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Cambodia is poised for growth, requiring infrastructure investment to reach potential: PwC report

PwC launches new report to help investors navigate infrastructure investment opportunities in Cambodia

- Cambodia is on an upward trajectory of high growth and aims to reach a middle income country status by 2050.
- Despite a global slowdown in trade due to the pandemic, Cambodia's exports increased by 16.7% USD17.2bn. This double-digit percentage year-on-year growth in trade has been the main

driver for the Royal Government of Cambodia (RGC) to focus on investing in infrastructure.

- To sustain its growth, Cambodia requires significant investments in infrastructure to the tune of USD28bn between 2016 and 2040, based on The Global Infrastructure Hub's estimates.

For immediate release - Singapore, 18 October 2022 – A new outlook study titled [Cambodia's Infrastructure Market Update and Outlook](#), jointly produced by PwC Singapore and PwC Cambodia, highlights that Cambodia is poised for growth and remains attractive for foreign investment despite global economic headwinds.

Launched today, this market outlook report will help provide investors and financiers insights into the potential for infrastructure investments in Cambodia, focusing on the latest market developments in key infrastructure sub-sectors. The report also highlights issues around connectivity between its economic nodes, integration with ASEAN and global transportation and economic networks – in ports, logistics, transportation and construction sectors – and outlines the potential pipeline for the players in these sub-sectors.

Significant investment needed to sustain growth opportunities

For Cambodia to fulfil its investment potential, significant investment in infrastructure is required - The Global Infrastructure Hub estimates USD 28 billion between 2016 and 2040. Notwithstanding the contraction due to the COVID-19, the country is expected to grow at a compound annual growth rate (CAGR) of around 6% in the medium term - making Cambodia one of the fastest growing economies in the ASEAN region.

The Council for Development of Cambodia has identified six priority development sectors as drivers for future growth:

- Agri-food
- Automotive
- Electronics
- Textile and apparel
- Bike and parts
- Furniture and plywood

Investment in infrastructure is an imperative to fuel such future growth. A few defining measures and considerations signal good promise for existing players and future entrants in this market, namely:

1. Public-Private Partnership (PPP) Law of 2021

The new Law on Public-Private Partnership introduced in 2021 is a step in the right direction as the country seeks greater private capital and efficiencies in infrastructure creation. With the enactment of the PPP Law, many bottlenecks in the infrastructure project pipelines could be eased by using an incentive mechanism.

2. Joint ventures with local players

The ability to find the right local partner is key to help foreign investors navigate various local factors including bureaucracy, business culture, and more. Cambodia has seen good growth in the asset portfolio of such local players who have been able to join hands and diversify into new sectors.

3. Affordable long-term financing

The ability to raise affordable long-term capital to finance infrastructure projects remains a challenge. The combination of an increasingly competitive financial sector, larger play by multilateral financing institutions, willingness of local players to access capital markets, availability of guarantee products will enable supply to meet the expected growing demand.

Jennifer Tay, Infrastructure Leader, PwC Singapore said: “With significant development plans underway in the neighbourhood and geopolitical shifts potentially altering the capital flows within the ASEAN region, Cambodia is in a good position to capitalise on potential opportunities for sustained growth, further backed by the Royal Government of Cambodia’s commitment to

reforms and growth.”

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Our services started with audit and assurance over a century ago. As times change and the issues faced by businesses and individuals evolved, we have developed specialised capabilities in tax, advisory and consulting to help you address emerging new challenges across focus areas like ESG, sustainability and climate change, digital transformation, cyber security and privacy, data, mergers and acquisitions, and more.

In Singapore, we have more than 3,500 partners and staff to help resolve complex issues and identify opportunities for public, private and government organisations to progress. As part of the PwC network with nearly 328,000 people in 152 countries, we are among the leading professional services networks in the world focusing on helping organisations and individuals create the value they are looking for.

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