



Ministry of Economy and Finance

Phnom Penh, 14 February 2022

Press Release

The Dissemination Ceremony on the Additional Fund Allocation for Small and Medium Enterprise Bank of Cambodia and Agricultural and Rural Development Bank

On 14 February 2022 at 9:00 AM, with the permission of **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia**, the Ministry of Economy and Finance organized the launching of “**The Dissemination Ceremony on the Additional Fund Allocation for Small and Medium Enterprise Bank of Cambodia and Rural Development and Agricultural Bank**”, presided over by **His Excellency Akka Pundit Sopheacha Aun Pornmoniroth**, Deputy Prime Minister, Minister of Economy and Finance and Chairman of the Committee on Economic and Financial Policy, with the participation of top managements and representatives of relevant ministries-institutions, development partners, business associations and the private sector.

The Royal Government of Cambodia (RGC) has adopted and launched the "**Strategic Framework and Programs for Economic Recovery in the Context of Living with COVID-19 in a New Normal 2021-2023**" on 16 December 2021, to revive, boost and return Cambodia's economic growth to the path of potential growth in the short and medium terms, and strengthen resilience for sustainable and inclusive socio-economic development in the long term. In fact, the RGC considers the promotion of the development of Small and Medium Enterprises (SMEs) as a significant policy priority, especially enterprises in key sectors such as agriculture, agro-industry, food processing, manufacturing, assembly industries and tourism. In this regard, to promote SMEs, especially enterprises in priority sectors as mentioned above, the RGC has introduced many measures including (1) the exemption of import duty for equipment, machinery etc., (2) the establishment of Skills Development Fund, Entrepreneurship Development Fund and Khmer Enterprise, (3) the establishment of the SME Bank of Cambodia, (4) the implementation of the co-financing scheme through the SME Bank and the special financing program of the RGC to provide credits at concessional interest rates for agriculture and agro-industry through the Agricultural and Rural Development Bank (ARDB) and (5) the establishment of the Credit Guarantee Corporation of Cambodia (CGCC) to provide credit guarantees to enterprises facing a shortage of collaterals.

During 2020, the RGC implemented the first phase of the co-financing scheme through the SME Bank in collaboration with participating financial institutions (PFIs) in the amount of USD100 million, of which the government contributed USD50 million, and PFIs contributed another USD50 million. Seeing the positive results of the implementation of the first phase, the RGC decided to continue the second phase of the co-financing scheme to support SMEs, launched in August 2021 with a total amount of USD140 million, of which the RGC contributed USD70 million and PFIs another USD70 million. In addition, the RGC has implemented the special financing program to support agriculture through the ARDB with (a) a total fund of USD73 million

to support the rice sector in order to maintain price stability and boost exports, and (b) a total fund of USD50 million to support SMEs in agriculture, including animal husbandry, vegetable and fruit growing, aquaculture and agricultural product processing. Through this special financing program, enterprises in agriculture and agro-industry can strengthen their businesses and improve their production chains to enhance competitiveness, maintain food security, and boost exports in the context of COVID-19.

With the approval and permission of **Samdech Techo Prime Minister**, an additional fund of USD100 million has been allocated to the existing financing schemes for the SME Bank and ARDB to continue supporting credits with concessional interest rates to SMEs and agriculture, being the two main sectors in the national economy, in terms of job creation, improvement of people's livelihoods and national economic growth. Of this additional fund, USD50 million will be provided to the SME Bank for the continuation of the second phase of the co-financing schemes to support SMEs, which will increase the contribution of the RGC to USD120 million. The other USD50 million will be provided to the ARDB for the special financing program, of which USD10 million will be used in the rice sector, and 50% of the remaining USD40 million will be used for direct lending and the other 50% for Risk-Sharing Syndicated Facilities with financial institutions to support fruit sub-sectors, animal husbandry, aquaculture, and agricultural product processing .

The revitalization of Cambodia's socio-economic activities, especially SMEs, agriculture, agro-industry and other priority sectors, to return to stability and toward the path of potential economic growth in a new normal after the COVID-19 crisis, requires close cooperation with a strong solidarity, active participation and high accountability from all stakeholders, especially the SME Bank, ARDB and private financial institutions, in providing additional co-financing schemes.

