



NATIONAL BANK OF CAMBODIA

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Speech for
H.E. Dr. CHEA Serey, Governor of the National Bank of Cambodia
In the Regional Policy Forum on “Financing Agri-SMEs to Trigger Engines
of Local Development”

Siemreap, 08 August 2024

- H.E. Dr. Kao Thach Minister attached to Prime Minister and Chief
Executive Officer of Agriculture and Rural
Development Bank, Cambodia
- Mr. QIAN Wenhui Chairman of Agricultural Development Bank of China
and Chairman of APRACA
- Mr. Chatchai Sirilai President of Bank for Agriculture and Agricultural
Cooperatives (BAAC), Thailand, and Vice-Chair of
APRACA
- H.E Deputy Governors, Executive Directors, Heads of Delegation
Dr. Prasun Das, Colleagues from APRACA, and all participants

Good Morning and Welcome to Siem Reap Province, the ancient city of Cambodia.

With great pleasure, I welcome you to the Regional Forum on “Financing Agri-SMEs to Trigger Engines of Local Development”.

The evidence shows that inclusive agribusiness has continued to play an important role in developing an efficient agricultural value chain and transforming the food system to support local development. More importantly, the agri-SMEs have significant potential to improve rural livelihoods, strengthen food security, mitigate the effects of climate change, and create economic opportunities for women, youth, and other marginalized groups. The agri-SMEs in the majority of countries of the Asia-Pacific Region have operated in a

fragmented financial landscape and are generally challenging to access financial services due mainly to the absence of tailored financial products and services for all types of agri-SMEs.

Today, we gather here to discuss innovative solutions and strategies to overcome the financial barriers faced by these agri-SMEs. By leveraging new financial models utilizing technologies and other appropriate means, we might be able to pave the way for a more inclusive financial ecosystem. So, thank you for being here and for your commitment to advancing agricultural and SME financing.

Excellencies, Distinguished Guests, and All Participants

Agri-SMEs have always been the backbone of our local economic development, providing livelihoods, sustainable rural communities, and economic growth. They play crucial roles in rural development and poverty alleviation, driving innovation, creating jobs, and enhancing food security.

Despite their potential, and perhaps not much different from other countries in the Aisa-Pacific region, the agri-SMEs in Cambodia are facing numerous challenges such as limited access to formal innovative financial services and products, lack of necessary skills and knowledge for modern agricultural practices and business management, lack of market access navigation, and lack of good infrastructure, technology and innovation and so on.

Addressing these challenges, some key strategies and considerations for financing and developing agri-SMEs are as follows:

1/- Credit and Market Access

- Encourage banks and financial institutions to develop financial products tailored to agricultural needs with favorable terms for agri-SMEs
- Establish credit-guaranteed schemes to reduce lending risks for banks and financial institutions
- Improve infrastructure such as roads, storage facilities, utilities and marketplaces, and information system
- Develop and promote alternative forms of collateral, such as warehouse receipts and value chain financing to secure loans

- Facilitate access to both domestic and international markets through trade agreements and export promotion

2/- Capacity Development

- Provide technical assistance to improve agricultural practices and productivity
- Offer training programs to enhance financial literacy, business management skills, and other agri-related skills
- Encourage the formation of cooperatives to enable collective bargaining and resource-sharing

3/- Innovative Financial Products

- Develop and implement digital financial services to enhance access to credit and payment with convenient and lower transaction costs
- Explore alternative financing options such as capital market

4/- Risk Management

- Develop and promote agricultural insurance schemes to protect against crop failures and other risks
- Encourage the adoption of climate-smart agricultural practices to mitigate the impacts of climate changes

5/- Government Supports

- Implement policies that support agricultural development and SMEs growth
- Provide subsidies or tax incentives for agri-SMEs
- Develop infrastructure to facilitate market access and reduce costs

6/- Public-Private Partnership

- Foster collaboration between the government, private sector, international development agencies, and other NGOs to provide funding and supports
- Develop value chains that connect agri-SMEs to larger markets, both retail and wholesale

7/- Cross Border Credit Information Sharing

- Develop global or regional credit report sharing or network that collects and shares credit information across borders. This is a crucial mechanism to enhance the creditworthiness assessment of borrowers and facilitate access to finance, especially SMEs
- Implement a legal framework that supports cross-border data sharing while protecting data privacy.

In conclusion, enhancing agri-SMEs' access to formal financial services is not just about providing credits, but also about building a robust financial ecosystem supporting these enterprises. The National Bank of Cambodia, in particular, is committed to creating a favorable environment, including policies, regulations, and supervision to contribute to the growth of these enterprises that contribute to our economic development and ensure food security. I am confident that our collective commitment will unlock the barriers preventing agri-SMEs from accessing financing. The keys to our success lie in technological innovation and the collaboration of all stakeholders, both public and private.

As I wrap up my speech, I hope everyone here will benefit from the various discussions and the shared experiences offered by our panelists and experts. I wish you all great success, a wonderful stay, and an enjoyable time exploring the historic Angkor Wat in Siem Reap, Cambodia.

Thank You!!!