Australia Awards

RESEARCH TITLE:

Unlocking New Source of Agricultural Growth: Assessing Roles of Finance in Modern Agriculture

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IMPLEMENTATION PERIOD:
Jun 2024- Mar 2025

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RESEARCH QUESTIONS

1. Assess the current financing landscape for the agricultural sector and Modern Agricultural Communities (MACs)
2. Examine international experiences to identify best practices in financing modern agriculture.
3. Identify key financial barriers for MACs
4. Design financing policy recommendations

RESEARCH METHODOLOGY

- Desk Review: Review existing studies to identify financing gaps and opportunities for MACs in Cambodia.
- Case Studies: Learn from successful agricultural finance models in other countries.
- Stakeholder Analysis: Map key actors, their roles, interests, and collaboration opportunities.
- Policy Analysis: Assess current policies and identify gaps affecting MAC financing.
- Field Survey and KII: Gather primary insights from key stakeholders such as government ministries, banking and financial institutions, and MACs & Agricultural Cooperative (AC).

SIGNIFICANT OF THE STUDY

- Economic: Supports Cambodia's agricultural transformation and LDC graduation pathway by unlocking finance for modern agriculture communities (MACs) as a new driver of agricultural growth, productivity, and value addition.
- Social: Empowers agricultural communities and smallholder farmers through stronger financial inclusion.
- Institutional & Policy: Provides evidence-based financing suggestions to address financing constraints faced by MACs and to strengthen the design of agricultural finance policies and financial support mechanisms, enabling greater investment in MACs and accelerating agricultural modernisation

PARTICIPATED STAKEHOLDERS

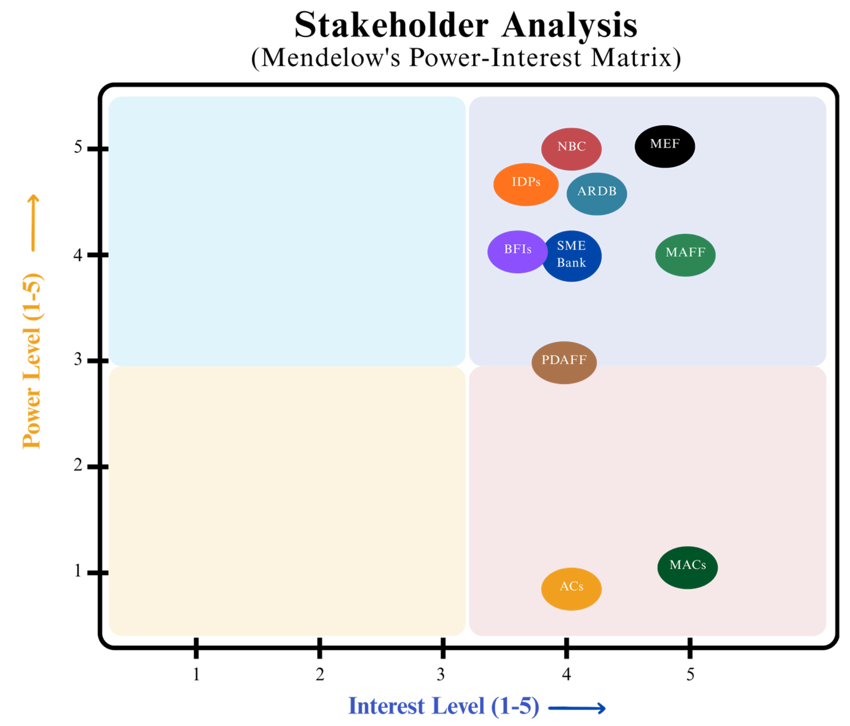
Government	BFIs	12 MACs & 6 ACs across six provinces

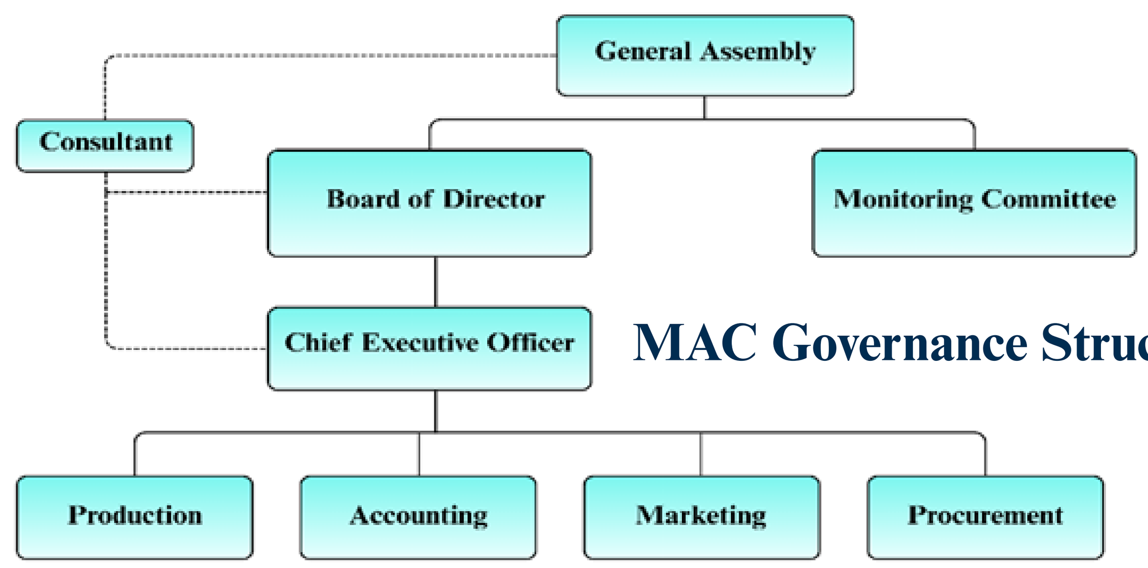
CURRENT DEVELOPMENT OF MACs

REGISTERED MACs	MEMBERS	LAND COVERAGE	MAIN CROPS: 4
22 country-wide	2,913 farmer members	20,139 ha production area	Paddy Rice, Cashew, Vegetable, Pepper

Source: Ministry of Agriculture, Forestry and Fisheries, September 2025

- MACs has been pursued since 2023 as a part of the 6th Priority Policy Programs of the government.
- MACs can improve agricultural productivity through joint production, purchasing, selling, and management.
- However, MACs need stronger governance and financial literacy.





MAC Governance Structure

RESEARCH KEY FINDINGS

- Only 5 MACs adopted agri-tech: drone & solar water pump system.
- 91.7% of MACs have insufficient capital, although 75% could have already accessed credit.
- Credit serves as the dominant funding source for most MACs, particularly for pepper (90%), paddy rice (75%), and cashew nut (68%).
- MACs in pepper generate the highest financing performance, having an average profit of approximately KHR 814.64 million per year.
- Key challenges reported by MACs in accessing credit are longer duration of credit approval, lack of collateral, and high interest rates.
- Banks are interested but still cautious because MACs are new and lack clear financial performance history.

POLICY RECOMMENDATION

Short Term

Improve:
- MAC financial literacy,
- record keeping,
- governance, and
- credit readiness

Medium Term

Expand:
- concessional loans,
- blended finance,
- credit guarantees, and
- interest support for qualified MACs.

Long Term

Establish:
- a dedicated MAC financing scheme supported by stronger cooperative laws and
- market-based partnerships