



DECEMBER 2025

ARDB ACE-GFA MONTHLY BULLETIN

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.





CARBON MARKETS

CAMBODIA CONTEXT

TYPES OF CARBON MARKET



Compliance Carbon Market

A compliance carbon market is one where there are mandatory emissions targets, like a country aiming to meet its climate goal under the Paris Agreement (NDC) or a company obligated by government regulations to buy a specific number of carbon credits.



Voluntary Carbon Market

The voluntary carbon market allows organizations to offset unavoidable greenhouse gas emissions by choice, unlike mandatory systems such as carbon taxes or cap-and-trade.

Carbon Markets



Asia-Pacific Rural and Agricultural Credit Association (APRACA)



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CARBON MARKETS

CAMBODIA CONTEXT

THE SOURCES OF SUPPLY AND DEMAND FOR CARBON CREDITS

Supply

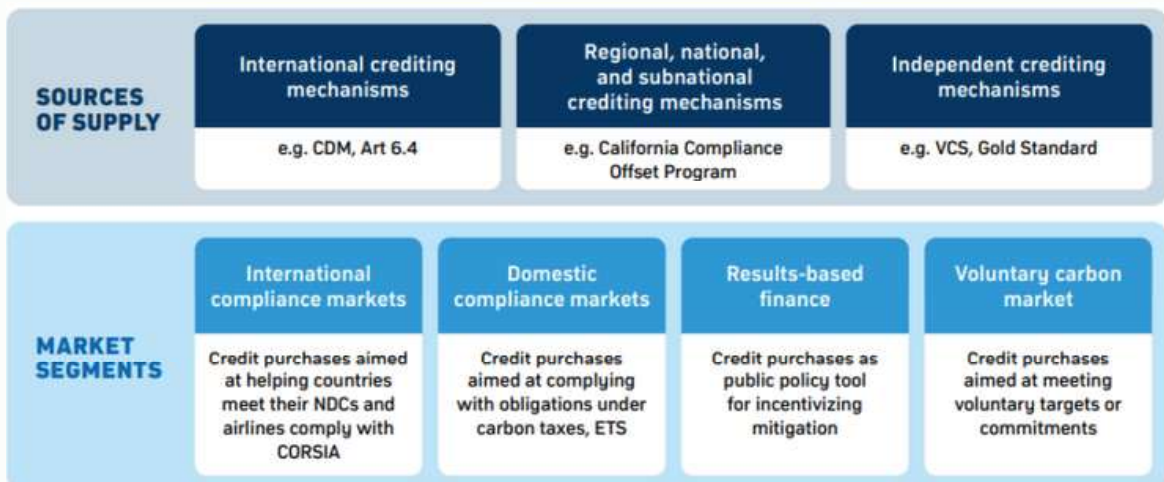
Carbon credits are supplied through three main crediting mechanisms:

1. International mechanisms established under global agreements like the Kyoto Protocol and the Paris Agreement.
2. Domestic mechanisms created by regional, national, or local governments.
3. Independent mechanisms or standards operated by NGOs, such as Verra and Gold Standard.

Demand

Demand for carbon credits comes from several sources:

1. Voluntary demand: private companies purchasing credits to meet voluntary goals such as net-zero commitments.
2. Domestic compliance demand: companies required to buy credits under national policies like emissions trading schemes or carbon taxes.
3. International compliance demand: countries purchasing credits to meet Paris Agreement targets, and airlines buying credits under CORSIA.



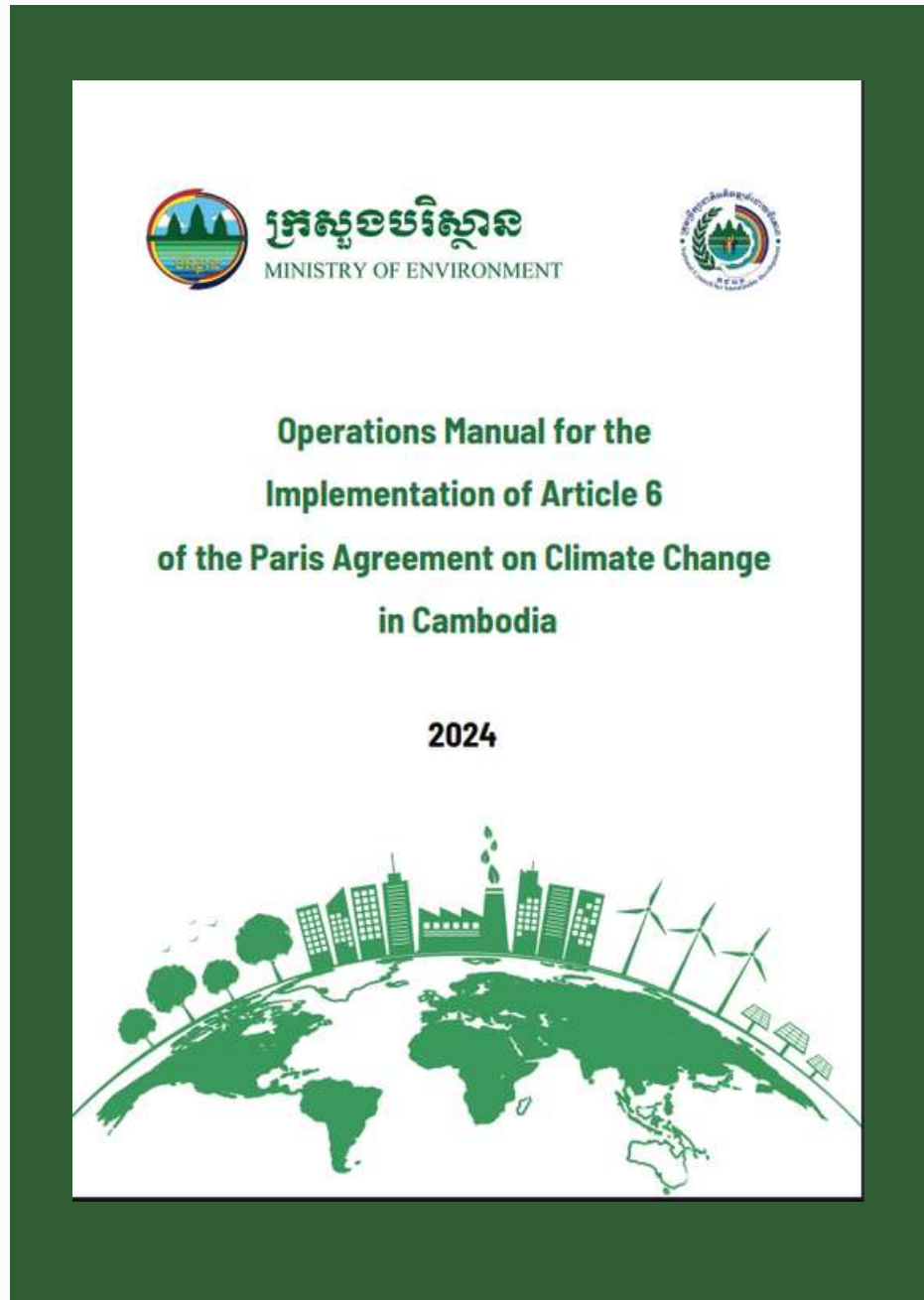


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Cambodia has established a solid foundation in the voluntary carbon market, primarily through its successful **REDD+** forest conservation projects, such as **Keo Seima and Southern Cardamom**, which have already generated significant revenue. This engagement extends to other high-impact sectors, including **clean water access with Hydrologic** and **clean cooking energy via the National Biodigester Programme**, all certified under international standards like the Gold Standard.

A pivotal step forward is the official adoption of the "Operations Manual for Article 6", which provides the national framework for authorizing and tracking carbon credits (called GHG ERs or ITMOs) for international transfer under the Paris Agreement. This manual sets rigorous requirements for projects, including alignment with Cambodia's NDC, a mandatory contribution of a portion of credits to meet national targets, and adherence to principles of environmental integrity and sustainable development.





CARBON MARKETS

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KEY RECOMMENDATIONS TO STRENGTHEN CAMBODIA'S PARTICIPATION IN CARBON MARKETS

STRENGTHENING GOVERNMENT LEADERSHIP & MARKET FRAMEWORK

- Government should lead carbon market projects in land-related sectors (afforestation, reforestation, REDD+) and public-investment sectors (renewable energy, waste management).
- Develop Article 6.2 projects to support NDC targets and attract investment.
- Establish strong policies and regulations ensuring integrity, permanence, accurate baselines, and avoidance of over-crediting.
- Create standardized sectoral baselines to improve transparency and credibility.

EXPANDING MARKET DEMAND & FINANCING

- Encourage domestic companies to adopt net-zero or CSR strategies so they become local buyers of Cambodian carbon credits.
- Attract carbon streaming companies to provide upfront financing and strengthen project financial viability.
- Prioritize Nature-Based Solutions (NBS) to meet rising investor demand for high-permanence carbon credits.

BUILDING CAPACITY & ENHANCING PROJECT VALUE

- Build domestic capacity through training for farmers, SMEs, and local communities to improve project development and implementation.
- Integrate UN SDGs into carbon projects to increase their social and economic co-benefits, thereby raising credit value and market demand.



Asia-Pacific Rural and Agricultural Credit Association (APRACA)



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