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ARDB ACE-GFA MONTHLY BULLETIN

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ARDB ACE-GFA Background

The Memorandum of Understanding (MoU) signed on 8 August 2024 between the Asia-Pacific Rural and Agricultural Credit Association (APRACA) and the Agricultural and Rural Development Bank (ARDB) of Cambodia marked the establishment of the APRACA Centre of Excellence for Green Finance in Agriculture (ACE-GFA). Its mandate focuses on promoting green finance solutions for agriculture, strengthening capacity through research, training, and exposure visits, and facilitating policy dialogues and evidence-based knowledge sharing. In addition, ARDB ACE-GFA provides technical support on climate-smart financial practices and fosters collaboration among national and international partners.



This bulletin aims to provide an overview of Cambodia's growing agro-industrial sector, highlighting the government's push to modernize agriculture through new industrial parks, increased foreign investment, and stronger partnerships with international markets. It outlines key provinces driving cashew, rice, cassava, and animal-feed processing; explains policy efforts to enhance value-added production; and emphasizes the economic and social benefits such as job creation, improved farmer incomes, and expanded export potential.

AGRO-INDUSTRIAL IN CAMBODIA: OVERVIEW

Introduction

Bridging the Gaps in Agro-Processing for a Stronger Export-Oriented Industry, Agriculture is still one of four pillars of Cambodian economy, but over the recent years, the sector has experienced an increasing disproportion in the focus, investment, and development support. It has increasingly lost its economic input to the garment and service industries, thus becoming a concern on the long-term development and competitiveness of the country. As preferential trade agreements are gradually lost and competition is increasingly fierce in regional agri-food markets, there is a danger that Cambodia will not be able to diversify, modernize and shift to higher-value export markets in its agro-industry. The complexity of products, enhanced capacity to process and increased integration into the global value chains will be needed to build a more resilient and competitive agri-food system.

Key Locations & Sectors

The Royal Government of Cambodia is developing Agro-Industrial Parks in Kampong Thom, Battambang, Kampong Speu, and Preah Vihear to attract investment in agricultural processing, boost production, and expand exports.

A major initiative includes a cashew processing park in Kampong Thom to add value, create jobs, and increase export capacity. Led by the Supreme National Economic Council, the Ministry of Economy and Finance, and the CAVAC program, these efforts aim to modernize the agricultural sector and improve Cambodia's access to global markets.

Kampong Speu Animal Feed Factory: Built on 7,154 sqm, the factory produces up to 180,000 tonnes of animal feed annually, using EU-standard technology and partial solar energy. Local inputs include cassava, corn, rice by-products, and coconut residue. Increased feed mill development helps farmers access more affordable supplies and strengthens local feed industry competitiveness.

Kampong Thom is developing a cashew-focused Agro-Industrial Park to boost value-added processing, create jobs, and enhance cashew exports. As Cambodia's largest cashew-producing province, it has over 147,000 hectares of plantations about 21% of the national total and produces more than 220,000 tonnes of raw cashew nuts annually, accounting for around 30% of the country's output. Nationwide, Cambodia has about 700,000 hectares of cashew plantations, with 580,000 hectares already in production and total annual yields estimated between 800,000 and 1,000,000 tonnes.

In 2024, Preah Vihear's top crops cassava, rice, and cashew nuts generated over USD 170 million in export revenue. To strengthen commercial and organic agriculture, Amru Rice and CACC formed contract farming agreements with 37 Agricultural Cooperatives, involving around 5,000 farming families.



These agreements include supplying 25,000 tonnes of organic rice and 25,000 tonnes of organic cassava. The province set a 2024 target of 43,800 tonnes of organic products, covering rice, cassava, cashews, peanuts, and sesame from 32 farming communities, supporting both market expansion and improved farmer livelihoods.

Battambang: The province has over 1.3 million residents across 14 districts, primarily engaged in agriculture. But there is limited industrial investment, especially in agro-processing and packaging, which presents opportunities for both local and foreign investors.

Investment and Partnership opportunity

According to the B2B Cambodia, Cambodia held its first Cashew and Pepper Trade Forum to strengthen production, processing, and export readiness as part of its shift toward value-added agriculture and industrial modernization.

Organized with support from government ministries, the EU, Germany, and industry federations, the event brought together over 300 stakeholders from Cambodia, ASEAN, and Europe. Key discussions focused on improving national standards, one for cashew and four for pepper along with expanding processing, transport, and storage capacity to enhance product value.

With market opportunities growing through FTAs and RCEP, Cambodia aims to become a major exporter of high-quality cashew and pepper, backed by better certification, traceability, and technical support from the EU and Germany. Overall, the forum serves as an important policy platform to strengthen agro-industrial value chains and boost the country's export competitiveness.

The key highlight

The Prime Minister highlighted major progress in Cambodia's agricultural sector based on the Four Simplified Policy Principles:

Food Security, Resource Sufficiency, Abundance, and Sustainable Growth. Key achievements include stabilizing rice prices through a USD 40 million fund, improving farmer support, promoting timber and rubber plantations producing 410,000 tonnes of latex worth over USD 660 million and developing Agro-Industrial Parks in Kampong Thom, Battambang, and Kampong Speu to boost value-added processing and exports.



Cambodia's Agricultural Exports Bag Nearly \$4 Billion in Nine Months./Photo: AKP

Efforts also focused on soil and water management, protecting fisheries, and preventing forest encroachment. These initiatives align with the Pentagonal Strategy Phase I and strengthen Cambodia's readiness for Industry 4.0, supporting long-term goals for higher productivity, economic efficiency, and achieving high-income status by 2050

Expected Outcomes

Cambodia's agro-industrial drive is generating significant social and economic gains, particularly in rural areas.

Social Impact & Employment: The establishment of agro-industrial parks and processing facilities is creating thousands of jobs in production, processing, logistics, and quality control. This shift provides more stable employment for rural communities especially women and youth reducing reliance on seasonal work. As workers gain technical skills, they gain access to higher income opportunities and long-term career growth.

Value Addition: Transitioning from raw commodity exports to processed products such as cashew kernels, animal feed, organic rice, and cassava derivatives significantly increase export value. Processing also helps reduce post-harvest losses, enhances quality standards, improves competitiveness, and enables farmers to earn higher and more stable incomes. It strengthens domestic industries and reduces dependency on imports.

Investment & Partnership Opportunities:

Cambodia is promoting partnerships with development partners and the private sector including the EU, Germany, ASEAN, and regional investors to accelerate agro-industrial modernization.



Technology Transfer: Adoption of advanced processing, storage, and certification systems to meet global market standards.

Contract Farming Models: Linking cooperatives with processors to secure raw material supply while improving farmer income stability.

Agro-Industrial Zones: Establishment of factories within designated parks offering government incentives and access to locally sourced materials.

Export Market Expansion: Free Trade Agreements and RCEP enable greater access to high-potential markets, particularly for cashew, pepper, rice, and certified organic products.

Economic Return

Economic Return reate Income for Farmers:

Contract farming models provide stable prices, guaranteed markets, and reduced risk of price volatility. Improved production, certification, and climate-smart practices raise yield quality, leading to better earnings at the farm level.

Improved Productivity & Lower Input Costs: Technology transfer—such as modern drying, sorting, storage, and quality-control systems—reduces post-harvest losses and increases output efficiency. Agro-industrial zones allow producers to access shared facilities, lowering production and logistics costs.

Employment Generation: New industrial parks in Kampong Thom, Kampong Speu, Preah Vihear, and Battambang drive job creation in processing, packaging, logistics, quality inspection

Stronger Export Performance: With FTAs and RCEP, Cambodia is expanding exports to high-value markets (EU, China, ASEAN). Improved standards and certifications increase market acceptance and raise export value, especially for cashew, pepper, rice, and organic products.

Reduced Dependence on Imports: Local production of animal feed, processed foods, and agro-inputs helps decrease reliance on imported products. This improves Cambodia's trade balance and strengthens domestic industries.

Attracting Foreign & Regional Investment: Investor incentives in agro-industrial zones, plus partnerships with the EU and Germany, increase capital inflows. These investments support infrastructure, skills development, and modernization expanding the sector's long-term economic contribution.

Financial Return

Agro-industrial investments in Cambodia provide strong financial returns by transforming raw agricultural products into higher-value goods such as cashew kernels, processed rice, cassava-based items, and animal feed. Value addition significantly boosts profit margins, while contract farming ensures a stable and reliable supply of raw materials, reducing production risks. Modern processing technologies and efficient operations further lower costs and enhance overall profitability. Incentives offered within agro-industrial parks combined with easy access to local raw materials and rising demand from export markets including China, ASEAN, and RCEP countries expand revenue opportunities for investors. Moreover, the ability to utilize by-products and diversify product lines strengthens cash flow,

improves long-term financial performance, and increases the overall economic viability of agro-processing enterprises.

Summary

Cambodia's industrial development, supported by new industrial parks and increased foreign investment, is accelerating the country's shift from raw crop exports to value-added processing. Key provinces Kampong Thom, Kampong Speu, Preah Vihear, and Battambang are emerging as hubs for cashew, animal feed, rice, and cassava processing, creating new market opportunities and jobs for rural communities.

Government policies and international partnerships, especially with the EU and Germany, are helping strengthen quality standards, expand market access, and support farmers through contract farming and improved production systems. These efforts are expected to raise export value, improve productivity, and reduce reliance on imports.

At the same time, the focus on climate-smart practices, efficient resource use, and environmental protection helps build a more resilient and sustainable agricultural sector. Overall, Cambodia's agro-industrial strategy is laying the foundation for stronger economic growth, rural development, and long-term competitiveness.

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