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I. ABOUT ARDB ACE-GFA

The APRACA Center of Excellence – Green Finance to Agriculture (ARDB ACE-GFA), established within the Agricultural and Rural Development Bank (ARDB), serves as a regional platform for promoting green finance and sustainable agricultural development. The Center aims to strengthen financial innovation, knowledge sharing, and capacity building to support investments in climate-smart agriculture, renewable energy, and other environmentally sustainable initiatives. Through collaboration with regional and international partners, ARDB ACE-GFA seeks to expand access to green financing while contributing to Cambodia's green growth and climate resilience objectives. As the demand for sustainable transportation continues to grow, the development of an Electric Vehicle (EV) Policy represents a natural extension of ARDB ACE-GFA's commitment to green finance.

To demonstrate the expansion of its green finance initiatives beyond agriculture and renewable energy, the APRACA Center of Excellence – Green Finance to Agriculture (ARDB ACE-GFA) has chosen to explore the development of an Electric Vehicle (EV) Car Policy. This initiative reflects ARDB ACE-GFA's commitment to supporting emerging green investment opportunities and promoting sustainable transportation. By examining the potential for EV financing, ARDB aims to lay the foundation for future financial products and services that contribute to Cambodia's low-carbon transition and broader sustainable development objectives.

II. CAMBODIA'S EV MARKET OVERVIEW

Cambodia's EV market is growing fast in 2026, though it remains small relative to the country's total vehicle fleet. According to the Cambodian Ministry of Public Works and Transport, 14,056 EVs were registered between 2021 and May 2026, with approximately 3,693 of those registered between March and May alone a sharp acceleration driven largely by the Middle East conflict, which pushed up fuel prices and prompted many Cambodian drivers to switch to electric vehicles. [1] The three most popular EV brands in the country are BYD, Toyota, and Tesla, with GAC also noted as a popular Chinese brand among market observers. This shift is creating a powerful demand signal that is pushing both the government and private investors to scale up domestic investment in renewable energy infrastructure.

For context of growth: Cambodia had registered a total of 9,065 electric cars (plus 3,203 electric motorcycles and 700 electric three-wheelers) as of January 2026. By May 2026 that car figure had risen to 14,056 an increase just four months, illustrating how sensitive Cambodian consumers are to fuel-price shocks. Driven by the National Policy on Electric Vehicle Development (2024-2030) and recent tax exemptions, Cambodia's shift to electric mobility is speeding up. However, this rapid growth is outpacing the kingdom's structural readiness. This has led to significant problems in grid infrastructure, battery life-cycle management, and local technical expertise extra.

III. CHALLENGES ELECTRIC VEHICLE DEVELOPMENT

Driven by the National Policy on Electric Vehicle Development (2024-2030) and recent tax exemptions, Cambodia's shift to electric mobility is speeding up. However, this rapid growth is outpacing the kingdom's structural readiness. This has led to significant problems in grid infrastructure, battery life-cycle management, and local technical expertise such as:

1. Absence of Comprehensive Policy and Sufficient Incentive Schemes

This gap is currently being solved through the rollout of the National Policy on the Development of Electric Vehicles (EVs) 2024–2030. To incentivize buyers, the government implemented tax measures cutting custom import duties on parts like electric motors to 0% and reducing tax on EV batteries to 5% to lower production and purchase barriers.

2. Limitation of Charging Units

While public networks have grown, they remain mostly concentrated in urban centers like Phnom Penh and Siem Reap. Expanding fast-charging networks into rural corridors strains local provincial grids, requiring significant energy investments and smart energy storage buffering to prevent localized grid instability. The Ministry of Mines and Energy has successfully issued licenses for more than 170 charging units across 17 provinces, yet rural range anxiety persists.

3. The Maintenance Deficit

Cambodia faces an acute skills shortage. Over 95% of the country's roadside mechanics operate in the informal sector and are entirely untrained in high-voltage safety and electronic repair. The establishment of the New Energy Vehicle and Industrial Technology Institute (NEVITI) seeks to bridge this gap, but up-skilling the informal mechanical workforce remains a primary economic hurdle.

4. The Battery Replacement

While electric vehicles reduce long-term emissions, the massive overproduction of lithium-ion batteries causes significant, immediate environmental damage . Mining critical minerals like lithium, cobalt, and nickel depletes vital water resources in arid regions and causes toxic acid runoff that contaminates local ecosystems. Furthermore, manufacturing these batteries is highly energy-intensive and often powered by coal-heavy grids, leading to substantial upfront carbon emissions before a vehicle is ever driven. Finally, because global recycling infrastructure cannot keep pace with overproduction, millions of spent batteries risk ending up in landfills. This creates a severe e-waste crisis, where leaking chemical electrolytes contaminate groundwater tables and unstable lithium-ion packs trigger highly toxic, long-burning landfill fires.

5. The Future of Used EV Car

Cambodia's EV transition faces a structural impasse where policy-driven supply gains clash with an entrenched, informal ICE secondary market. Despite 2026 tariff exemptions lowering entry costs, new passenger EVs command a steep premium (~$29,000 USD) that alienates the mass market, which heavily relies on highly liquid, affordable used gasoline vehicles (~$6,500 USD). This upfront barrier is compounded by a stagnant secondary EV ecosystem; the total absence of standardized, legally binding State-of-Health (SoH) battery diagnostics turns used EV purchases into a high-risk gamble. Given that tropical heat accelerates chemical degradation and monsoon flooding introduces catastrophic water-intrusion liabilities, second-hand buyers risk sudden, out-of-warranty battery replacements costing $5,000 to $9,000 USD. Without institutionalizing automated battery testing protocols and up-skilling the informal mechanical workforce, steep residual value depreciation will continue to choke mass-market adoption.

IV. SOLUTIONS TO ABOVE CHALLENGES

1. Government Policy

The government's core EV policy, the National Policy on the Development of Electric Vehicles (2024-2030), was introduced on May 29, 2024. It aims to promote the growth of the EV industry through a range of investment incentives: co-financing support for EV charging infrastructure projects, and technology transfer; tax and financial incentives, including reduced import duties on fully electric vehicles (BEVs); and tax benefits for businesses investing in EV-related industries such as battery manufacturing and charging stations. The policy also encourages local production through preferential tax rates and subsidies for domestic EV assembly and lithium battery production.

Cambodian officials have also cited a national target of 770,000 EVs on the road by 2030 including 30,000 electric cars, 720,000 electric scooters, and 20,000 three-wheeler EVs underscoring the government's ambition to position EVs as a catalyst for sustainable transport and long-term economic development.

2. Charging Infrastructure

To support this growth, the Ministry of Mines and Energy is developing standardized regulatory norms for EV charging stations nationwide. Cambodia is moving ahead with plans to establish a nationwide network of EV charging stations to support public travel and business activities particularly in the transport and logistics sectors as part of broader efforts to reduce costs and promote the use of clean energy.

3. Techincal Training

the Ministry of Labor and Vocational Training (MLVT) is integrating professional New Energy Vehicle (NEV) tech programs directly into Cambodia's TVET system through landmark partnerships with global EV firms like Zo Motors and regional technical colleges. These specialized courses equip students with advanced skills in high-voltage diagnostics, battery maintenance, and charging electronics, while decentralized mobile training units bring these skills directly to rural areas. This institutional framework delivers a dual economic victory: it completely resolves the shortage of certified EV repair options for consumers, while simultaneously creating high-wage, future-proof technical jobs for thousands of young Cambodians.

V. ENVIRONMENTAL IMPACTS OF ELECTRIC VEHICLE ADOPTION

Electric vehicles (EVs) provide an opportunity for Cambodia to reduce emissions from the transport sector and support sustainable development. Unlike conventional internal combustion engine vehicles, battery electric vehicles produce no direct tailpipe emissions, helping to reduce urban air pollution such as particulate matter and nitrogen oxides.

Over their lifetime, EVs can generate significantly lower greenhouse gas emissions than conventional vehicles, particularly as electricity generation becomes cleaner through increased renewable energy use. EV adoption can also reduce Cambodia's dependence on imported fossil fuels and contribute to cleaner cities, improved public health, and national climate goals. However, sustainable battery management, recycling systems, and clean electricity development are important to maximize environmental benefits.

VI. BENEFITS TO EV USERS AND ENABLING GOVERNMENT POLICIES AND INCENTIVES

1. Benefits for EV Users

The adoption of electric vehicles (EVs) provides various economic, environmental, and social benefits for users in Cambodia. As EV technology continues to develop and government support measures expand, EV ownership is becoming an increasingly attractive option for consumers seeking lower transportation costs, improved driving experiences, and more sustainable mobility solutions.

Key Benefits for EV Users Include:

- Lower operating costs
- Reduced fuel dependence
- Lower maintenance requirements
- Improved driving experience
- Health and environmental benefits
- Increasing government support

2. Government Policy Support for EV Development in Cambodia

- The Royal Government of Cambodia has introduced policy measures to promote electric vehicle development and accelerate the transition toward sustainable transportation. National Policy on the Development of Electric Vehicle Sector 2024–2030: provides a roadmap to promote EV use, develop supporting infrastructure, encourage investment, and establish an EV ecosystem in Cambodia. The policy emphasizes incentives for EV-related industries, charging infrastructure development, technology transfer, and skills development.
- In addition, several key policy frameworks have been introduced to support electric vehicle (EV) development, including:
  - Long-Term Strategy for Carbon Neutrality (2050): to serve as a roadmap for reducing greenhouse gas emissions in a long-term, sustainable manner. This strategy sets targets for increasing the use of electric vehicles to 70% for motorcycles and 40% for cars by 2050, in order to contribute to environmental protection and sustainable development.
  - Cambodia's Third Nationally Determined Contribution (NDC 3.0): a national climate commitment framework that strengthens EV promotion by setting clear emission-reduction targets and concrete actions for electrifying transport, especially public vehicles.
  - Roadmap for the Development of an Electric Vehicle Charing Stations Network in Cambodia: provides a national plan to build EV charging stations across Cambodia.

3. Sub-Degree to Promote EVs and Incentive

- The Royal Government of Cambodia issued Sub-Decree No. 52 ("Sub-Decree 52") on 26 March 2026, which revises customs import duties and export tax rates on selected goods to support electric mobility, clean energy utilization, and targeted manufacturing activities.
- Sub-Decree 52 introduces significant duty reductions, including reductions to 0%, for a number of imported and exported goods. The measures will take effect from 1 April 2026.

TABLE 1: SUMMARY OF KEY RATE IN SUB-DECREE 52

Categoty	Previous Rate	Rate Effective 1 April 2026
EV Infrastructure & Components	7%	0%
Electric & Hybrid Vehicle Parts	15%	0%
Passenger & Cargo Vehicles	15%	0%
Family EVs	35%	0%
Family PHEVs	35%	7%
Selected Household Electrical Appliances	35%	0%
Export Tax – Aluminum Products	25%	0%

VII. CASE STUDY: VIREAK BUNTHAM EXPRESS × LUCKY SUPERMARKET

Vireak Buntham Express (VET), Cambodia's largest logistics and passenger transport operator, has been expanding into e-commerce logistics through strategic partnerships. In 2024, VET launched electric trucks as part of an effort to reduce operational costs, a fleet that became the foundation for a retail delivery partnership with DFI Retail Group's Lucky Supermarket chain.

Since December 2025, **Lucky Supermarket** has been rolling out EVs across its delivery network in Phnom Penh and selected provincial routes, working closely with VET as its logistics partner. What started as a pilot has since turned into a commercial agreement, demonstrating that sustainability and operational efficiency can go hand in hand. The rollout has already reduced carbon emissions by approximately 8.3 tonnes, and around 50% of delivery routes previously served by diesel trucks are now supported by EVs. Building on this progress, Lucky Supermarket is targeting up to 80% EV coverage of its delivery network by the end of 2026.

By partnering with VET's EV fleet, Lucky Supermarket is modernizing its supply chain for the long term, reducing the environmental footprint of its deliveries while continuing to serve communities across Cambodia efficiently and at scale supporting DFI's broader commitment to reducing fuel consumption and carbon emissions across its operations.

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