizing carbon emissions and transitioning toward a low-carbon society. This approach aligns with the government's objectives of mitigating greenhouse gas emissions, adapting to climate change, and reducing poverty, with the target of reducing poverty by one percent annually.
<b>Relevance to investors:</b>	For bankers, microfinance institutions (MFIs), and other investors, the Green Growth policy serves as a vital tool for promoting the economic development of Cambodia while ensuring cultural, social, and environmental sustainability. It also aims to enhance Cambodia's reputation as a green-focused nation. Specifically, Section 5 of the Strategic Framework highlights the importance of green investment and green jobs Creation for these stakeholders. Green investment encompasses technical and financial investments across all sectors, aiming to reduce environmental impact and protect natural resources.
<b>Predecessor policies/framework:</b>	National Green Growth Roadmap, 2009.
<b>Objectives:</b>	The objectives of the policy are as follows: <ol style="list-style-type: none"><li>1. Contribute to environmental protection, natural resources management, biodiversity, and forest conservation.</li><li>2. Maintain the quality of soil, water, and air and ensure the safety and efficiency of ecosystems.</li><li>3. Align with the UN's vision outlined in "The Future We Want," which the RGC is currently implementing.</li><li>4. Focus on specific areas such as the fishery and forestry sectors, the efficient use of energy and water, the promotion of renewable energy, and the optimal utilization of natural resources to support people's livelihoods.</li><li>5. Implement the New Action Old Policy on Land to preserve natural resources for future generations while simultaneously supporting national economic development</li></ol>
<b>Institutions behind the policy/framework:</b>	MoE
<b>Target user:</b>	Line Ministries/Institutions

**Components of the policy framework:**

5. Develop an economy in balance with environment, society, and culture.
6. Create a favorably enabling environment for green growth in equity, balance, fraternity, and quality of socio-economic systems and ecology that uphold national cultural values.
7. Effective management of access to water resource management and sanitation; access to security and food safety; access to development, forest conservation, and mixed resources water and sustainable land use; access to renewable energy and energy efficiency; access to information and knowledge, and skill; access to better social livelihood service means and environment; and access to finance for creation of small and medium enterprise and investment associated with green growth.
8. Enhancing education and training on green growth
9. Strengthening information exchange, knowledge, good experience, technology, and investment related to green growth
10. Stimulating green growth cooperation at national and subnational levels, region, and the world.

## 5.2 National Strategic Plan on Green Growth 2013-2030

	 <a href="#">National Strategic Plan on Green Growth 2013-2030</a>
<b>Focus:</b>	ESG
<b>Publication date:</b>	2013
<b>Legal framework:</b>	Strategy framework
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	It is voluntary. The National Council on Green Growth and the Ministry of Environment collaborate to implement and coordinate this national strategic plan.
<b>Brief description:</b>	The National Strategic Plan, coupled with green regulations, functions as a green framework providing a conducive and supportive environment to attract and incentivize foreign and local investors to participate in national green growth initiatives. This encompasses various sectors, such as green agriculture, green industry, green infrastructure and communication infrastructure, green tourism, green construction and building, green energy, green telecommunication, green credit, green endowment fund, payment for environmental services, and financial markets. These measures aim to foster sustainable practices, encourage environmentally friendly investments, and promote the overall transition towards a greener economy.
<b>Relevance to investors:</b>	For bankers, MFIs, and other investors, it serves as a vital tool for promoting the development of Cambodia's economy with a focus on cultural, social, and environmental sustainability. It is also instrumental in enhancing Cambodia's reputation as a leader in green initiatives. Section 5.2 emphasizes the importance of active participation from the public sector, private sector, civil society, and the general public in preparing and implementing the National Strategic Plan to align with green growth principles. This collaborative approach ensures effective green growth by striking a balance between the economy, environment, society, and culture. It recognizes the need for collective efforts from diverse stakeholders to achieve sustainable and inclusive development.
<b>Predecessor policies/framework:</b>	National Green Growth Roadmap and National Policy on Green Growth 2013-2030.
<b>Objectives:</b>	<ol style="list-style-type: none"><li>1. Promote a national economy that exhibits stability in growth while focusing on sustainable development practices.</li><li>2. Reduce and prevent environmental pollution to safeguard the environment and ensure a safe ecosystem.</li><li>3. Contribute to poverty reduction efforts by creating economic opportunities and improving living conditions.</li><li>4. Enhance public health services to improve the well-being and quality of life of the population.</li><li>5. Improve the quality of education to ensure access to high-quality educational opportunities for all.</li><li>6. Effectively manage natural resources and promote sustainable land use practices.</li><li>7. Implement sustainable water resources management to ensure efficient and responsible use of water.</li></ol>

8. Increase energy efficiency to reduce energy consumption and promote sustainable energy practices.
9. Ensure food safety and security to protect public health and enhance the well-being of the population.
10. Preserve and uphold the national culture, recognizing its importance in fostering national identity and heritage.

**Institutions behind the policy/framework:** MoE

**Target user:** Line ministries, institutions, authorities at sub-national levels, the private sector, civil society, and other stakeholders.

**Components of the policy framework:** Green growth principles focus on four pillars, namely economy, environment, society, and culture, to promote green growth, public health, quality of the environment, people's livelihoods, and upholding national cultural identity.

This strategic plan focuses on nine key priorities:

- Green investment and green jobs creation
- Green economy management and green jobs creation
- Blue economy development with sustainability
- Green environment and natural resource management
- Human resources development and green education
- Effective green technology management
- Promotion of a green social safety system
- Uphold and protection of green cultural heritage and national identity
- Good governance on green growth


### 5.3 National Green Growth Roadmap



#### [National Green Growth Roadmap](#)

<b>Focus:</b>	ESG
<b>Publication date:</b>	December 2009
<b>Legal framework:</b>	National policy
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	Cambodia has introduced the National Green Growth Roadmap for furthering development to benefit the people and conserve and restore the natural capital base to continue economic growth within limits posed by the environmental carrying capacity.
<b>Relevance to investors:</b>	Bankers, MFIs and relevant investors, and other line ministries.
<b>Predecessor policies/framework:</b>	National Strategic Development Plan (NSDP) and Rectangular Strategy IV
<b>Objectives:</b>	This Roadmap combines the overall objectives of pre-existing development strategies with the establishment and maintenance of Green Growth, defined as environmentally sustainable economic progress that fosters low-carbon, socially inclusive development. In Cambodia, Green Growth aims to unify development and environmental objectives by implementing policies tailored to address the needs of all people, including the most disadvantaged, to create jobs, to increase the resilience of the environment and the population to adverse impacts, thus sustaining economic growth and human and environmental well-being in the long term. This roadmap is also intended to promote women's status for the realization of a gender-equal society.
<b>Institutions behind the policy/framework:</b>	MoE
<b>Target user:</b>	MoE and line ministries
<b>Components of the policy framework:</b>	The National Green Growth Roadmap will focus on addressing seven 'A's': <ul style="list-style-type: none"><li>- <b>Access</b> to clean water and sanitation;</li><li>- <b>Access</b> to renewable energy;</li><li>- <b>Access</b> to information and knowledge;</li><li>- <b>Access</b> to means for better mobility;</li><li>- <b>Access</b> to finance and investments;</li><li>- <b>Access</b> to food security (agriculture) and non-chemical products; and</li><li>- <b>Access</b> to sustainable land use.</li></ul>

## 5.4 Cambodia Climate Change Strategic Plan (CCCSP) 2014-2023

		<a href="#">Cambodia Climate Change Strategic Plan (CCCSP) 2014-2030</a>
<b>Focus:</b>	ESG	
<b>Publication date:</b>	2013	
<b>Legal framework:</b>	National Strategic Plan on Climate Change	
<b>Version:</b>	Final	
<b>Voluntary/Mandatory:</b>	It is voluntary. The National Climate Change Committee (NCCC) and its secretariat is the implementing agency to execute and coordinate this strategic plan.	
<b>Brief description:</b>	<p>It is a comprehensive national policy document that addresses the challenges posed by climate change in the country. It reflects the government's political will, commitment, and preparedness to reduce climate change impacts on national development. It also emphasizes Cambodia's contribution, alongside the international community, to global efforts in mitigating greenhouse gas (GHG) emissions under the United Nations Framework Convention on Climate Change (UNFCCC).</p> <p>The CCCSP aims to steer Cambodian society towards a green, low-carbon, climate-resilient, equitable, sustainable, and knowledge-based society.</p>	
<b>Relevance to investors:</b>	The Cambodia Climate Change Strategic Plan (CCCSP) is relevant to investors, including bankers, microfinance institutions (MFIs), and other investors. One of the objectives of the CCCSP is to promote low-carbon planning and technologies that support sustainable development.	
<b>Predecessor policies/framework:</b>	Law on Environmental Protection and Natural Resources Management.	
<b>Objectives:</b>	<ol style="list-style-type: none"> <li>1. Reducing vulnerability to climate change impacts on people, in particular, the most vulnerable groups, and critical systems (natural and societal);</li> <li>2. Shifting towards a green development path by promoting low-carbon development and technologies;</li> <li>3. Promoting public awareness and participation in climate change response actions.</li> </ol>	
<b>Institutions behind the policy/framework:</b>	MoE	
<b>Target user:</b>	MoE, MAFF, Banking sector, and other key stakeholders	
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"> <li>- Adhere to the values of sustainable development.</li> <li>- Ensure that national development priorities can be achieved under changing climate.</li> <li>- Focus on the threats as well as opportunities of climate change and capitalize on synergies between adaptation and mitigation.</li> <li>- Recognize the complex and interconnected nature of climate change and the need to use interdisciplinary, cross-sectoral, and multi-scale approaches in addressing it.</li> <li>- Recognize the uncertainty of future climate change, build flexibility in the management of key systems to address unforeseen changes, and use risk-based and phased approaches in planning responses.</li> </ul>	

- Address both extreme events and critical changes induced by climate change.
- Use a combination of science-based, ecosystem-based, and community-based approaches.
- Ensure that a climate change response is equitable, gender-sensitive, transparent, accountable, and culturally appropriate.
- Leverage knowledge, innovation, and behavioral changes in development solutions for adaption and mitigation
- Engage actively with international and regional processes for addressing climate change.


## 5.5 Law on Environmental Protection and Natural Resources Management




### [Law on Environmental Protection and National Resources Management](#)

<b>Focus:</b>	ESG
<b>Publication date:</b>	1996
<b>Legal framework:</b>	Law
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory
<b>Brief description:</b>	This Law has 11 Chapters and 27 Articles. It gives policy directions and relevant regulations on national and regional environmental plans, environmental impact assessment (EIA), natural resource management, and environmental protection.
<b>Relevance to investors:</b>	Investors, line ministries, community-based organization, and civil society. According to Article 6 in Chapter 3 of the law, an EIA is required for every project and activity, whether private or public. This assessment evaluates the potential environmental impacts of the project or activity. For investors, this requirement means that any proposed projects or activities in Cambodia must undergo an EIA process. The MoE will review and evaluate the assessment before being submitted to the Royal Government for a decision. This process ensures that environmental considerations are considered before any project is approved.
<b>Predecessor policies/framework:</b>	Not available
<b>Objectives:</b>	<ol style="list-style-type: none"><li>1. Protect and improve environmental quality and public health through prevention, reduction, and control of pollution.</li><li>2. Assess the environmental impacts of all proposed projects prior to the issuance of a decision by the Royal Government.</li><li>3. Ensure the rational and sustainable preservation, development, management, and use of the natural resources of the Kingdom of Cambodia.</li><li>4. Encourage and provide the possibility for the public to participate in the protection of the environment and the management of natural resources.</li><li>5. Suppress any acts which may affect the environment.</li></ol>
<b>Institutions behind the policy/framework:</b>	MoE as a regulator
<b>Target user:</b>	Regulators (MoE and Ministry of Agriculture, Forestry and Fisheries)
<b>Components of the policy framework:</b>	It consists of 11 Chapters and 27 Articles

## 5.6 Environmental Impact Assessment Process

		<a href="#"><u>Environmental Impact Assessment Process</u></a>
<b>Focus:</b>	ESG	
<b>Publication date:</b>	1999	
<b>Legal framework:</b>	Sub-decree	
<b>Version:</b>	Final	
<b>Voluntary/Mandatory:</b>	Mandatory	
<b>Brief description:</b>	The Sub-Decree contains 8 Chapters and 34 Articles. It gives process directions and relevant regulations on national and regional environmental plans, environmental impact assessment (EIA), natural resource management, and environmental protection.	
<b>Relevance to investors:</b>	Every private and public project or activity. Chapters 3-5 and Articles 6-26 state that the environmental impact assessment process shall be done on every project and activity, private or public, and must be reviewed by the Ministry of Environment before being submitted to the Royal Government for decision.	
<b>Predecessor policies/framework:</b>	Law on Environmental Protection and Natural Resources Management	
<b>Objectives:</b>	<ol style="list-style-type: none"> <li>1. Determine an Environmental Impact Assessment (EIA) upon every private and public project or activity, which must be reviewed by the Ministry of Environment (MoE) before the submission for a decision from the Royal Government.</li> <li>2. Determine the type and size of the proposed project(s) and activities, including existing and ongoing activities in both private and public, prior to undertaking the process of EIA</li> <li>3. Encourage public participation in the implementation of the EIA process and take into account their conceptual input and suggestion for reconsideration prior to the implementation of any project.</li> </ol>	
<b>Institutions behind the policy/framework:</b>	MoE	
<b>Target user:</b>	Investors and governmental ministries.	
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"> <li>- 8 Chapters: see the link below.</li> <li>- 34 Articles: see the link below.</li> </ul>	

## 5.7 National Adaptation Plan Process in Cambodia

	<a href="#">National Adaptation Plan Process in Cambodia</a>
<b>Focus:</b>	ESG
<b>Publication date:</b>	2017
<b>Legal framework:</b>	General publication
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	The NAP aims to strengthen ongoing climate change adaptation processes through cross-sectoral programming and implementation at the national and sub-national levels and compiles them under one plan.
<b>Relevance to investors:</b>	Private sector including banks, MFIs and relevant investors as the plan mentioned about the private-sector funding in the climate-related project. It is a joint effort to combat the effects of climate change. Therefore, the availability of financing for climate change adaptation measures is crucial for the ongoing efforts to mobilize funds and implement effective adaptation strategies.
<b>Predecessor policies/framework:</b>	Cambodia Climate Change Strategic Plan (CCCSP) 2014-2023
<b>Objectives:</b>	<ol style="list-style-type: none"><li>1. Taking a medium- and long-term approach to reducing vulnerability to the adverse effects of climate change.</li><li>2. Facilitating the integration of adaptation coherently into relevant new and existing policies, strategies, programs, and activities.</li></ol>
<b>Institutions behind the policy/framework:</b>	MoE
<b>Target user:</b>	General Secretariat of National Council for Sustainable Development/Ministry of Environment
<b>Components of the policy framework:</b>	General Secretariat of National Council for Sustainable Development (GSSD) 2017, National Adaptation Plan Process in Cambodia: <ul style="list-style-type: none"><li>- Key Process I: Planning/ Programming</li><li>- Key Process II: Implementation</li><li>- Key Process III: Financing</li><li>- Supporting processes</li></ul>

## 5.8 Green Investment Delivers Growth in Cambodia



### [Green Investment Delivers Growth in Cambodia](#)

<b>Focus:</b>	ESG
<b>Publication date:</b>	October 2018
<b>Legal framework:</b>	Green industrial modeling in Cambodia
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	It is a green economy modeling and guideline for relevant ministries and investors to analyze the potential impact of resource-efficient technology in four industrial subsectors: food processing, bricks manufacturing, garment manufacturing, and electronics manufacturing under the so-called "Green Industry" scenarios.
<b>Relevance to investors:</b>	Investors and civil society as the modelling mentioned about the industry sector (food processing, electronic manufacturing, garment manufacturing, and bricks manufacturing). It said about the greening boosts productivity, avoided costs outweigh investment requirement, green industry scenario, and incentive policy to encourage investment and skill development.
<b>Predecessor policies/framework:</b>	Industrial Development Policy 2015-2025
<b>Objectives:</b>	It is used as a model and guideline to invest in resource efficient technology can foster economic growth, while yielding social and environmental benefit.
<b>Institutions behind the policy/framework:</b>	MoE and National Council for Sustainable Development
<b>Target user:</b>	Governmental ministries and investors.
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"><li>- Greening boosts productivity</li><li>- Avoided costs outweigh investment requirements</li><li>- Green industry scenarios</li><li>- Making this happen</li></ul>


## 5.9 Phnom Penh Green City Strategic Plan 2017-2026




### [Phnom Penh Green City Strategic Plan 2017-2026](#)

<b>Focus:</b>	ESG
<b>Publication date:</b>	October 2016
<b>Legal framework:</b>	City Strategic Plan
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	The Green City Strategic Plan for Phnom Penh is accompanied by a Green City Strategic Planning Methodology, which is a step-by-step guide for municipalities, district and commune officials, and the relevant stakeholders of each municipality across Cambodia seeking to embark on the process of transforming their cities towards green growth. The methodology supports cities in assessing and prioritizing green growth options (investment projects and policy reforms) for implementation.
<b>Relevance to investors:</b>	Private sector including banks, MFIs, university, and relevant investors, and other line ministries.
<b>Predecessor policies/framework:</b>	National Policy on Green Growth 2013-2030 and National Strategic Plan on Green Growth 2013-2030
<b>Objectives:</b>	Green city sectoral objectives include: <ol style="list-style-type: none"> <li>1. Urban planning objectives</li> <li>2. Urban vulnerability objectives</li> <li>3. Energy sector objectives</li> <li>4. Transport sector objectives</li> <li>5. Built environment objectives</li> <li>6. Manufacturing objectives</li> <li>7. Solid waste management objectives</li> <li>8. Public space and cultural heritage objectives.</li> </ol>
<b>Institutions behind the policy/framework:</b>	National Council for Sustainable Development, other investors, and Phnom Penh Municipality.
<b>Target user:</b>	
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"> <li>- Step 1: Establishment of green city strategic planning governance arrangements</li> <li>- Step 2: Baseline assessment of the urban context</li> <li>- Step 3: Setting a green city shared vision, mission, and urban development goals</li> <li>- Step 4: Review of the key urban sectors for urban green growth</li> <li>- Step 5: Establishing urban green growth priority objectives and actions for the key sectors</li> <li>- Step 6: Identification of potential green city development projects</li> <li>- Step 7: Prioritizing green city development projects</li> <li>- Step 8: Envisaging urban green growth scenarios</li> <li>- Step 9: Preparing the list of priority green city projects</li> <li>- Step 10: Implementation arrangements for the Green City Strategic Plan.</li> </ul>

## 5.10 Green City Strategic Planning Methodology

	<a href="#">Green City Strategic Plan Methodology</a>
<b>Focus:</b>	ESG
<b>Publication date:</b>	August 2016
<b>Legal framework:</b>	Strategic Planning
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	The Green City Strategic Planning Methodology has been conceived as a guide to provide Cambodian national and sub-national policymakers with a road map to introduce and implement sustainable and inclusive green growth principles in their urban development strategies. Inclusive urban green growth is the overarching goal and the process through which cities and towns can go from the current business-as-usual scenario to a Liveable Cities scenario.
<b>Relevance to investors:</b>	Bankers, MFIs, relevant investors, and other line ministries.
<b>Predecessor policies/framework:</b>	National Policy on Green Growth 2013-2030 and National Strategic Plan on Green Growth 2013-2030
<b>Objectives:</b>	The Green City Strategic Planning Methodology is a step-by-step guide for Cambodia's municipalities, district, and commune officials, as well as national line ministries, seeking to embark on transforming Cambodia's cities towards greater sustainability and green growth.
<b>Institutions behind the policy/framework:</b>	MoE
<b>Target user:</b>	National Council for Sustainable Development and Municipalities, district and commune councils.
<b>Components of the policy framework:</b>	The methodology is laid out in 10 steps: <ul style="list-style-type: none"><li>- Green city strategic planning governance arrangements</li><li>- Baseline assessment of the urban context</li><li>- Green city shared vision, mission, and urban development goals</li><li>- Review of the key urban sectors for urban green growth</li><li>- Establishing urban green growth priority objectives and actions for the key sectors</li><li>- Identification of potential green city development projects</li><li>- Prioritizing green city development projects</li><li>- Envisaging urban green growth scenarios</li><li>- Preparing the list of priority green city projects</li><li>- Implementation arrangements for the Green City Strategic Plan</li></ul>

## 5.11 Sustainable City Plan for Phnom Penh 2018-2030

	 <a href="#">Sustainable City Plan for Phnom Penh 2018-2030</a>
<b>Focus:</b>	ESG
<b>Publication date:</b>	June 2019
<b>Legal framework:</b>	City national plan
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	The Phnom Penh Sustainable City Plan provides a roadmap for Cambodian policymakers, local administrators, and their national and international development partners to implement urban green growth, defined as tackling climate change, while simultaneously pursuing economic development, poverty alleviation, and social inclusion.
<b>Relevance to investors:</b>	Multiple stakeholders, including national and municipal officials, private sector representatives, development agencies, non-governmental organizations, and academia.
<b>Predecessor policies/framework:</b>	Green City Strategic Planning Methodology
<b>Objectives:</b>	There are eight sub-objectives in this City National Plan: <ol style="list-style-type: none"><li>1. Urban planning objectives</li><li>2. Urban vulnerable objectives</li><li>3. Energy sector objectives</li><li>4. Transport sector objectives</li><li>5. Built environment objectives</li><li>6. Manufacturing objectives</li><li>7. Solid waste management objectives</li><li>8. Public space and cultural heritage objectives</li></ol>
<b>Institutions behind the policy/framework:</b>	Phnom Penh Municipality, Ministry of Environment, and National Council for Sustainable Development.
<b>Target user:</b>	Phnom Penh Municipality and investors
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"><li>- Step 1: Establishment of sustainable city planning governance</li><li>- Step 2: Baseline assessment of the urban context</li><li>- Step 3: Setting a sustainable city shared vision, mission, and urban development goals</li><li>- Step 4: Review of the key urban sectors for urban green growth</li><li>- Step 5: Establishing urban green growth priority objectives and actions for the key sectors</li><li>- Step 6: Identification of potential sustainable city development projects</li><li>- Step 7: Prioritizing sustainable city development projects</li><li>- Step 8: Envisaging urban green growth scenarios</li><li>- Step 9: Preparing the list of priority sustainable city projects</li><li>- Step 10: Implementation arrangements for the Sustainable City Plan.</li></ul>

## 6. Policy track mapping of sustainable finance in Cambodia

EU and ASEAN Taxonomies for Sustainable Finance are principles for effective taxonomies and proposed policy actions to support the achievements of high-level goals such as the Paris Agreement on Climate Change in 2015 during the 26<sup>th</sup> meeting of the Conference of the Parties (COP 26) and the UN sustainable development goals in the EU and ASEAN member states<sup>39</sup>.

The ASEAN Taxonomy for Sustainable Finance is a foundational framework that facilitates a systematic transition and encourages the adoption of sustainable practices among ASEAN member states (AMS). On the other hand, the EU Taxonomies for Sustainable Finance function as a tool that aids investors in determining the environmental sustainability of economic activities and navigating the shift towards a low-carbon economy.

The key online documents concerning sustainable finance are:

1. ASEAN Taxonomy for Sustainable Finance<sup>40</sup>
2. EU Taxonomy for Sustainable Finance<sup>41</sup>
3. Laws and Regulations Applicable to Banks and Financial Institutions<sup>42</sup>
4. Cambodia Sustainable Finance Principles Implementation Guidelines<sup>43</sup>
5. IFC's ESG Performance Indicators for Capital Markets<sup>44</sup>
6. Other relevant sustainable policies of MEF, NBC, and ARDB.

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<sup>39</sup> Bank for International Settlements, 2021: <https://www.bis.org/publ/bppdf/bispap118.pdf>

<sup>40</sup> ASEAN Taxonomy for Sustainable Finance: <https://asean.org/book/asean-taxonomy-for-sustainable-finance/>

<sup>41</sup> EU Taxonomy: <https://www.unpri.org/policy/eu-policy/eu-taxonomy>

<sup>42</sup> Laws and Regulations Applicable to Banks and Financial Institutions: <https://shorturl.at/jqxVY>

<sup>43</sup> Cambodia Sustainable Finance Principles Implementation Guideline 2019: <https://rb.gy/f47f3>

<sup>44</sup> ESG Performance Indicators: <https://urlis.net/mpv9s5qw>

## 6.1 Laws and Regulations Applicable to Banks and Financial Institutions



### Laws and Regulations Applicable to Banks and Financial Institutions

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	2016
<b>Legal framework:</b>	The compilation of laws and regulations
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory for Banks and Financial Institutions to learn and implement the laws and regulations related to banking sectors in Cambodia.
<b>Brief description:</b>	This compilation serves as a valuable resource for bankers, auditors, students, and investors seeking a comprehensive understanding of the Cambodian banking sector's legal framework and regulations. It provides a centralized collection of laws and regulations essential for gaining insight into the banking industry in Cambodia. The document is particularly beneficial for banking and financial institutions, enabling them to enhance their knowledge and ensure compliance with the relevant laws and regulations governing the banking sector in Cambodia. Its purpose is to facilitate the learning and effective implementation of banking-related laws and regulations in the country.
<b>Relevance to investors:</b>	It is relevant to bankers, auditors, and investors as it offers insights into direct monetary policies aimed at maintaining price stability to facilitate economic development within the framework of the Kingdom's economic and financial policy.
<b>Predecessor policies/framework:</b>	Not available
<b>Objectives:</b>	It provides a guideline to bankers, auditors, and investors to understand the comprehensive and centralized legal framework and regulations and how to apply them in Cambodia's banking sector.
<b>Institutions behind the policy/framework:</b>	NBC and MEF as regulators.
<b>Target user:</b>	Commercial banks, MFIs, and academia
<b>Components of the policy framework:</b>	Regulations (Prakas) 4-5 are relevant to Sustainable Finance to analyze through the link: <a href="#">National Bank of Cambodia</a> <ul style="list-style-type: none"><li>- Laws Applicable to Banks and Financial Institutions</li><li>- Regulations Concerning Licensing Conditions for Banks and Financial Institutions</li><li>- Regulations Applicable for Commercial Banks and Specialized Banks Prudential Regulations</li><li>- Regulations Applicable for Microfinance Institutions, Prudential Regulations</li><li>- Regulations Applicable for Banks and Financial Institutions, Prudential Regulations</li><li>- Payment, Settlement, and Transfers</li></ul>

## 6.2 Law on Banking and Financial Institutions



### [Law on Banking and Financial Institutions](#)

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	18 November 1999
<b>Legal framework:</b>	Law
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory for Banks and Financial Institutions to learn and implement the laws and regulations related to banking sectors in Cambodia.
<b>Brief description:</b>	This law was endorsed in 1999. It narrates different regulatory frameworks and principles for Specialized Banks and Financial Institutions for gaining licenses and implementing banking operations.
<b>Relevance to investors:</b>	Bankers, auditors, and investors based on the law it is important for banks and financial institutions as stated in different Chapters and Articles, including 24 Chapters and 74 Articles.
<b>Predecessor policies/framework:</b>	Law on Banking and Financial Institutions, 1999
<b>Objectives:</b>	The law provides key principles for banks and relevant financial institutions to conduct banking operations as their regular business.
<b>Institutions behind the policy/framework:</b>	NBC and MEF as regulators.
<b>Target user:</b>	Specialized Commercial banks and MFIs
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"><li>- 24 Chapters: see the link below</li><li>- 74 Articles: see the link below</li></ul>

### 6.3 Laws on the Organization and Conduct of the National Bank of Cambodia



#### Laws on the Organization and Conduct of the National Bank of Cambodia

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	January 1996
<b>Legal framework:</b>	Law
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory
<b>Brief description:</b>	The Law, which was enacted in 1996, comprises various chapters and articles. It establishes the National Bank of Cambodia as a legal entity with complete jurisdiction and grants it the following capacities: (i) Lend, borrow, and enter into other contractual agreements; (ii) Institute legal proceedings and be subject to such proceedings; (iii) for the purpose of its business, acquire, hold, and dispose of property whether movable or improvable.
<b>Relevance to investors:</b>	The law is relevant to investors, bankers, auditors, and financial institutions due to its coverage of various chapters and articles that directly impact their operations. The law encompasses 13 titles or chapters and comprises 72 articles, providing comprehensive guidance and regulations for banks and financial institutions.
<b>Predecessor policies/framework:</b>	Laws and Regulations Applicable to Banks and Financial Institutions
<b>Objectives:</b>	The principal mission is to determine and direct monetary policy for maintaining price stability to facilitate economic development within the framework of the Kingdom's economic and financial policy.
<b>Institutions behind the policy/framework:</b>	NBC
<b>Target user:</b>	Banks and MFIs
<b>Components of the policy framework:</b>	<ul style="list-style-type: none"><li>- 13 Titles or Chapters</li><li>- 72 Articles</li></ul>

## 6.4 Regulations Concerning Licensing Conditions for Banks and Financial Institutions



### [Regulations Concerning Licensing Conditions for Banks and Financial Institutions](#)

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	December 1997
<b>Legal framework:</b>	Prakas, including 17 sub-Prakas
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory for MFIs that intend to register their capital and obtain an operating license.
<b>Brief description:</b>	Banks and Financial Institutions shall seek permission from the National Bank of Cambodia prior to the increase of capital.
<b>Relevance to investors:</b>	Micro Financial Institutions and Commercial Banks
<b>Predecessor policies/framework:</b>	Laws and Regulations Applicable to Banks and Financial Institutions
<b>Objectives:</b>	It is aimed at explaining different chapters and articles related to registered capital and operation licensing.
<b>Institutions behind the policy/framework:</b>	The National Bank of Cambodia and MFIs
<b>Target user:</b>	National Bank of Cambodia, micro-financial institutions, and commercial banks
<b>Components of the policy framework:</b>	It contains 9 Chapters and 25 Articles.

## 6.5 Regulations Applicable for Microfinance Institutes



### Regulations Applicable for Microfinance Institutes

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	2016
<b>Legal framework:</b>	Prakas
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Mandatory for the private companies who are operating their businesses in Cambodia.
<b>Brief description:</b>	Rural credit specialized banks and Micro Finance Institutions registered and licensed from the National Bank of Cambodia under provision of this Prakas with regard to their credit operations
<b>Relevance to investors:</b>	MFIs and other investors
<b>Predecessor policies/framework:</b>	Laws and Regulations Applicable to Banks and Financial Institutions
<b>Objectives:</b>	It guides the MFIs in calculating interest rates on microfinance loans in rural and urban areas.
<b>Institutions behind the policy/framework:</b>	NBC
<b>Target user:</b>	MFIs, Commercial Banks, and other investors
<b>Components of the policy framework:</b>	It is annexed to the Laws and Regulations Applicable to Banks and Financial Institutions. It has 7 Articles in practice.

## 6.6 Cambodia Sustainable Finance Principles Implementation Guideline



### Cambodia Sustainable Finance Principles Implementation Guideline

<b>Focus:</b>	Sustainable Finance
<b>Publication date:</b>	2019
<b>Legal framework:</b>	Guideline
<b>Version:</b>	Final
<b>Voluntary/Mandatory:</b>	Voluntary
<b>Brief description:</b>	<p>These guidelines emphasize the important role of the private sector in ensuring a sustainable future for Cambodia. They highlight the commitment to prioritize the environment, protect the well-being of the people, and preserve the country's cultural heritage. This commitment is achieved through a proactive approach of assessing, managing, mitigating, offsetting, or avoiding potential risks or negative impacts that may arise from clients' business activities, standards, or practices. By adhering to these principles, the aim is to create a fair business environment and elevate standards across the sector, promoting sustainable development and responsible business practices in Cambodia.</p>
<b>Relevance to investors:</b>	Bankers, Commercial banks, MFIs, and other investors
<b>Predecessor policies/framework:</b>	Laws and Regulations Applicable to Banks and Financial Institutions
<b>Objectives:</b>	<p>The purpose of these implementation guidelines is to serve as a basis for the Cambodian banks and microfinance institutions (MFIs) to develop their sustainable finance approaches in line with the Cambodian Sustainable Finance Principles.</p>
<b>Institutions behind the policy/framework:</b>	NBC
<b>Target user:</b>	Specialized Banks and Financial Institutions
<b>Components of the policy framework:</b>	<p>In this guideline, there are nine principles to be introduced to the banks and MFIs:</p> <p><b>Principle 1:</b> We will assess and manage environmental risks relating to climate change, pollution and waste management, and the protection of our critical natural resources.</p> <p><b>Principle 2:</b> We will assess and manage risks that could potentially negatively impact our people, in particular local communities, workers, and indigenous/minority populations.</p> <p><b>Principle 3:</b> We will assess and manage risks that could potentially negatively impact aspects of our cultural heritage, including our language, culture, traditions, and monuments.</p> <p><b>Principle 4:</b> We will increase the financial awareness and literacy of the Cambodian people and improve our approach to customer/client protection.</p> <p><b>Principle 5:</b> We will expand our reach to those who previously had no or limited access to the formal banking sector, as well as provide more innovative solutions to improve banking access and service levels.</p>

**Principle 6:** We will finance innovations that create efficiencies and improvements of existing, traditional sectors and business activities, as well as for developing new green economy activities.

**Principle 7:** We will seek to build capacity across the banks to deliver on our communities as well as raise awareness of our customers and communities about sustainable and inclusive finance.

**Principle 8:** We will manage our own environmental and social (E&S) footprints and request similar standards from our suppliers.

**Principle 9:** We will annually report our individual and sector progress against these commitments to hold ourselves accountable and to share the story and outcomes of our journey and the value we believe can be created for Cambodia.

## 7. Conclusion and recommendations

This policy track is an interactive list of online policy platforms that enable relevant agencies, investors, and regulators to have access for different purposes. It provides online resources to help policymakers and policy practitioners identify and use policy and legal documents. In long-term use, this policy track should be developed into a platform where all actors can track the progress, update documents, and see key indicative outcomes of each policy and legal framework. Moreover, it can be used as an online mode where all users can identify policy changes, policy compliance, and obligations of key actors and agencies.



## About CCC

The Cooperation Committee for Cambodia (CCC) is a leading membership based organization for NGOs in Cambodia with 178 members working on various development sectors. CCC has been playing unique roles as the Governance Champion, Coordinator and Advocate to realize enabling environment for CSOs and sustained CSO Resource Hub at the national and sub-national levels.

## Vision

Sustainable and democratic development for Cambodia.

## Mission

As a membership based organization, CCC works in inclusive partnership for good governance, enabling environment and sustainability of civil society organizations in Cambodia.

## Goals

- Improved enabling environment for CSOs
- Sustained functionality of CSO Resource Hub at the national and sub-national levels.

## Values

- Integrity
- Responsiveness
- Quality
- Cooperation
- Inclusiveness

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