



ADB-54430-002

Energy Transition Sector Development Program (Subprogram 2)



Quick Facts

Countries	Cambodia
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	B
Voting Date	2025-10-06
Borrower	Government of Cambodia
Sectors	Energy, Finance, Law and Government
Investment Type(s)	Advisory Services, Grant, Loan
Investment Amount (USD)	\$ 83.30 million
Loan Amount (USD)	\$ 80.00 million
Grant Amount (USD)	\$ 3.30 million



Project Description

As stated by the ADB, the following solutions are proposed under a sector development modality:

- (i) a policy-based loan to deepen the policy framework and support the government in adopting sectoral reforms to accelerate the energy transition; and
- (ii) a financial intermediation loan (FIL) to support private sector investments in energy efficiency.

The FIL component will address a key constraint to the adoption of energy efficiency in Cambodia: access to finance, under favorable conditions, for investments in energy efficiency by local small and medium enterprises (SMEs), including those owned by women. To this end, an Energy Efficiency Revolving Fund (EERF) will be set up and operationalized to provide low interest loans to SMEs with the option of a credit guarantee product. The EERF will be financed with a concessional loan of ADB, with these resources subsequently on-lent to participating financial institutions (PFIs). The SME Bank, a state-owned bank under Cambodia's Ministry of Economy and Finance (MEF), is proposed as the financial intermediary that will administer the EERF. This critical connection between much-needed financing to local SMEs for energy efficiency investments is pivotal to deepening energy efficiency in the country.

The effectiveness of a financing mechanism like the proposed EERF is also predicated on the establishment of an enabling policy and regulatory framework on energy efficiency, which was developed under subprogram 1 and subprogram 2, and will continue under subprogram 3.

The Asian Development Bank (ADB) has been supporting Cambodia's energy transition for several years, in particular through the development of sectoral reforms under the Energy Transition Sector Development Program (ETSDP). The ETSDP Subprogram 1 (SP1), approved in 2022, ushered in landmark policy and planning measures, which were combined with investments in novel energy technologies in Cambodia. The energy transition will require continued and sustained efforts by RGC, which would need to be supported technically and financially by development partners such as ADB.



Early Warning System Project Analysis

The ADB categorized the project E&S risks as follows:

Environment - B

Involuntary Resettlement - C

Indigenous Peoples - C



Investment Description

- Asian Development Bank (ADB)



Contact Information

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ACCOUNTABILITY MECHANISM OF ADB

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Bank Documents

- Environmental and Social Management System
- Gender Assessment and Action Plan
- Grant Agreement (Externally Financed — Asia-Pacific Climate Finance Fund) for Grant 1045-CAM: Energy
- Loan Agreement (ADB Green Climate Fund) for Loan 8509-CAM: Energy Transition Sector Development Proj
- Loan Agreement (ASEAN Infrastructure Fund) for Loan 8510-CAM: Energy Transition Sector Development P
- Loan Agreement (Ordinary Operations [Concessional]) for Loan 4654-CAM: Energy Transition Sector Deve
- Loan Agreement (United Kingdom-ASEAN Catalytic Green Finance Facility Trust Fund) for Loan 8510-CAM: Energy Transition Sector Development P
- Project Administration Manual
- Project Agreement for Loans 8508-CAM and 8509-CAM and Grant 1045-CAM: Energy Transition Sector Devel
- Report and Recommendation of the President
- Technical Assistance Report

Media

- ADB's \$82.5 Million Reform Program to Accelerate Cambodia's Energy Transition



Other Related Projects

- ADB-54430-001 Cambodia: Energy Transition Sector Development Program, Subprogram 1
- ADB-58376-001 Cambodia : Energy Transition Sector Development Program, Subprogram 2