



# CAMBODIA

## JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

**Approved by:**

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### CAMBODIA: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS

<b>Risk of external debt distress</b>	Low
<b>Overall risk of debt distress</b>	Low
<b>Granularity in the risk rating</b>	Not applicable
<b>Application of judgment</b>	No

Cambodia remains at low risk of external and overall debt distress under the Low-Income Countries Debt Sustainability Framework (LIC-DSF).<sup>1</sup> The current debt-carrying capacity remains consistent with a medium classification.<sup>2</sup> The baseline scenario assumes a continued economic recovery, largely driven by a rebound in manufacturing goods and agricultural exports and tourism. The total public and publicly guaranteed (PPG) debt-to-GDP ratio is projected to rise by around 4 percentage points of GDP during the next decade, but its level is expected to remain stable. The debt burden indicators are projected to remain well below their thresholds under the baseline and the shock scenarios. The stress tests shows that debt sustainability is most vulnerable to shocks in contingent liabilities.

<sup>1</sup> This DSA follows the [Guidance Note on the Bank-Fund Debt Sustainability Framework for Low Income Countries \(imf.org\)](https://www.imf.org/publications/ft/ft-2018-02), February 2018 (GN).

<sup>2</sup> Cambodia's Composite Indicator (CI) index, based on data submitted to the October 2024 WEO and the World Bank's 2023 CPIA, is 3.02, indicating a medium debt-carrying capacity. This is a slight reduction from the index in the 2023 DSA, which was 3.06.

## PUBLIC DEBT COVERAGE

**1. The debt sustainability analysis (DSA) covers central government debt and debt guaranteed by the central government to state-owned enterprises (SOEs).** By law, state and local governments and the central bank do not engage in borrowing, and SOEs do not contract non-guaranteed loans. Currently, there are no extra-budgetary funds, and the National Social Security Fund is funded by deposits and does not constitute a liability for the general government (text table 1). Consistent with the previous DSA, external debt is defined on a currency basis.

Text Table 1. Public Sector Debt Coverage

Subsectors of the public sector		Sub-sectors covered
1	Central government	X
2	State and local government	
3	Other elements in the general government	
4	o/w: Social security fund	
5	o/w: Extra budgetary funds (EBFs)	
6	Guarantees (to other entities in the public and private sector, including to SOEs)	X
7	Central bank (borrowed on behalf of the government)	X
8	Non-guaranteed SOE debt	X

**2. The DSA includes contingent liability stress tests for public-private partnerships (PPPs) and a financial market shock** (text table 2).

- The shock scenario for the SOE debt is set to 0 percent of GDP because, by law, SOEs do not engage in non-guaranteed external borrowing, and guarantees to SOEs are included in public debt. According to the updated information provided by the authorities, the capital stock of PPPs is estimated at around 40.2 percent of GDP as of end 2023, corresponding to a contingent liability of 14.1 percent of GDP, assuming a shock size of 35 percent of the total PPP stock.
- The standard financial market shock is intensified in this DSA. Specifically, the financial market shock assumes contingent liabilities from financial markets to be 10 percent of GDP, twice the default value of 5 percent of GDP.<sup>3</sup> This change is included to account for the risks emerging from private sector debt that has continued to grow in the context of rising NPL ratio and the absence of comprehensive bank resolution framework and deposit insurance regime.

Text Table 2. Design of Contingent Liability Stress Test

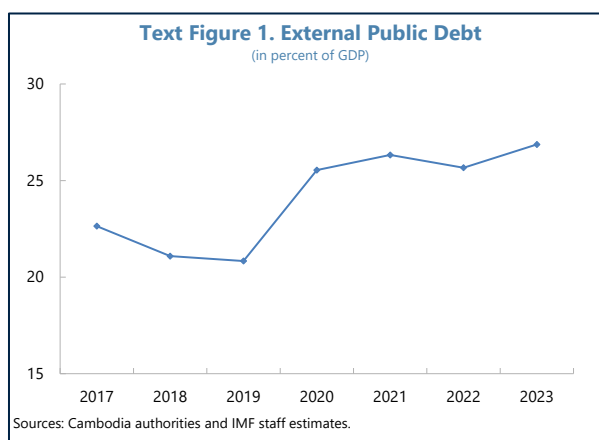
1 The country's coverage of public debt			
The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt			
	Default	Used for the analysis	Reasons for deviations from the default settings
2 Other elements of the general government not captured in 1.	0 percent of GDP	0.0	
3 SoE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	0.0	SOEs are not allowed to contract external debt.
4 PPP	35 percent of PPP stock	14.1	PPP stock estimated using the authorities' data
5 Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	10.0	Giving risks emerging from private external borrowing
Total (2+3+4+5) (in percent of GDP)		24.1	

1/ The default shock of 2% of GDP will be triggered for countries whose government-guaranteed debt is not fully captured under the country's public debt definition (1). If it is already included in the government debt (1) and risks associated with SoE's debt not guaranteed by the government is assessed to be negligible, a country team may reduce this to 0%.

<sup>3</sup> Banking sector deposit is around 107 percent of GDP as of end 2023.

## BACKGROUND ON DEBT

**3. Cambodia’s external public debt amounted to around US\$ 11.2 billion (26 percent of GDP) by end-2023, using the newly rebased GDP.** The external debt-to-GDP ratio increased slightly in 2023, by 0.7 percentage points, as growth in debt (12 percent) outpaced nominal GDP (text figure 1).<sup>4</sup> Bilateral debt continues to account for the majority of total external debt, around 64 percent, with more than a half owed to China (text table 3), though the share has declined somewhat compared to the past years.<sup>5</sup> External debt has been accrued on concessional terms, with a present value of around 15 percent of GDP at end-2023.



### 4. Public domestic debt remains negligible.

To support financial market development, the authorities started to issue local-currency government bonds in September 2022.<sup>6</sup> The total domestic debt stock as of 2023 was US\$ 52.4 million (0.14 percent of GDP). For 2023, total issuance amounted to US\$ 58.3 million,<sup>7</sup> against planned issuance of US\$ 200 million, potentially reflecting a

**Text Table 3. External Public Debt (2023)**

	In million of U.S. dollars	In percent of GDP	In percent of external debt
Total	11,186	26.7	100.0
Multilateral	3,997	9.6	35.7
Bilateral	7,188	17.2	64.3
<i>of which: China</i>	4,114	9.8	36.8

Sources: Cambodia authorities and IMF estimates

lack of appetite for local-currency government bonds due to high rates for non-government borrowing (including local-currency banks’ deposit rates). Nonetheless, the amount of bond issuance more than doubled in 2023, with the authorities’ efforts to expand the bond maturities (from 1 year in 2022 to 2, 3 and 5 years in 2023) that have contributed to the construction of a yield curve. To facilitate domestic bond demand, the authorities have lowered the withholding tax on the interest earned from holding and trading the bonds by 50 percent, and exempted tax on capital gains from purchasing and trading the bonds for three years. For 2024, the authorities plan to issue around US\$ 100 million of local-currency government

<sup>4</sup> The debt stock includes legacy arrears to the Russian Federation and the United States of about 1.5 percent of GDP. As the status of negotiations of these arrears remains unchanged compared to the previous DSA, this analysis assumes no debt restructuring. According to [Cambodia Public Debt Statistical Bulletin](#), “Old Debt Under Negotiation” in Table 3 “Debt Stock.” The data reflect principal amounts, i.e. excluding any accumulated interest. The arrears relate to obligations made by the then-government in the early 1970s, which have been refuted by subsequent governments. There has been no progress at resolving this issue during Paris Club negotiations. In addition, as the arrears reflect diplomatic disagreements, they do not trigger an “in debt distress” rating.

<sup>5</sup> According to [Cambodia Public Debt Statistical Bulletin](#), (see Table 3 “Debt Stock”), the multilateral debt in the text table 3, as of end 2023, is owed to the Asian Development Bank at US\$ 2,361 million, to the World Bank at US\$ 1,320 million, and to others (Cambodia does not have loan liabilities to the IMF).

<sup>6</sup> The authorities drafted the preliminary “Policy Framework of Development on the Government Securities” in September 2021, which aimed at (i) the first securities issuance in 2022, (ii) setting principles for the usage of fund from government securities, and (iii) appointing the NBC as a fiscal agent and arranging the issuance operations. Since September to December in 2022, there were five auctions to issue the bonds.

<sup>7</sup> The issuance in 2022 had 1-year maturity and had been repaid in 2023.

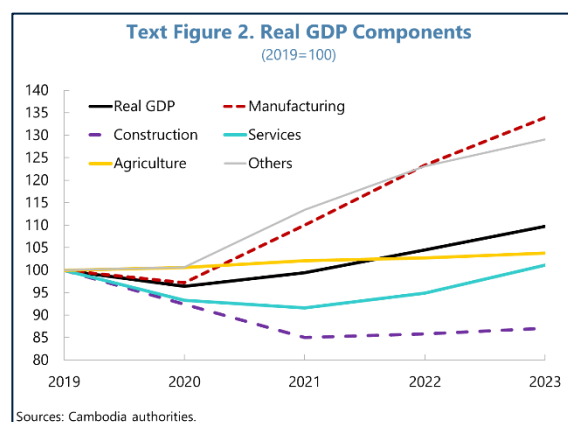
bonds, of which US\$ 62 million have been already issued in the first six months, with one to three year maturities.

**5. PPPs are considered the primary vehicle to finance investment projects.** The authorities anticipate that access to concessional financing will diminish as the country graduates from the LDC status. With weak revenue mobilization, the government faces constraints with slow progress in developing domestic debt markets. The authorities assessed the total PPP stock which stood at US\$16.8 billion (around 40 percent of GDP) as of end 2023, significantly higher than staff's previous estimate. The authorities have been taking welcome steps to strengthen the PPP framework in line with the past Fund recommendations, including by establishing a system for risk assessment and the necessary legal, regulatory, and institutional arrangement for better PPP management.<sup>8</sup>

**6. Private external debts in Cambodia are excluded from this analysis.** Staff estimates private external debt at about 27 percent of GDP in 2023.<sup>9</sup> Excessive external borrowing by the private sector could increase its insolvency risk and the possibility of government interventions either in the form of assumption of private liabilities or in the form of fiscal support (such as tax-relief measures to affected sectors). In addition, the insolvency of the private sector would increase financial vulnerabilities—this is modeled in the stress test as a financial sector related shock of 10 percent of GDP.

## BACKGROUND ON MACRO FORECASTS

**7. Cambodia's economy has further strengthened since 2023, but the recovery remains uneven.** A strong rebound in garment exports and high growth in agricultural exports, along with an ongoing recovery in tourism, continued to support economic activity. Despite a pickup in tradable sectors, the recovery in the non-tradable sectors remains slow. Construction and real estate are going through a market correction, with a built-up excess supply of real estate and weak demand. Credit quality at banks has deteriorated, and FDI inflows in the sectors have declined.



**8. Headline CPI inflation has further moderated.** Deceleration in inflation continued, with headline inflation averaging around 1.5 percent (y/y) in 2024H1, down from 2.1 percent in 2023. Following global commodity market developments, import prices of food and fuel further moderated. Core CPI inflation also fell, with stability of the Khmer Riel (KHR) maintained against the U.S. dollar.

<sup>8</sup> For example, a central PPP unit had been established under the Ministry of Economy and Finance, and a new law on PPP was enacted in November 2021.

<sup>9</sup> According to CEIC data, the total external debt amounted to US\$ 22.6 billion in 2023, and private debt can be estimated at about US\$ 11.5 billion after deducting PPG external debt.

**9. The fiscal deficit in 2023 widened to 2.8 percent of GDP.** Growing tax exemptions and weak growth in domestic non-tradable sectors compressed revenue outturns. Tax revenues declined by about 4 percent (y/y), largely driven by lower VAT, excises, and customs revenues. Total expenditure rose by around 10 percent (y/y), partly driven by higher wage costs and one-off spending items, while capital expenditure was lower than planned by about 20 percent resulting from postponement in infrastructure execution.

**10. Credit growth decelerated sharply despite some policy easing measures.** Credit growth has reached a decade low with signs of a credit crunch, and leverage (measured by loan-to-deposit ratio) declined significantly although it remains above pre-pandemic levels. The National Bank of Cambodia (NBC) lowered the USD reserve requirement rates (RRRs) on deposits and non-resident borrowing for banks in December 2023 back to the pandemic-support level of 7 percent, after an initial increase in 2023Q1. Rates on negotiable certificate deposits (NCDs), used by the NBC to absorb short-term liquidity, were lowered in early 2023 from 3.4 and 1.3 percent for USD and KHR, respectively to 0.6 and 1 percent in June 2024.

**11. The current account (CA) balance remains volatile and shifted to a surplus in 2023.** Exports growth contracted in 2023, with pronounced declines in garment exports offsetting a strong pickup in solar-related exports. The contraction in exports was more than offset by import demand compression in garment materials and vehicles. The CA balance reached a surplus of 1.3 percent of GDP from a deficit of 11 percent in 2022. A sizable shift in net exports of gold, reaching a surplus of 1.4 percent of GDP from a deficit of 11 percent in 2022, also contributed to the CA volatility. Absent foreign-exchange (FX) interventions since September 2023, the exchange rate has remained broadly stable. FX reserves accumulated in 2023 and remain adequate with 7¼ months of prospective import coverage. The external position in 2023 is assessed to be broadly in line with the level implied by medium-term fundamentals and desirable policies.

**12. The recovery is assumed to continue in the baseline projections.** The outlook in 2024-25 and the medium-term projection are broadly similar to the previous DSA (text table 4). Medium-term growth is projected at around 6 percent, though subject to large uncertainty. While this rate of growth is comparable with that experienced in neighboring countries at a similar stage of economic development, its achievement will crucially depend on the implementation of envisaged reforms.

Text Table 4. Baseline Macroeconomic Assumptions (2022-2030)

	Previous DSA (2023)				Current DSA (2024)			
	2023	2024	2025	2026-2031	2023	2024	2025	2026-2031
Real GDP (% , YOY)	5.3	6.0	6.4	6.4	5.0	5.5	5.8	6.0
Inflation (% , YOY)	2.3	3.0	0.7	2.9	2.1	0.4	2.1	3.0
Primary Deficit (% of GDP)	3.4	1.7	1.8	1.7	2.5	2.7	2.3	2.0
Current Account Deficit (% of GDP)	2.1	5.9	3.6	4.3	-1.3	1.8	2.5	4.1

Sources: IMF staff estimates and projections

- **Growth and Inflation.** Growth is projected at around 5½ percent for 2024 and 5¾ percent for 2025, up from 5 percent in 2023. Near-term growth is supported by sustained growth in exports, along with a

continued recovery in tourism. Fiscal consolidation will be gradual and provide limited support to growth under the baseline. The output gap is expected to close by 2025/26, while inflation is expected to remain low in 2024 before converging towards the long-term trend of 3 percent in following years. Import prices, especially food and fuel prices, are expected to remain the main driver of inflation, with high dollarization and the managed exchange rate regime. While the recovery continues, domestic demand growth is projected to remain contained and generate limited impacts on inflation dynamics.

- **External sector.** The CA balance is projected to swing back to a deficit of around 1¼ percent of GDP in 2024, driven by material imports for the export sector and imports of investment goods. Current account volatility driven by gold imports adds uncertainty to this outlook.
- **Fiscal sector.** The fiscal deficit is projected at around 3 percent of GDP in 2024 and to decline modestly over the medium term. Revenue collection remains well below pre-pandemic levels and is projected to fall short of the budget expectation in 2024 due to extensive tax incentives to attract investment and other ad-hoc factors. Revenue underperformance has been compensated primarily by delayed execution of capital spending to contain fiscal deficits. The authorities are preparing a Revenue Mobilization Strategy (2025-2028), which is expected to lay out the government's plan to promote revenue growth including through tax policy and revenue administration reforms.

**13. Uncertainty around the outlook is high, with risks tilted to the downside.** The most pressing risks are:

- **A sharper-than-expected slowdown in major economies**, particularly in the United States, China, and the Eurozone, could adversely impact Cambodia's export-driven growth.<sup>10</sup>
- **Increased uncertainty of trade policy**, including potential further losses of preferential treatment from the US and EU, could disrupt export performance.
- **Geopolitical tensions** could weigh on global demand and increase shipping costs and commodity prices.
- **Higher for longer global interest rates** could heighten risks of debt overhang, with elevated borrowing costs for banks in the highly dollarized economy, raising vulnerability to financial stability.
- **Disorderly deleveraging** from the last credit boom may jeopardize domestic financial stability, especially in the absence of effective liquidity provisioning and bank resolution frameworks.

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<sup>10</sup> The US and EU are key export markets, with approximately 40 percent of Cambodia's exports going to the US and around 30 percent to the EU, primarily in garments and textiles. China is Cambodia's largest trading partner, accounting for over 30 percent of its total imports, mainly raw materials and machinery. Furthermore, China is the dominant source of foreign direct investment (FDI) in Cambodia, contributing to around 50 percent of total FDI, especially in infrastructure, real estate, and manufacturing. This heavy reliance makes Cambodia vulnerable to external shocks from economic slowdowns, geopolitical tensions, and trade policy changes in these major economies, adding to the uncertainty about its current account deficit outlook.

- **Vulnerability to climate change** with increased frequency and severity of natural disasters pose risks to agriculture and manufacturing industries, disproportionately affect the vulnerable, and raise poverty and inequality.
- **On the upside**, implementation of structural reforms, such as those aimed at improving the business environment and strengthening economic diversification, could boost Cambodia's growth potential. Additional trade agreements with key partners, such as the Regional Comprehensive Economic Partnership (RCEP), could support export and FDI growth and enhance diversification.

**14. Financing assumptions reflect growing domestic debt issuance, while external debt remains the dominant source.** The level of external borrowing is set at around 3-3.5 percent of GDP per annum over the medium term, before declining to 2.6 percent of GDP by 2030 as the fiscal deficit narrows and domestic financing increases.<sup>11</sup> For the purposes of this DSA, new external debt is expected to remain largely concessional, with an average maturity of 27 years and a nominal interest rate of less than 2 percent on average. The analysis assumes that the annual amount of net domestic bonds issued increases gradually, from less than 0.1 percent of GDP in 2022 to about 2 percent of GDP in 2044. Demand for domestic securities is projected to grow over time, with the authorities efforts to develop the domestic capital market and attract non-bank institutional investors such as insurance and pension funds, supported by the private sector development.<sup>12</sup> Outstanding domestic PPG debt is therefore estimated to reach around 8 percent of GDP by 2044, accounting for about 30 percent of the total outstanding PPG debt.

**15. The realism tools suggest that macroeconomic and fiscal assumptions are broadly reasonable (Figure 4).** The projected growth path is close to what is suggested by standard fiscal multipliers. The contribution of public capital to GDP growth in the baseline scenario is somewhat lower than historical values as the private sector's role in driving investments is assumed to increase with the further development of the economy. The primary deficit-to-GDP ratio is assumed to be feasible over the next three years in the baseline projection as this adjustment is not in the top quartile of the distribution for LICs.

## COUNTRY CLASSIFICATION AND DETERMINATION OF SCENARIO STRESS TESTS

**16. Cambodia's debt-carrying capacity is classified as medium, same as that in the previous DSA.** Cambodia's Composite Indicator (CI) index, based on data submitted to the October 2024 WEO and the World Bank's 2023 CPIA, is 3.02.<sup>13</sup> The current debt-carrying capacity remains "medium" (text tables 5 and 6).

<sup>11</sup> Borrowing assumptions are within the limit set by the authorities' Strategy on Public Debt Management 2024-2028, which stipulates an upper limit of annual external borrowing of 2 billion SDR, and an upper limit for the annual issuance of domestic government bond of 1 trillion riels.

<sup>12</sup> Should demand for domestic sovereign securities be less than expected, the government would need to cut back spending to contain deficits or could tap into buffers by drawing down deposits held at the central bank.

<sup>13</sup> The [revised LIC-DSF](#) determines the debt sustainability thresholds by calculating a Composite Indicator. The CI is a function of the World Bank's Country Policy and Institutional Assessment (CPIA) score, international reserves, remittances, individual

Text Table 5. Cambodia's CI Index

Debt Carrying Capacity		Medium		
Final	Classification based on current vintage	Classification based on the previous vintage	Classification based on the two previous vintage	
Medium	Medium 3.02	Strong 3.06	Medium 2.94	

Text Table 6. Debt Burden Thresholds

EXTERNAL debt burden thresholds	Weak	Medium	Strong	
<b>PV of debt in % of</b>				
Exports	140	180	240	
GDP	30	40	55	
<b>Debt service in % of</b>				
Exports	10	15	21	
Revenue	14	18	23	
<b>TOTAL public debt benchmark</b>		<b>Weak</b>	<b>Medium</b>	<b>Strong</b>
<b>PV of total public debt in percent of GDP</b>		35	55	70

**17. Stress analysis include tailored stress test.** Cambodia is highly vulnerable to climate change and is likely to experience an increase in temperatures, as well as longer and more intense droughts and flooding. Hence, in addition to the six standardized stress tests, the analysis includes a natural disaster scenario, calibrated assuming a significant mitigation cost of 10 percent of GDP (around US\$ 4.5 billion) and a fall in GDP growth and exports using interaction coefficients of 1.5 and 3.5, respectively. The contingent liability stress test is based on the quantification of potential risks stemming from PPPs (14.1 percent of GDP) and financial markets (10 percent of GDP).

## EXTERNAL AND PUBLIC DEBT SUSTAINABILITY

**18. The external debt indicators show that Cambodia's risk of debt distress remains low.** External debt is projected to reach 27 percent of GDP by 2025, before moderating to 24 percent by 2044 (table 1). In present value terms, the external debt-to-GDP ratio is projected to hover around 15 percent. The large share of concessional loans means the debt service-to-exports and debt service-to-revenue ratios remain far below their indicative benchmarks throughout the forecast horizon.

**19. Stress tests suggests that Cambodia's external debt is most vulnerable to shocks to contingent liabilities.** Compared to shocks to real growth, the fiscal balance, exchange rate depreciation, exports and external flows, the impact of a contingent liability shock is the most severe—the present value

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country and global economic growth. The calculation is based on 10-year averages of the variables, across 5 years of historical data and 5 years of projection.

of the external debt-to-GDP ratio increases sharply, from less than 15 percent of GDP in 2024 to around 30 percent of GDP, and gradually falls back to about 28 percent over the medium term (figure 1).

**20. Total public debt grows more than the external debt as domestic borrowing is projected to increase in importance over time.** Under the baseline, the total PPG debt level increases from 26 percent of GDP in 2023 to 30 percent of GDP in 2034, with an increased domestic financing mix (Table 2). The present value of the total debt-to-GDP ratio is estimated to increase gradually to 24 percent throughout the projection horizon but remains well below the 55 percent benchmark. The debt service-to-revenue ratio is estimated to pick up over the long term, along with a rising share of domestic debt. The stress tests indicate that PPG debt is most vulnerable to shocks to contingent liabilities: under this shock scenario, the present value of the total debt-to-GDP ratio rises to over 30 percent by 2034 but does not breach the indicative threshold of 55 percent. The contingent liability stress test is also the most extreme shock for the debt service-to-revenue ratio, which results in a noticeable spike in 2027 (figure 2), as the stress from PPP and financial sector contingent liabilities (24 percent of GDP combined) results in temporary borrowing needs, increasing debt servicing. Regarding debt dynamics, current account has been the largest external debt creating factor in the recent past (Figure 3), largely due to the adverse shock to the trade balance during the pandemic (e.g. increase in health expenditure related import needs and reduction in tourism receipts during the pandemic). The current account contribution is expected to normalize to previous historical trend going forward. And debt creation will be primarily driven by government deficit, to support the growing economy and various development needs.

**21. Domestic debt issuance and stock are projected to remain small (Figure 5).** Domestic public debt issuance only began 2 years ago and the domestic debt market is expected to take some time to develop. The domestic debt to GDP ratio is expected to stay well below 10 percent through 2034, significantly lower than the median for low-income countries (LICs). Similarly, the domestic debt service as a percentage of revenues remains below 5 percent for much of the forecast period. These projections suggest that Cambodia's domestic public debt dynamics is aligned with maintaining macroeconomic and financial stability. However, due to the emergent nature of domestic borrowing and market development, the projections are subject to high uncertainty.

## RISK RATING AND VULNERABILITIES

**22. Cambodia remains at low risk of both external and overall debt distress.** Public debt is projected to rise by around 4 percentage points of GDP during the next decade, and its level is projected to stabilize. Moreover, the debt burden indicators are projected to remain well below their thresholds under the baseline and all the shock scenarios. Therefore, the external risk of debt distress is assessed to remain low. However, the analysis shows that debt sustainability is vulnerable to shocks in contingent liabilities and growth.

**23. Potential vulnerabilities to growth and contingent liability shocks highlight the importance of maintaining fiscal discipline and public debt management,** while promoting long-term growth, and strengthening PPP risk evaluation and macroprudential regulations. The current assessment relies on the assumptions of a relatively high and sustained GDP growth path and stable fiscal balance to GDP ratio. For these assumptions to remain realistic, it is crucial to diversify the economy and exports to increase

resilience to external shocks and improve spending efficiency. The successful implementation of a revenue mobilization strategy to improve the revenue to GDP ratio is also key. Further efforts to implement sound public investment management and PPP frameworks and strengthen analysis of PPP risks are needed. Finally, the authorities should focus on closing data gaps, especially in developing the data on external private debt and in monitoring the PPP stock and potential risks.

**24. Climate change can also affect debt sustainability.** The World Bank's climate impact models project that climate change could lower Cambodia's GDP by 3.0 to 9.4 percent,<sup>14</sup> which would imply an increase in the debt-to-GDP ratio up to 3 ppts from 30 percent in 2044 to 33 percent. However, it should be noted that this projection does not take into account the potential benefits of climate adaptation and mitigation policies in boosting growth.

## AUTHORITIES' VIEWS

**25. The authorities expressed their strong commitment to debt sustainability.** They highlighted the recently published Public Debt Management Strategy 2024-2028, which aims to maintain debt sustainability through measures such as prioritizing concessional financing, implementing a centralized debt management principle, and strengthening the monitoring of debt-related risks. On diversifying financing sources, the authorities are actively developing the domestic government bond market through the implementation of Policy Framework on the Development of Government Securities 2023-2028. Efforts are underway to expand the investor base, including allowing non-bank financial institutions to participate in primary and secondary markets. The Ministry of Economy and Finance is collaborating with the National Bank of Cambodia and the Securities and Exchange Regulator to enhance regulatory frameworks and market infrastructure. They aim to establish a yield curve by 2026 with technical advice from development partners. The authorities are also exploring innovative financing options such as blended finance, impact investment schemes, and green financing to complement traditional sources. Regarding contingent liabilities from public-private partnerships (PPPs), the authorities consider the associated risks to be low. They noted that most PPP projects after the 2021 PPP Law do not allow government guarantees, and projects are carefully evaluated to ensure financial viability before approval. The authorities emphasized their commitment to diversifying PPP partners and implementing robust project assessment procedures to mitigate potential risks.

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<sup>14</sup> Cambodia: Country Climate and Development Report, World Bank 2023.

Figure 1. Cambodia: Indicators of Public and Publicly Guaranteed External Debt under Alternatives Scenarios, 2024–2034



Customization of Default Settings		
Tailored Stress	Size	Interactions
Combined CL	Yes	
Natural disaster	No	No
Commodity price	n.a.	n.a.
Market financing	No	No

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.2%	1.2%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	27	27
Avg. grace period	9	9

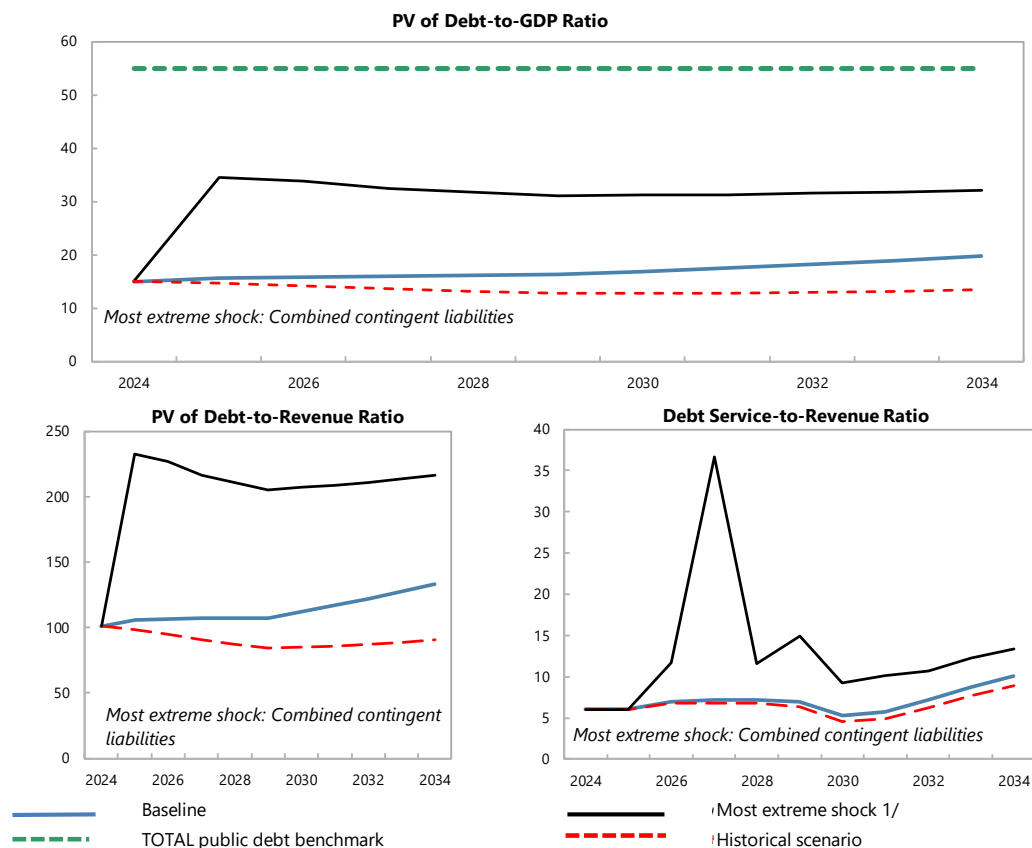
\* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

2/ The magnitude of shocks used for the commodity price shock stress test are based on the commodity prices outlook prepared by the IMF research department.

Figure 2. Cambodia: Indicators of Public Debt Under Alternative Scenarios, 2024-2034



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	81%	81%
Domestic medium and long-term	19%	19%
Domestic short-term	0%	0%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.2%	2.7%
Avg. maturity (incl. grace period)	27	27
Avg. grace period	9	9
Domestic MLT debt		
Avg. real interest rate on new borrowing	8.3%	2.0%
Avg. maturity (incl. grace period)	3	3
Avg. grace period	2	1
Domestic short-term debt		
Avg. real interest rate	-2.3%	3.0%

\* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2034. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 3. Cambodia: Drivers of Debt Dynamics - Baseline Scenario

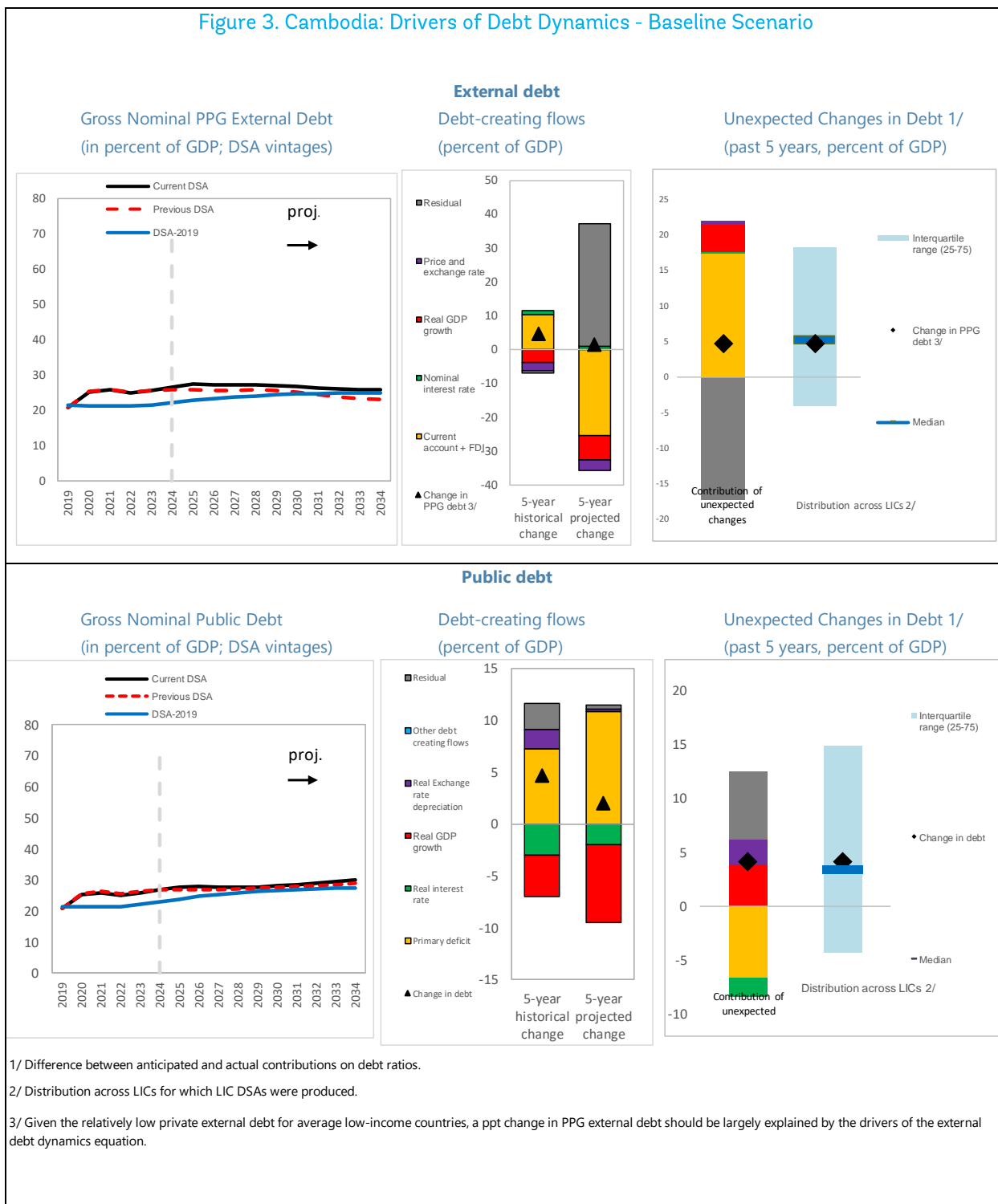
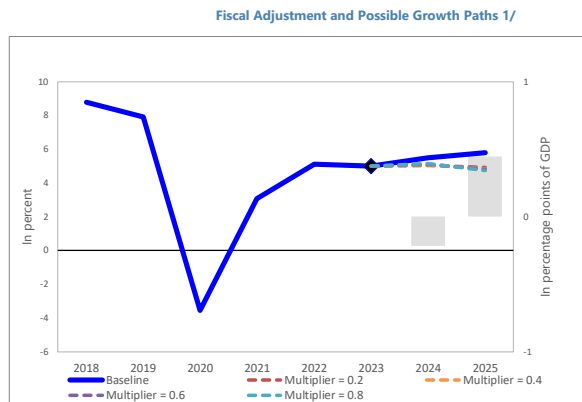
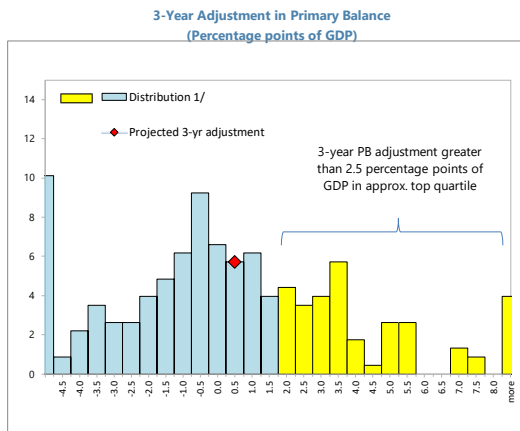
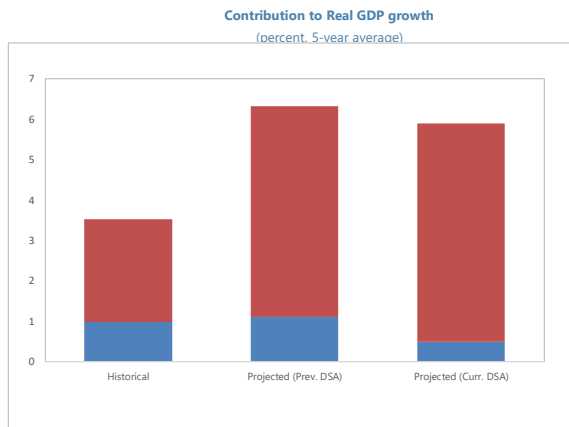
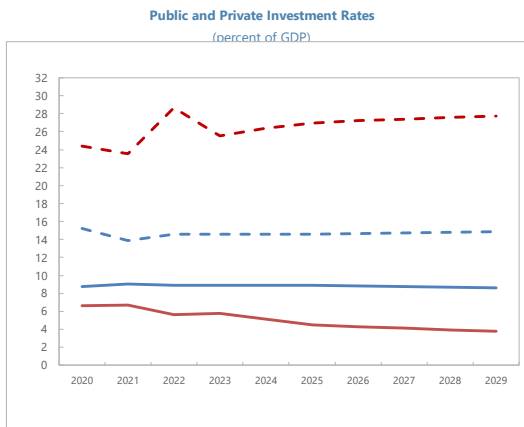


Figure 4. Cambodia: Realism tools



1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.

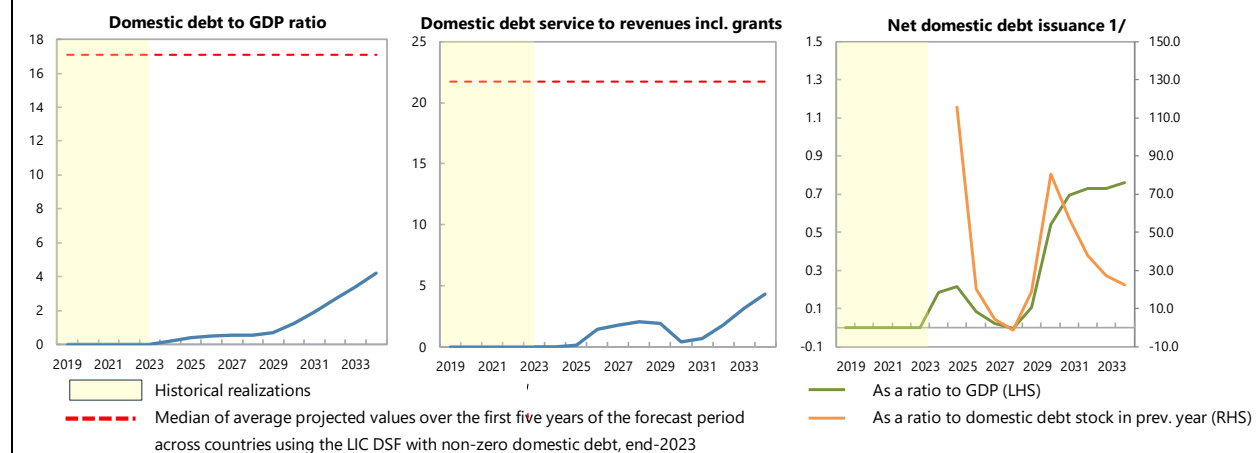
1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).



— Gov. Invest. - Prev. DSA      - - - Priv. Invest. - Prev. DSA  
 — Gov. Invest. - Curr. DSA      - - - Priv. Invest. - Curr. DSA

■ Contribution of other factors  
 ■ Contribution of government capital

Figure 5. Cambodia: Indicators of Public Domestic Debt 2024-2034 (in percent)



Borrowing Assumptions (average over 10-year projection)	Value
<b>Shares in new domestic debt issuance in shock scenarios</b>	
Medium and long-term	100%
Short-term	0%
<b>Borrowing terms</b>	
<b>Domestic MLT debt</b>	
Avg. real interest rate on new borrowing	2.0%
Avg. maturity (incl. grace period)	3
Avg. grace period	1
<b>Domestic short-term debt</b>	
Avg. real interest rate	3.0%

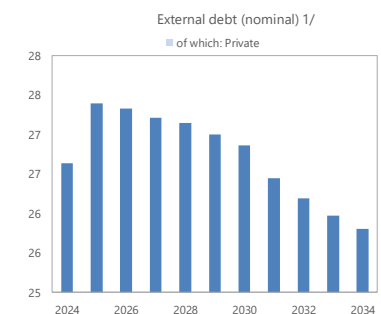
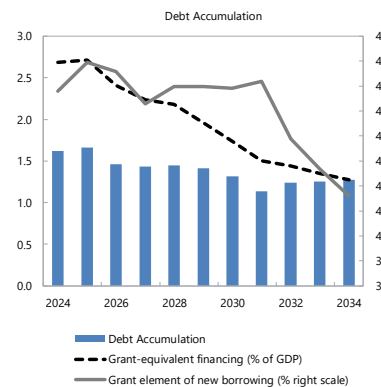
Sources: Country authorities; and staff estimates and projections.

Note: 1/ Net domestic debt issuance is an estimate based on the calculated public gross financing need net of gross external financing, drawdown of assets, other adjustments and domestic debt amortization. It excludes short-term debt that was issued and matured within the calendar year.

**Table 1. Cambodia: External Debt Sustainability Framework, Baseline Scenario, 2021-2044**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 8/ Historical Projections	
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2044	Historical	Projections
External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	25.9	25.0	25.7	26.6	27.4	27.3	27.2	27.1	27.0	25.8	24.3	23.6	26.7
Change in external debt	0.7	-0.9	0.7	0.9	0.8	-0.1	-0.1	-0.1	-0.1	-0.2	-0.7	-1.5	-5.8
Identified net debt-creating flows	19.1	8.4	-12.1	-7.0	-6.6	-6.0	-6.0	-6.1	-6.3	-5.2	-6.0	8.9	3.5
Non-interest current account deficit	29.3	18.8	-1.5	1.7	2.4	3.1	3.2	3.1	3.0	4.7	5.8	12.7	6.1
Deficit in balance of goods and services	34.3	23.2	3.8	6.8	7.0	6.2	6.2	6.0	5.8	5.8	5.8		
Exports	54.9	64.0	64.1	67.6	67.8	67.4	67.1	67.0	67.0	69.2	75.7		
Imports	89.2	87.2	67.9	74.4	74.9	73.6	73.3	73.1	72.9	75.0	81.5		
Net current transfers (negative = inflow)	-8.8	-8.1	-7.3	-6.8	-6.5	-6.2	-6.0	-5.7	-5.5	-4.7	-3.5		
of which: official	-1.4	-1.2	-1.1	-1.0	-0.9	-0.8	-0.8	-0.7	-0.7	-0.6	-0.5		
Other current account flows (negative = net inflow)	3.8	3.7	2.0	1.7	1.8	3.1	2.9	2.8	2.7	3.7	3.5		
Net FDI (negative = inflow)	-9.2	-8.6	-8.8	-7.5	-7.7	-7.8	-7.8	-7.9	-8.0	-8.8	-10.9		
Endogenous debt dynamics 2/	-1.1	-1.8	-1.8	-1.2	-1.3	-1.4	-1.3	-1.3	-1.3	-1.1	-0.9		
Contribution from nominal interest rate	0.2	0.2	0.2	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.3		
Contribution from real GDP growth	-0.7	-1.2	-1.2	-1.3	-1.4	-1.5	-1.5	-1.5	-1.5	-1.4	-1.2		
Contribution from price and exchange rate changes	-0.6	-0.8	-0.9	...	...	...	...	...	...	...	...		
Residual 3/	-18.3	-9.3	12.8	7.9	7.4	6.0	5.9	6.0	6.1	5.1	5.4	1.6	5.8
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
<b>Sustainability indicators</b>													
PV of PPG external debt-to-GDP ratio	...	...	14.3	14.8	15.3	15.4	15.4	15.5	15.6	15.6	16.1		
PV of PPG external debt-to-exports ratio	...	...	22.3	21.9	22.5	22.8	23.0	23.2	23.2	22.6	21.3		
PPG debt service-to-exports ratio	2.0	1.7	1.6	1.3	1.3	1.2	1.2	1.2	1.1	1.3	1.2		
PPG debt service-to-revenue ratio	7.4	6.5	7.1	6.5	6.4	6.0	5.8	5.5	5.3	5.9	6.0		
Gross external financing need (Million of U.S. dollars)	7800.4	4482.5	-4004.4	-2310.3	-2233.3	-2090.8	-2309.2	-2590.5	-2988.5	-3313.4	-9193.2		
<b>Key macroeconomic assumptions</b>													
Real GDP growth (in percent)	3.1	5.1	5.0	5.5	5.8	6.2	6.0	6.0	6.0	5.9	5.2	5.8	5.9
GDP deflator in US dollar terms (change in percent)	2.3	3.0	3.5	1.9	1.8	2.8	2.6	2.6	2.6	1.9	2.2	2.3	2.1
Effective interest rate (percent) 4/	1.0	0.9	0.9	0.6	0.7	0.7	0.8	0.8	0.9	1.1	1.3	1.1	0.9
Growth of exports of G&S (US dollar terms, in percent)	-0.2	26.3	8.9	13.4	8.1	8.4	8.3	8.7	8.8	8.6	8.6	10.5	9.0
Growth of imports of G&S (US dollar terms, in percent)	42.6	5.9	-15.3	17.7	8.5	7.2	8.3	8.4	8.5	8.6	8.5	10.0	9.2
Grant element of new public sector borrowing (in percent)	...	...	...	45.8	47.0	46.6	45.3	46.0	46.0	41.6	37.1	...	45.2
Government revenues (excluding grants, in percent of GDP)	14.7	16.4	14.7	13.7	13.7	13.8	14.0	14.1	14.4	14.6	14.7	14.8	14.2
Aid flows (in Million of US dollars) 5/	422.1	676.6	540.3	1580.1	1675.6	1508.9	1485.7	1615.3	1590.7	1325.5	1129.3		
Grant-equivalent financing (in percent of GDP) 6/	...	...	...	2.7	2.7	2.4	2.2	2.2	2.0	1.3	0.8	...	2.0
Grant-equivalent financing (in percent of external financing) 6/	...	...	...	59.9	60.3	61.2	60.3	60.1	58.6	48.5	38.7	...	57.1
Nominal GDP (Million of US dollars)	36,797	39,838	43,304	...	...	...	...	...	...	...	...		
Nominal dollar GDP growth	5.4	8.3	8.7	7.5	7.8	9.1	8.8	8.7	8.7	7.9	7.5	8.2	8.2
<b>Memorandum items:</b>													
PV of external debt 7/	...	...	14.3	14.8	15.3	15.4	15.4	15.5	15.6	15.6	16.1		
In percent of exports	...	...	22.3	21.9	22.5	22.8	23.0	23.2	23.2	22.6	21.3		
Total external debt service-to-exports ratio	2.0	1.7	1.6	1.3	1.3	1.2	1.2	1.2	1.1	1.3	1.2		
PV of PPG external debt (in Million of US dollars)	...	...	6198.4	6899.8	7674.6	8409.0	9193.9	10056.1	10969.9	16109.9	34778.5		
(Pvt-Pvt-1)/GDPt-1 (in percent)	...	...	...	1.6	1.7	1.5	1.4	1.4	1.4	1.3	0.8		
Non-interest current account deficit that stabilizes debt ratio	28.6	19.7	-2.2	0.8	1.6	3.2	3.3	3.2	3.2	4.9	6.4		

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No



Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as  $(r - g - \rho(1 + g)) / (1 + g + \rho + g)$  times previous period debt ratio, with  $r$  = nominal interest rate;  $g$  = real GDP growth rate, and  $\rho$  = growth rate of GDP deflator in U.S. dollar terms.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Current-year interest payments divided by previous period debt stock.

5/ Defined as grants, concessional loans, and debt relief.

6/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

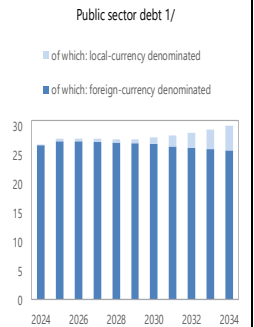
7/ Assumes that PV of private sector debt is equivalent to its face value.

8/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

**Table 2. Cambodia: Public Sector Debt Sustainability Framework, Baseline Scenario, 2021-2044**  
(In percent of GDP, unless otherwise indicated)

	Actual			Projections																Average 6/		
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	Historical	Projections
	<b>Public sector debt 1/</b>	25.9	25.0	25.7	26.8	27.8	27.8	27.8	27.7	27.7	30.0	30.7	31.3	32.0	32.6	33.1	33.4	33.4	33.2	32.9	32.2	23.6
of which: external debt	25.9	25.0	25.7	26.6	27.4	27.3	27.2	27.1	27.0	25.8	25.7	25.5	25.4	25.5	25.5	25.6	25.5	25.3	25.0	24.3	23.6	26.7
<b>Change in public sector debt</b>	0.7	-0.9	0.7	1.1	1.0	0.0	-0.1	-0.1	0.0	0.6	0.6	0.7	0.7	0.6	0.5	0.2	0.1	-0.2	-0.3	-0.6	-0.6	0.1
<b>Identified debt-creating flows</b>	4.0	-1.8	0.6	0.9	0.4	0.0	0.0	0.0	-0.2	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.6	0.6	0.6	0.7	-0.6	0.1
<b>Primary deficit</b>	4.9	0.0	2.5	2.7	2.3	2.0	1.9	1.9	1.8	1.9	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1	0.9	2.0
Revenue and grants	15.8	18.1	15.9	14.9	14.9	14.9	15.0	15.1	15.2	14.9	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.8	14.7	16.3	15.0
of which: grants	1.1	1.7	1.2	1.2	1.1	1.1	1.1	1.0	0.9	0.8	0.3	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Primary (noninterest) expenditure	20.7	18.1	18.4	17.6	17.1	17.0	16.9	17.0	16.9	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	16.8	17.2	17.0
<b>Automatic debt dynamics</b>	-0.9	-1.9	-1.9	-1.8	-1.9	-2.0	-1.9	-1.9	-1.9	-1.7	-1.7	-1.6	-1.6	-1.6	-1.5	-1.5	-1.5	-1.4	-1.4	-1.4	0.0	0.0
Contribution from interest rate/growth differential	-1.6	-2.7	-1.8	-1.8	-1.9	-2.0	-1.9	-1.9	-1.9	-1.7	-1.7	-1.6	-1.6	-1.6	-1.5	-1.5	-1.5	-1.4	-1.4	-1.4	0.0	0.0
of which: contribution from average real interest rate	-0.8	-1.4	-0.6	-0.4	-0.4	-0.4	-0.4	-0.4	-0.3	-0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.2	0.0	0.0
of which: contribution from real GDP growth	-0.8	-1.3	-1.2	-1.3	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	0.0	0.0
Contribution from real exchange rate depreciation	0.7	0.8	-0.1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.0	0.0
<b>Other identified debt-creating flows</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt relief (HIPC and other)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other debt creating or reducing flow (please specify)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Residual</b>	-3.3	0.9	0.1	0.2	0.6	0.0	-0.1	0.0	0.1	0.4	0.4	0.3	0.3	0.2	0.0	-0.3	-0.5	-0.8	-1.0	-1.3	0.8	0.3
<b>Sustainability indicators</b>																						
<b>PV of public debt-to-GDP ratio 2/</b>	...	...	14.3	15.0	15.7	15.9	16.0	16.1	16.3	19.8	20.7	21.5	22.4	23.2	23.8	24.3	24.5	24.5	24.4	24.0		
<b>PV of public debt-to-revenue and grants ratio</b>	...	...	89.6	100.9	105.9	106.5	106.9	106.9	107.3	133.5	139.3	145.2	151.1	156.7	161.3	163.9	165.6	165.8	165.2	163.0		
<b>Debt service-to-revenue and grants ratio 3/</b>	6.8	5.9	6.5	6.0	6.1	7.0	7.2	7.2	6.9	10.1	11.7	13.2	14.6	16.1	17.2	18.6	20.1	20.9	21.2	20.2		
<b>Gross financing need 4/</b>	6.0	1.1	3.5	3.6	3.2	3.1	3.0	3.0	2.8	3.4	3.7	3.9	4.1	4.4	4.6	4.8	5.0	5.1	5.2	5.0		
<b>Key macroeconomic and fiscal assumptions</b>																						
Real GDP growth (in percent)	3.1	5.1	5.0	5.5	5.8	6.2	6.0	6.0	6.0	5.9	5.8	5.7	5.7	5.6	5.5	5.5	5.4	5.3	5.2	5.2	5.8	5.9
Average nominal interest rate on external debt (in percent)	1.0	0.9	0.9	0.6	0.7	0.7	0.8	0.8	0.9	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.3	1.1	0.9
Average real interest rate on domestic debt (in percent)	-1.6	-2.5	-2.2	-1.0	12.6	11.0	10.2	8.8	7.4	6.7	6.7	6.6	6.6	6.6	6.5	6.5	6.5	6.4	6.4	6.4	-1.3	7.6
Real exchange rate depreciation (in percent, + indicates depreciation)	2.8	3.5	-0.3	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.3	--
Inflation rate (GDP deflator, in percent)	2.6	3.5	3.2	1.7	2.1	3.0	2.9	2.9	2.8	2.1	2.2	2.2	2.3	2.3	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.4
Growth of real primary spending (deflated by GDP deflator, in percent)	6.6	-8.2	6.8	0.9	2.9	5.2	5.7	6.3	5.7	5.9	5.8	5.7	5.7	5.6	5.5	5.5	5.4	5.3	5.2	5.2	7.4	5.1
Primary deficit that stabilizes the debt-to-GDP ratio 5/	4.2	0.9	1.8	1.6	1.3	2.0	2.0	1.9	1.8	1.3	1.3	1.3	1.3	1.4	1.5	1.8	2.0	2.2	2.4	2.7	2.3	1.6
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

Definition of external/domestic debt	Currency-based
Is there a material difference between the two criteria?	No



Sources: Country authorities; and staff estimates and projections.  
 1/ Coverage of debt: The central government, central bank, government-guaranteed debt, non-guaranteed SOE debt. Definition of external debt is Currency-based.  
 2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.  
 3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.  
 4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.  
 5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (i.e. a primary surplus), which would stabilize the debt ratio only in the year in question.  
 6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

**Table 3. Cambodia: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2024–2034**  
(In percent)

	Projections 1/										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>PV of debt-to-GDP ratio</b>											
<b>Baseline</b>	15	15	15	15	16	16	16	16	16	16	16
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	15	18	21	23	26	28	30	32	33	35	36
<b>B. Bound Tests</b>											
B1. Real GDP growth	15	16	17	17	18	18	18	18	18	18	18
B2. Primary balance	15	16	19	19	19	19	19	19	19	19	19
B3. Exports	15	18	24	24	23	23	23	22	22	22	22
B4. Other flows 3/	15	16	18	18	18	18	18	17	17	17	17
B5. Depreciation	15	19	17	17	17	17	18	17	18	18	18
B6. Combination of B1-B5	15	19	20	20	20	20	20	20	20	20	19
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	15	30	29	31	30	30	30	29	29	28	28
C2. Natural disaster	15	22	22	22	22	22	22	22	22	22	22
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	15	15	15	15	16	16	16	16	16	16	16
<b>Threshold</b>	40	40	40	40	40	40	40	40	40	40	40
<b>PV of debt-to-exports ratio</b>											
<b>Baseline</b>	22	23	23	23	23	23	23	23	23	23	23
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	22	27	31	35	39	42	45	47	49	51	53
<b>B. Bound Tests</b>											
B1. Real GDP growth	22	23	23	23	23	23	23	23	23	23	23
B2. Primary balance	22	24	28	29	29	29	28	28	28	27	27
B3. Exports	22	29	42	41	41	40	40	39	38	38	37
B4. Other flows 3/	22	24	26	26	26	26	26	26	25	25	25
B5. Depreciation	22	23	20	20	20	21	21	20	20	20	20
B6. Combination of B1-B5	22	27	27	29	29	29	29	28	28	28	27
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	22	44	43	46	45	45	44	43	42	41	40
C2. Natural disaster	22	32	33	34	34	34	34	33	33	33	33
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	22	23	23	23	23	23	23	23	23	23	23
<b>Threshold</b>	180	180	180	180	180	180	180	180	180	180	180
<b>Debt service-to-exports ratio</b>											
<b>Baseline</b>	1	1	1	1	1	1	1	1	1	1	1
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	1	1	1	1	1	1	1	2	2	2	2
<b>B. Bound Tests</b>											
B1. Real GDP growth	1	1	1	1	1	1	1	1	1	1	1
B2. Primary balance	1	1	1	1	1	1	1	1	1	1	1
B3. Exports	1	1	2	2	2	2	2	2	2	2	2
B4. Other flows 3/	1	1	1	1	1	1	1	1	1	1	1
B5. Depreciation	1	1	1	1	1	1	1	1	1	1	1
B6. Combination of B1-B5	1	1	1	1	1	1	1	1	1	1	1
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	1	1	2	2	2	2	2	2	2	2	2
C2. Natural disaster	1	1	2	2	2	1	1	1	2	2	2
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	1	1	1	1	1	1	1	1	1	1	1
<b>Threshold</b>	15	15	15	15	15	15	15	15	15	15	15
<b>Debt service-to-revenue ratio</b>											
<b>Baseline</b>	7	6	6	6	6	5	5	5	6	6	6
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	7	6	6	7	7	7	7	7	8	8	8
<b>B. Bound Tests</b>											
B1. Real GDP growth	7	7	7	7	6	6	6	6	6	7	7
B2. Primary balance	7	6	7	7	7	7	6	6	7	7	7
B3. Exports	7	6	6	7	7	6	6	6	6	7	7
B4. Other flows 3/	7	6	6	6	6	6	5	6	6	6	6
B5. Depreciation	7	8	8	7	7	6	6	6	7	7	7
B6. Combination of B1-B5	7	7	7	7	7	6	6	6	6	7	7
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	7	6	10	9	9	9	8	8	8	9	9
C2. Natural disaster	7	6	8	7	7	7	7	7	7	7	7
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	7	6	6	6	6	5	5	5	6	6	6
<b>Threshold</b>	18	18	18	18	18	18	18	18	18	18	18

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Cambodia: Sensitivity Analysis for Key Indicators of Public Debt, 2024–2034

	Projections 1/										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>PV of Debt-to-GDP Ratio</b>											
<b>Baseline</b>	15	16	16	16	16	16	17	17	18	19	20
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	15	15	14	14	13	13	13	13	13	13	13
<b>B. Bound Tests</b>											
B1. Real GDP growth	15	17	20	22	23	24	26	28	30	32	34
B2. Primary balance	15	17	20	20	20	20	21	21	22	22	23
B3. Exports	15	19	24	24	24	24	24	24	25	25	26
B4. Other flows 3/	15	17	18	18	18	18	19	19	20	21	21
B5. Depreciation	15	19	17	16	15	14	14	13	13	13	13
B6. Combination of B1-B5	15	16	18	18	18	18	18	19	20	21	21
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	15	35	34	32	32	31	31	31	31	32	32
C2. Natural disaster	15	24	24	23	23	23	24	24	25	26	27
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	15	16	16	16	16	16	17	17	18	19	20
<b>TOTAL public debt benchmark</b>	55	55	55	55	55	55	55	55	55	55	55
<b>PV of Debt-to-Revenue Ratio</b>											
<b>Baseline</b>	101	106	107	107	107	107	112	117	122	128	133
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	101	99	95	91	87	85	85	86	87	89	90
<b>B. Bound Tests</b>											
B1. Real GDP growth	101	116	133	142	150	159	172	186	199	213	227
B2. Primary balance	101	116	137	135	133	132	136	140	145	149	154
B3. Exports	101	126	163	161	158	156	160	163	167	171	175
B4. Other flows 3/	101	114	122	121	120	120	125	129	134	139	145
B5. Depreciation	101	127	117	108	100	93	90	88	87	85	85
B6. Combination of B1-B5	101	109	117	118	118	118	123	127	133	138	144
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	101	233	227	216	211	205	207	208	211	213	216
C2. Natural disaster	101	161	160	157	155	154	159	163	168	173	179
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	101	106	107	107	107	107	112	117	122	128	133
<b>Debt Service-to-Revenue Ratio</b>											
<b>Baseline</b>	6	6	7	7	7	7	5	6	7	9	10
<b>A. Alternative Scenarios</b>											
A1. Key variables at their historical averages in 2024-2034 2/	6	6	7	7	7	6	5	5	6	8	9
<b>B. Bound Tests</b>											
B1. Real GDP growth	6	6	8	9	11	11	10	11	13	15	16
B2. Primary balance	6	6	8	11	11	9	7	7	9	10	11
B3. Exports	6	6	7	8	8	8	6	7	8	10	11
B4. Other flows 3/	6	6	7	7	7	7	6	6	7	9	10
B5. Depreciation	6	7	8	8	7	8	6	6	7	9	10
B6. Combination of B1-B5	6	6	8	9	10	8	7	7	8	10	11
<b>C. Tailored Tests</b>											
C1. Combined contingent liabilities	6	6	12	37	12	15	9	10	11	12	13
C2. Natural disaster	6	6	9	20	9	11	7	8	9	11	12
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	6	6	7	7	7	7	5	6	7	9	10

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.