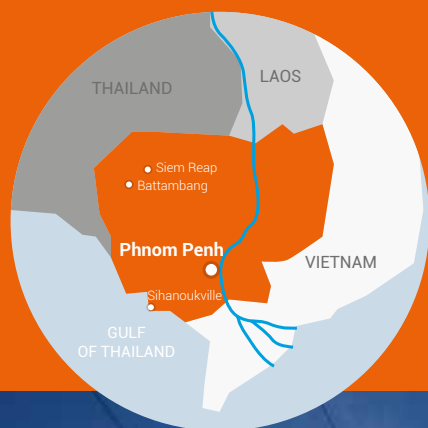


AFD and the Energy in Cambodia



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€**118** million
committed since 2010

255,000
people with improved access
to electricity

7 projects
funded since 1999

In terms of energy, Cambodia faces major challenges: more than 20 years after the end of the social unrest that ravaged the country, it has yet to rebuild, develop and diversify its energy production, transport capacity and electricity distribution throughout the country.

AFD is helping Cambodia to meet these challenges and facilitate the development of renewable energies.

#WorldInCommon



1

Expansion and modernisation of the electricity network

AFD supports the national operator Electricité du Cambodge (EDC) through several loans for the modernisation and expansion of the electricity network. The requirement is considerable in a country where the demand has significantly increased, yet less than half of all households have access to electricity, while paying some of the highest tariffs in the world.

AFD is supporting EDC with an initial loan and a delegated grant from the European Union (EU). It is financing the expansion of the national electricity transmission and distribution network in Koh Kong, Kampong Cham and Kratie provinces.

This project will make it possible to achieve:

- 165 km of high voltage (HV) lines connected to the Cambodian electricity network;
- 5 transformer stations;
- 225 km of medium voltage lines to distribute electricity from the HV network to towns, villages and industrial zones, as well as to agro-industrial projects;
- Approximately 165,000 people have access to reliable and more affordable energy.

In partnership with the EU, AFD is also helping EDC to modernise the network, in a project aiming for:

- Improvement of the distribution system in the national transmission network;
- Improvement of the distribution system in Phnom Penh and the surrounding region;
- Support for computer system modernisation;
- Management of the company's assets; training and research capacity enhancement.

2

Partnering with small and private electricity service operators

As there are no public operators in rural and suburban areas, the local private sector has for several years been involved, in an uncoordinated manner, in the financing and management of electricity services. However, the development of these operators has been hampered by several factors, notably limited access to credit from local banks and the lack of management skills and technical expertise.

In 2013, AFD granted a loan of US\$15 million with a guarantee-sharing mechanism to the Foreign Trade Bank, a local Cambodian bank, to finance small water and electricity operators in rural and

semi-urban areas. The project also benefits from a €3 million grant from the European Union's Asian Investment Facility.

The provision of a concessional credit line, associated with a guarantee-sharing mechanism from the Foreign Trade Bank, will benefit the project in several ways. It will develop a finance offer tailored to the operators' needs. It will also reduce the interest rate, decrease the required collateral level and extend loan terms and deferrals.

3

Development of renewable energies

Today, the majority of energy in Cambodia comes from non-renewable biomass. Renewable energies still form a small proportion of national output, in spite of the development of hydro-power. In this context, AFD and France are investing by way of several ongoing and future projects.

In 2018, the French Facility for Global Environment (FFEM) co-financed the construction of a 1 MW thermal power plant. This plant is connected to the national network and produces electricity from sawmill-waste wood gasification. In the long term, it will produce electricity from sustainable plantations.

In addition, AFD finances pilot projects carried out by NGOs on various themes. All these projects aim to promote the development of renewable energies, e.g. solar energy, and include the creation of a coal-fired electricity plant fed by sustainable woodcutting, in a context where a large proportion of energy comes from wood derived from deforestation.

Finally, the second phase of this credit line project for water and electricity will emphasise renewable energies, particularly in the development of solar energy in Cambodia.