



# Access to Finance II

## Access to Finance for Small Water and Electricity Operators in Cambodia Phase II Technical Assistance Facility

### Background

Rural electricity enterprises (REEs) and small water enterprises (SWEs) play a key role in service delivery to clients across Cambodia. The Cambodian Government target is to provide universal access to improved water by 2025, and to provide electricity to 95% of households by 2030.

In order to expand, renovate and maintain their networks, REEs and SWEs will continue to require significant amounts of financing. Although these operators' businesses are profitable, they still have trouble in accessing finance to fund substantial capital expenditures needed for the expansion and renovation of their networks.

Another challenge is the insufficient levels of financial and technical knowledge on the part of SWEs and REEs that hinders their ability to prepare the requisite documentation to apply for loans. Often times, operators run SWEs and REEs as side businesses, and thus are not technical experts in the field of water and electricity, making it more difficult for them to structure projects and prepare business plans. In addition, many smaller operators lack proper financials, or a full awareness of how much has been invested into their business.

The project seeks to bridge these gaps and allow SMEs to finance high quality projects at competitive rates, while strengthening the overall market ecosystem.

### Project Activities

The 4-year program from 2023 to 2026 aims to support Foreign Trade Bank (FTB) in the management and issuance of 20M\$ in loans to water, electricity, and climate-related businesses.

- Support to **FTB as the leader of this activity to provide attractive loans** through establishing efficient loan processes and attractive products.

Electricity supplier monitoring the local electrical board  
© Germain Priour



### Project Objective

- To finance the renovation and expansion works of critical water/ electricity infrastructure and climate-resilient businesses, thereby increasing the quality, reliability and sustainability of service provision for populations across Cambodia.

### Key Project Figures

- USD 20 million estimated loan allocation (Water 13.5 M, Electricity 4.5 M, Climate 2 M).
- Estimated number of loans: 110 (Water 65, Electricity 30, Climate 15).

Piped water supply customer in Kandal, Cambodia  
© Germain Priour





- Developing and optimizing **efficient and useful application procedures and tools**, which ensures both ease of use for the borrowers, Approved Service Providers and FTB.
- **Improving the FTB's capacity to assess applications** and understand the small and medium enterprises' sectors.
- Developing **marketing plans and tools** to ensure loan program advertisement, understanding of application procedures, and promotion of high-quality service providers, as well as coordination with the larger market and stakeholders.
- Ensuring **high quality services (ASPs)** through proper engineering, design, and planning for implemented projects through selection and quality control of approved service providers.
- **Assessing climate finance business opportunities to define a target market** for financial products, then incorporate them into the overall programme.



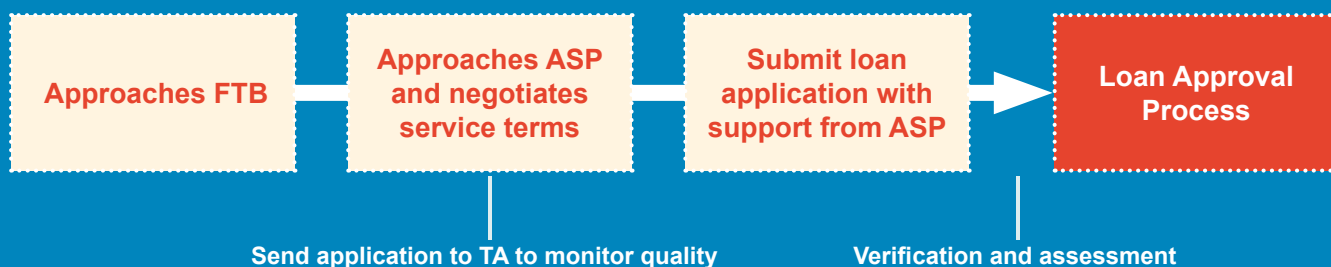
Water supply workers installing pipes extension © Germain Priour

### EXPECTED RESULTS

- **20 million USD** financed for the renovation and expansion works of critical water and electricity infrastructure through ~110 loans.
- **Increased quality, reliability, and sustainability** of service provision for populations across Cambodia.
- **Strengthened capacities** of FTB to finance the SWE, REE, and their wider climate finance strategy and footprint.
- **SWEs and REEs supported** to access financing by the project, and in the future, on favorable terms by professionalisation or strengthening of their business.
- **Ensured high quality level** of the infrastructure financed by the project, and in the future, strengthen the market supply for high quality technical services.
- **Influenced banking sector** to take interest in the stable and low-risk water and electricity sector.



### Customer's Loan Process through FTB Bank



**20 M USD CREDIT LINE + 1.075 M USD TECHNICAL ASSISTANCE FACILITY FUNDED BY:**



*This publication was produced with support from Proparco. The content of the publication is the sole responsibility of GRET and can in no way be considered as reflecting the point of view of Proparco.*

**CONTACT :**

**Terra Michaels**, Program Manager, Essential Local Services  
**whatsapp:** +33 (0)1 70 91 92 45 / **e-mail:** michaels@gret.org

[www.gret.org](http://www.gret.org)