



Phnom Penh, December 19, 2023

JOINT MEDIA RELEASE
National Bank of Cambodia Partners with IFC to Boost Green Finance, Support Climate Action

To help Cambodia address climate change impacts and create a conducive environment for the uptake of green finance, the National Bank of Cambodia (NBC) and IFC signed a cooperation agreement to boost financing for climate-friendly projects, supporting the country's transition towards a green economy.

Cambodia is currently ranked 62 out of 191 countries on the 2022 Inform Risk Index—a global, open-source risk assessment for humanitarian crises and disasters. The country is highly exposed to flooding and recurrent droughts that have worsened over the years. Without proper adaptation and mitigation measures, climate change could cost up to nine percent of Cambodia's gross domestic product by 2050 while increasing the poverty rate by up to six percentage points by 2040, according to the World Bank-IFC newly launched [Country Climate and Development Report \(CCDR\)](#). The report estimates the country would need up to \$36 billion in additional investment from both public and private sectors over the next three decades to achieve its climate goal of carbon neutrality by 2050.

“The financial sector plays a pivotal role, helping unlock capital for climate-friendly projects, but this will require the right policies and creation of an enabling environment,” said Yim Leat, Deputy Governor of the National Bank of Cambodia. “We are committed to crafting a robust green finance policy framework to create a supportive financial ecosystem to channel and incentivize investment into green projects in Cambodia in support of the government's climate ambition as outlined in the Nationally Determined Contribution under the Paris agreement.”

Currently, several factors hinder Cambodia's green finance potential, including a lack of guidance on what qualifies as green finance and limited green policies amongst local financial institutions to innovate and introduce sustainable finance practices and products.

The partnership is expected to help strengthen the regulatory framework by developing a national taxonomy in line with best international practices, which will help define green assets qualifying for green investment. Additionally, the partnership will help improve capacity for financial institutions and prepare relevant guidelines including reporting and disclosure requirements on green lending and environmental, social, and governance (ESG) risks.

“This agreement supports Cambodia's ambitious plans to address climate change risks and foster a strong green finance market. As leaders in global green finance, we are uniquely positioned to help the nation mobilize essential climate financing, contributing to the country's green and inclusive growth map for future resilience,” said Asad Yaqub, IFC Resident Representative for Cambodia.

With support from the Facility for Investment Climate Advisory Services (FIAS), the project will be implemented in three years and the national taxonomy is expected to be in place by 2025.

About NBC

The National Bank of Cambodia (NBC), the nation's central bank, is the monetary and supervisory authority. The mission of the NBC is to determine and direct the monetary policy aimed at maintaining price stability in order to facilitate economic development within the framework of the kingdom's economic and financial policy. The NBC conducts this in consultation with the Royal Government and in consideration of the framework of the economic and financial policy of the kingdom. As the monetary authority, the NBC is the sole issuer of the Khmer riel, the national currency. In doing so, this helps maintain monetary stability.

As the supervisory authority, the NBC has the authority to license, delicense, regulate and supervise banks and financial institutions in Cambodia. The NBC also conducts regular economic and monetary analysis, publishes various publications, oversees the nation's payment systems, establishes balance of payments, and participates in the management of external debt claims.

About IFC

IFC — a member of the World Bank Group — is the largest global development institution focused on the private sector in emerging markets. We work in more than 100 countries, using our capital, expertise, and influence to create markets and opportunities in developing countries. In fiscal year 2023, IFC committed a record \$43.7 billion to private companies and financial institutions in developing countries, leveraging the power of the private sector to end extreme poverty and boost shared prosperity as economies grapple with the impacts of global compounding crises. For more information, visit www.ifc.org

For media queries, please contact:

National Bank of Cambodia

Communication Unit

Phone Number: (885) 23 990 196

Contact email: nbccommunication@nbc.gov.kh

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IFC:

Van Anh Chu, IFC

Phone: + 84 24 3937 8745

E-mail: canh1@ifc.org