



អនាគាត៍ ARDB
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GREEN FINANCE FRAMEWORK

ARDB BEST PRACTICE



Agricultural and Rural Development Bank (ARDB)

Green Finance Department

Date: 20.03.2026



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1. Why Green Finance Matter for ARDB

As a state-owned development bank, **ARDB** has a clear mandate to promote agricultural development, rural livelihoods, and inclusive economic growth, while integrating climate and environmental considerations into financing decisions. ARDB Green Finance is strategically aligned with key national policies and strategies:

- Cambodia Sustainable Finance Principle
- Cambodia’s Third Nationally Determined Contribution (NDC 3.0) 2025
- Cambodia Climate Change Strategic Plan 2024-2033
- Long-Term Strategy for Carbon Neutrality- LTS4CN (2021)
- Pentagonal Strategy Phase I (2023)
- National Agriculture Development Policy 2022-2030
- Code on Environment and Natural Resources (2023)



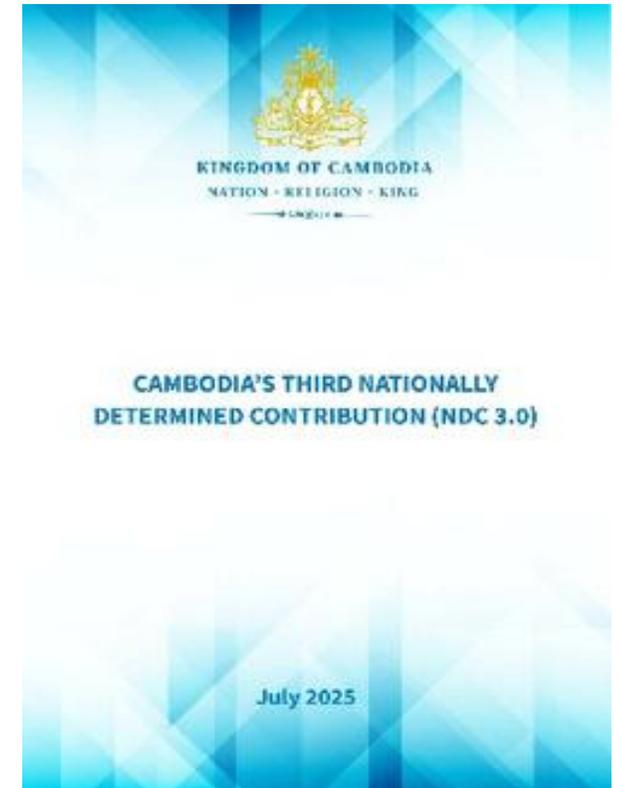
1. Why Green Finance Matter for ARDB (Cont.)

To support emission reduction efforts, ARDB offers green loans that provide climate-focused financing to farmers along the agricultural value chain. Cambodia’s NDC 3.0 indicates that under a Business-As-Usual (BAU) scenario, greenhouse gas (GHG) emissions will increase from 2020 to 2035, with agriculture continuing to play a major role.

Table 3: Sectoral share in BAU 2020 and BAU 2035

| Sector | BAU 2020 [MtCO ₂ e] | Sectoral share 2020 [%] | BAU 2035 [MtCO ₂ e] | Sectoral share 2035 [%] |
|--------------|--------------------------------|-------------------------|--------------------------------|-------------------------|
| Energy | 16.1 | 14% | 45.5 | 34% |
| IPPU | 4.2 | 4% | 9.4 | 7% |
| Agriculture | 27.1 | 23% | 42.4 | 32% |
| FOLU | 65.4 | 55% | 27.0 | 20% |
| Waste | 5.8 | 5% | 9.3 | 7% |
| Total | 118.5 | 100% | 133.7 | 100% |

| 2026-2035 | Measures | Estimated cost |
|------------------|------------|-------------------------|
| Mitigation | 49 | USD 22.68 billion |
| Adaptation | 75 | USD 9.37 billion |
| Enabling actions | 39 | USD 172 million |
| Total: | 163 | USD 32.2 billion |





1.1. Innovation-Driven Green Financing Framework

ARDB has established its own **Green Taxonomy** in December 2025. The ARDB Green Taxonomy is designed primarily for internal use, providing clear guidance for identifying, classifying, and managing green activities within the institution.

Green Taxonomy aims to establish a structured framework that guides the bank in advancing its sustainability performance by embedding internationally recognized standards and criteria across its mandate, governance, portfolio, and operations. It provides clarity and consistency for internal decision-making, implementation, and reporting by focusing on the “Greenness” of activities and practices.

Green Taxonomy of ARDB aligns its approach with ASEAN Taxonomy for Sustainable Finance, EU Taxonomy and other internationally recognized best practices.

Green Taxonomy provide a unified definition of activities and practices categorized as “**Green**”, “**Transitional**”, and “**Conventional**”, aligned with national and international standards.

Technical Screening Framework:

- ❑ **Mitigation Scope** focuses on 3 components: **Avoid**, **Reduce** and **Remove**
- ❑ **Adaptation Scope** focuses on 2 components: **Adaptive Capacity** and **Resilience**

1.1. Innovation-Driven Green Financing Framework (Cont.)

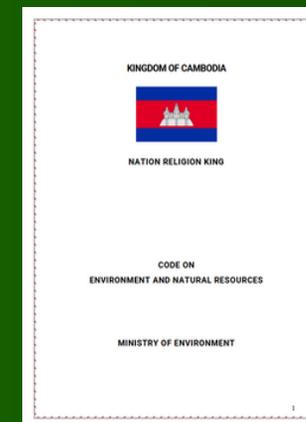
This Taxonomy is developed in alignment with internationally recognized principles and frameworks:

1. Common Standards

- **Environmental and Social Management System (ESMS):** generally aligned International Finance Corporation (IFC) Performance Standards (PS1–8), which outline key environmental and social risk areas to be considered, as applicable The ESMS is The IFC Performance standards (PS1-8). As part of ESMS, financed activities are classified into risk categories to determine the appropriate level of environmental and social due diligence, consistent with IFC practice. These include Category A, Category B, and Category C.
- **Gender Equality, Disability and Social Inclusion (GEDSI) Framework:** a comprehensive approach that ensures development and climate finance interventions are inclusive, equitable, and responsive to the needs of diverse population groups.

In accordance with the **Code on Environment and Natural Resources Code (2023)**, financial institutions are required to comply with sustainability and environmental risk-related obligations as part of their operations.

- Sustainability Risk Assessment (Article 678)
 - FIs must assess environmental and social risks for financed projects.
- Cost of Sustainability Risk Assessment (Article 679)
 - Includes environmental management, mitigation, compensation, and restoration.
- Liability for Failure to Undertake a Sustainability Risk Assessment (Article 680)
 - Institutions may be held responsible for environmental damage if no proper assessment is conducted.



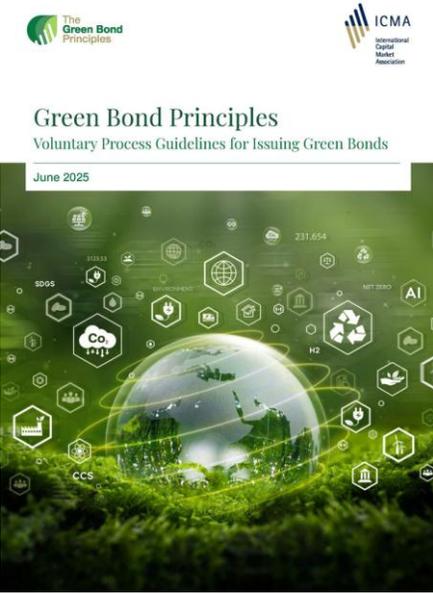


1.1. Innovation-Driven Green Financing Framework (Cont.)

2. Green /Sustainable Related Standard

- Just transition
- Greenhouse Gas Protocol
- Carbon Credit
- Global Reporting Initiative (GRI): Provide a globally recognized framework for sustainability reporting, enabling organizations to disclose economic, environmental, and social impacts in a consistent, transparent, and comparable manner.
- Green Bond Principle

Green Bond Principle (by ICMA): provide a voluntary and process-based framework with the four components including:



- 1. Use of Proceed
- 2. Process for Project Evaluation and Selection
- 3. Management of Proceeds
- 4. Reporting

Additional

- ✓ Financing Frameworks
- ✓ External Review



2. ARDB Green Loan Framework

ARDB has established a Green Lending Policy as a Financial instrument to support green projects in the agricultural value chains (AVC).

Credit Risk Assessment Criteria



E&S Risk Assessment

Involves evaluating potential **negative impacts** on the environmental and society due to a funded project's activities, in compliance with the **Code on Environment and Natural Resources**.



Climate Impact Assessment

Ensures that the proposed project qualifies as **climate change mitigation or adaptation activity** and is able to demonstrate a measurable climate change mitigation or adaptation impact.



Gender Impact Assessment

Focusses on assessing gender distribution amongst the beneficiaries of the proposed project and/or that of the workforce of the entity applying for Green Loans.



Financial Performance Assessment

Involves evaluating a borrower's financial health and stability to determine their ability to repay a loan. Key financial ratios, like debt-service coverage ratio, debt-to-equity, current ratio, and return on asset, etc. are calculated to provide insights into the borrower's financial strength and operational efficiency.



Collateral Assessment

Involves evaluating the eligibility, quality, and sufficiency of collateral pledged. This includes on-site verification of pledged assets, and conservative valuation, and ensuring that collateral is duly owned, legally transferable, dispute-free and properly registered.

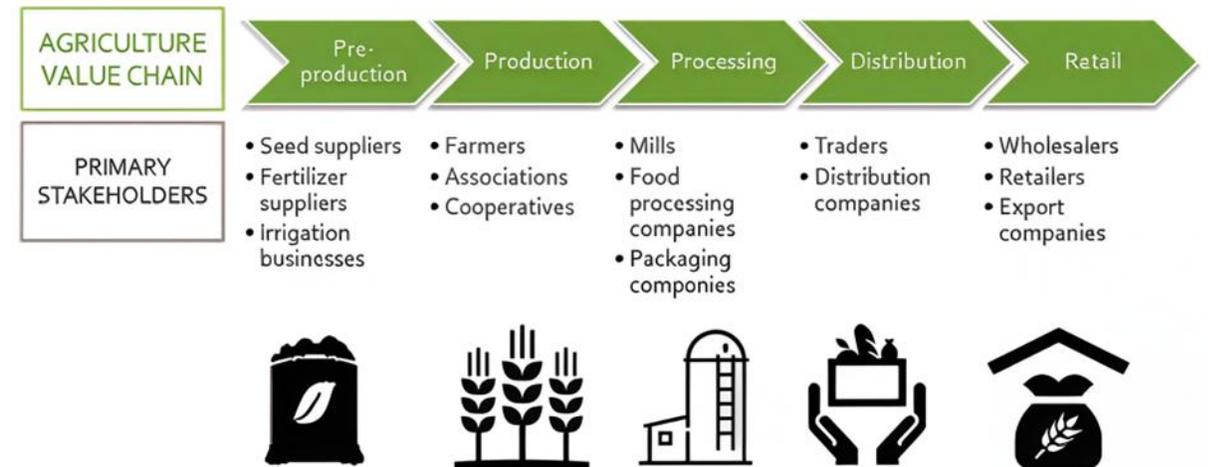
2.1. ARDB Green Loan

Financial solution (Green Loan) in terms of Working and/or Investment capital to agricultural value chain actors/ Agribusiness in the context of climate change.

Scope of Green Financing

- Climate change mitigation
- Climate change adaptation
- Adoption of sustainable technologies
- Sustainable agricultures
- Circular business model

Green Agriculture Value Chains





2.2. Cambodia Climate Finance Facility- CCFF

About CCFF: First National Climate Fund capitalized through the Green Climate Fund (GCF) with **USD 100 million** loan facility strategically designed to provide long-term concessional financing to sustainable private sector projects and wholesale funding to local financial institutions that **address climate change mitigation and adaptation.**

CCFF is recognized in Cambodia's Climate Change Strategic Plan (CCCSP) 2024-20233 as a key government-led financing mechanism to mobilize climate finance and implement national climate priorities, and is also aligned with Cambodia's NDCs by directing financial resources toward priority climate mitigation and adaptation actions.

Climate Impact

Mitigation

Climate change mitigation projects focus on reducing or removing green house gas emissions to limit global warming and its impacts

Adaptation

Climate Change adaptation involves projects designed to enhance resilience to response to the impacts of climate change.





2.2. Cambodia Climate Finance Facility- CCFF (Cont.)

CCFF Eligible Sectors

RENEWABLE ENERGY



Electricity Generation – solar PV & wind power
Supporting Infrastructure – transmission and distribution systems, energy storage
Other RE Applications – solar PV water pumps

ENERGY EFFICIENCY



Green Buildings
Brownfield – industrial energy efficiency retrofits with at least 20% reduction in energy use
Energy Service Companies (ESCOs)

SUSTAINABLE AGRICULTURE & FORESTRY



Sustainable Farming – conservation and regenerative agriculture, deforestation-free value chains
Sustainable Forestry – afforestation and reforestation
Cold Storage – logistics solutions

WATER INFRASTRUCTURE



Piped Water – greenfield and/or expansion of piped water systems in rural areas, adoption of smart water management technology

LOW-EMISSION TRANSPORTATION



Elective Vehicles – commercial fleets and retail use
Charging Infrastructure – charging stations, battery swapping



2.2. Cambodia Climate Finance Facility- CCFF (Cont.)

CCFF offers Financing through two channels:

CCFF Green Loan

Direct loans to Cambodian-registered businesses structured to provide flexible financing solutions for new or expanding green projects that demonstrate positive climate impact.

CCFF Wholesale Funding

Wholesale concessional funding for LFIs to enable them to scale up their lending to green projects, thereby expanding the impact of climate finance across the financial sector.



2.3. An example of ARDB green loan provided to a farmer

Green loan case: A smallholder agricultural operation in Takeo Province faced increasing physical climate risks, particularly excessive flooding during the wet season and water shortages during the dry season.

Green Financing Provided: Targeted financing enabled the investment: 1. Protected net houses to manage excess rainfall and extreme weather, 2. Efficient irrigation systems to optimize water use, and 3. Solar-powered water pumps to ensure reliable, low-carbon water access



Solar-powered water pumps



Net houses

2.3. An example of ARDB green loan provided to a farmer (Cont.)

Impact of Financing



Climate Change Mitigation

- The solar-powered water pump replaces or reduces diesel-electric pumping
- ✓ Lower energy cost
 - ✓ Reduced emission
 - ✓ More reliable energy access

Climate Change Adaptation

- Reduce vulnerability and stabilize production under climate variability
- ✓ Investments address both excess rainfall (wet season) and water scarcity (dry season).
 - ✓ Net houses and improved irrigation systems are classic climate-proofing measures.

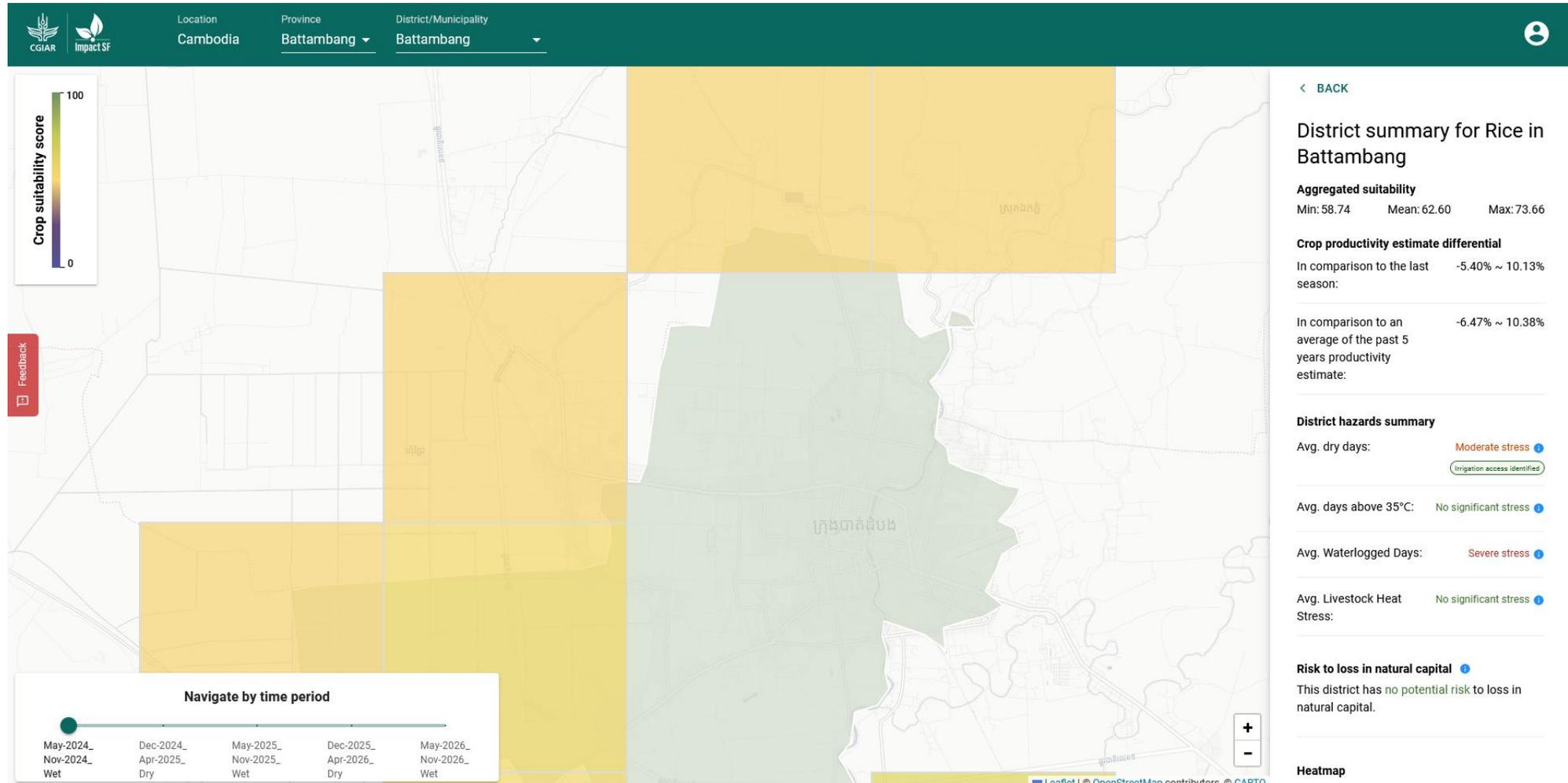
Social & Gender Dimension:

- ✓ Women farmer/ borrower
- ✓ Improve income stability and resilience
- ✓ Aligning with Empower and inclusive finance objectives



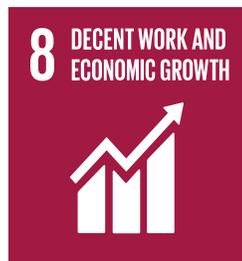
2.3. An example of ARDB green loan provided to a farmer (Cont.)

ARDB, in partnership with CGIAR, uses a satellite-based climate risk and agro-climatic assessment tool to assess climate change risks and agricultural suitability in rural areas across Cambodia.



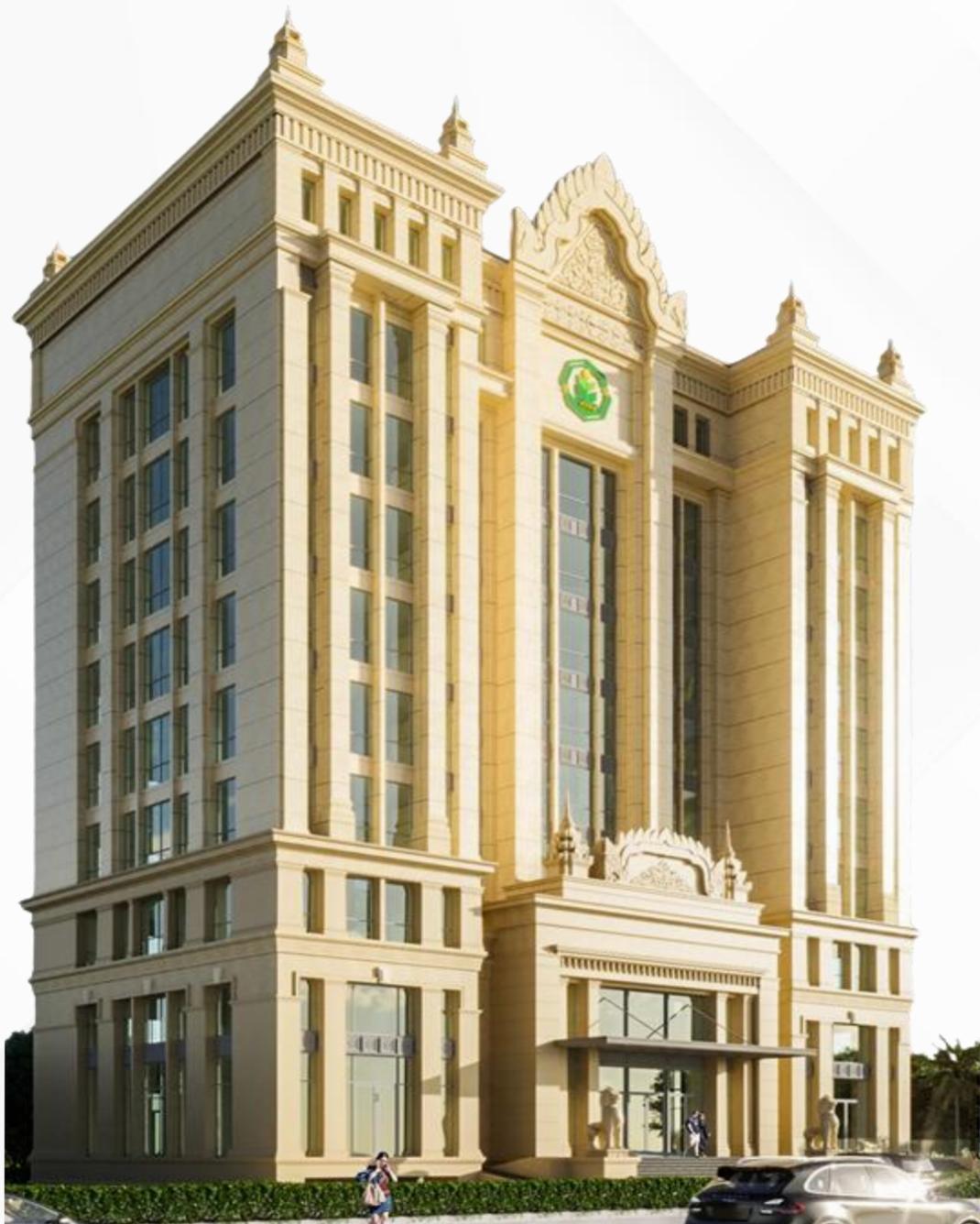
3. ARDB's Contribution to SDGs

ARDB actively supports Cambodia in achieving its national Sustainable Development Goals (SDGs) by promoting inclusive growth, social development, and environmental sustainability. Through its programs and initiatives, ARDB contributes to several key SDGs as outlined in the ARDB Sustainability and Annual Report 2024, including:



ARDB's green loan aligns with SDG Goal 13 by financing agribusinesses that prioritize climate change mitigation, climate adaptation, and the adoption of sustainable technologies and/or techniques.

For further details, please refer to the ARDB Sustainability and Annual Report 2024, available at: <https://www.ardb.com.kh/wp-content/uploads/2025/07/Eng-ARDB-Sustainability-and-Annual-Report-2024-for-website.pdf>



ធនាគារ ARDB

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THANK YOU!

**Changing Business Model as Adaptation,
Adaptation as a Business Opportunity**

Key Difference:

| | |
|--|--|
|  <p>MITIGATION: <i>Stop Climate Change</i></p> |  <p>ADAPTATION: <i>Live with Climate Impacts</i></p> |
|--|--|