

COPING WITH SHOCKS

SPECIAL FOCUS

Insights into the Informal Economy



CAMBODIA ECONOMIC UPDATE
December 2025

COPING WITH SHOCKS

SPECIAL FOCUS
Insights into the Informal Economy



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

East Asia & Pacific

TABLE OF CONTENTS

ACKNOWLEDGMENTS	vi
ABBREVIATIONS	vii
EXECUTIVE SUMMARY	viii
Recent developments	viii
Outlook.....	ix
Challenges and risks	ix
Policy options	ix
PART 1: RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK	11
I. Recent economic developments	12
Global challenges.....	12
Cambodia is facing multiple shocks.....	12
Subdued demand due to property downturn	12
Remittances fell amid the border conflict	13
Mounting indebtedness	14
Cross-border trade, supply chain, and tourism disruptions.....	14
Falling inflation	15
Changes in U.S. trade policy led to a surge in front-loaded exports	15
Resilient services exports beginning to trend down	17
Strong FDI inflows continued.....	17
Accommodative monetary policy	18
Domestic strains pressure fiscal policy.....	20
Low public debt burden, but limited domestic financing.....	20
II. Outlook, risks, and policy options	21
Outlook	21
Challenges and risks.....	21
Policy options.....	22
PART 2: INSIGHTS INTO THE INFORMAL ECONOMY	25
I. Introduction	26
II. Profiling informality: A tale of three groups	28
III. The productivity challenge: The drag of informality	29
IV. The productivity opportunity: What makes informal businesses productive?	32
V. The formalization journey: from viable informal businesses to formal firms	36
The opportunity: What happens if viable informal businesses formalize?	36
The problem: Why aren't viable informal businesses registering?	38
VI. Policy implications and recommendations	40
ANNEX. CAMBODIA – SELECTED INDICATORS	45
BIBLIOGRAPHY	47

BOXES

Box 1: Potential impacts of U.S. trade policy changes

Box 2: Programs to Enhance Competitiveness, Diversification, and Resilience

FIGURES

Figure ES1: The economy is facing multiple shocks

Figure 1: Domestic demand

Panel A: Cambodia's real growth moderated

Panel B: Muted property investment appetite

Panel C: Declining remittances

Panel D: Job opportunities from approved QIPs

Panel E: Rising unpaid family workers

Panel F: Household with migrants

Panel G: Returnees' jobs and poverty rates

Panel H: Mounting household debt

Figure 2: External accounts and monetary aggregates

Panel A: Goods exports spiked before easing

Panel B: GTF remained important exports

Panel C: Global rice prices declined

Panel D: Tourist arrivals slowed

Panel E: The current account deficit widened

Panel F: Increasing FDI, led by China

Panel G: Rising FDI in manufacturing

Panel H: Deposits boosted broad money

Figure 3: Fiscal accounts

Panel A: Revenue initially improved

Panel B: Education and health budgets protected

Panel C: The fiscal deficit widened

Panel D: Robust government deposits

Panel E: Public debt contained

Panel F: Reduced Chinese debt share

Figure S.1: Economic contribution of informal businesses in Cambodia compared to peers

Figure S.2: Profile of Informal businesses in Cambodia: A tale of three groups

Figure S.3: Characteristics of non-survivalist informal businesses in Cambodia

Figure S.4: Productivity levels of informal businesses and formal firms in Cambodia

Figure S.5: Share of young, registered firms and their productivity in Cambodia compared to peers

Figure S.6: Average labor productivity among informal businesses by quartile

Figure S.7: Impact on probability of becoming a High Performing (top 25%) informal firm

Figure S.8: Average labor productivity among informal businesses by usage of financial services

Figure S.9: Average labor productivity among informal businesses by technology usage

Figure S.10: Average labor productivity among informal businesses by measures of owner skills

Figure S.11: Average labor productivity among viable informal businesses by size and use of advanced inputs

Figure S.12: Potential impact of greater formality on enterprise composition and productivity in Cambodia

Figure S.13: Costs and benefits of firm registration in Cambodia

Figure S.14: Time and financial costs to register a business in Cambodia compared to peers

Figure S.15: Rates of new business entry in Cambodia compared to peers

TABLES

Table ES1: Macro outlook

Table B2.1: Cambodia: Summary of Impacts from Recent U.S. Trade Policy Changes

Table 1: Cambodia: Selected macroeconomic indicators, 2020-27

Table 2: Detailed policy options

Table S.1: Policy ideas to promote greater registration

ACKNOWLEDGMENTS

The December 2025 Cambodia Economic Update (CEU) was prepared by Sodeth Ly and Fayavar Hayati, with contributions from Christine Ann Mcdeniél, Jose E. Signoret, Hassan Noura, Aka Kyaw Min Maw, Kimsun Tong, Samik Adhikari, Sovannroeun Samreth, Soujanya K. Chodavarapu, and Tim L. De Vann. Chankesey Heav served as a research assistant. Sina Oum provided administrative support. Saroeun Bou helped with the press release, web display, and dissemination events.

The team worked under the overall guidance of Habib Nasser Rab and Marco Hernandez. The team is grateful for the advice and comments provided by Lalita M. Moorty, Mariam Sherman, and Tania Meyer. Several colleagues, including Aaditya Mattoo, Ergys Islamaj, Daisuke Fukuzawa, Aiden Benedict Glendinning, and Ngan Hong Nguyen provided comments on the draft version.

The team is grateful to the Cambodian authorities, particularly the Ministry of Economy and Finance and the National Bank of Cambodia, for their cooperation and support. The update also benefited from the advice, comments, and views of various stakeholders in Cambodia, including its enthusiastic readers and critics.

The CEU, produced biannually, provides up-to-date information on macroeconomic developments in Cambodia. It is distributed and discussed widely, including among Cambodian authorities, development partners, the private sector, think tanks, civil society organizations, and academia.

For information about the World Bank and its activities in Cambodia, please visit our website at www.worldbank.org/cambodia.

To be included in the email distribution list of the CEU and related publications, please contact Sina Oum (soum1@worldbank.org). For questions on the contents of this publication, please contact Saroeun Bou (sbou@worldbank.org).

The findings, interpretations, and conclusions expressed in this report do not necessarily reflect the views of the Executive Directors of the World Bank or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of the World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

ABBREVIATIONS

ASEAN	Association of Southeast Asian Nations
B-READY	Business Ready
BFI	banks and financial institutions
CEU	Cambodia Economic Update
CSES	Cambodia Socio-Economic Survey
EAP	East Asia and Pacific region
EU	European Union
FDI	foreign direct investment
GDP	gross domestic product
GNI	Gross National Income
GSP	Generalized System of Preferences
GTF	garment, travel goods, and footwear
LDC	least developed country
MFN	most favored nation
MSME	Micro, Small, and Medium Enterprises
NPL	nonperforming loan
NSSF	National Social Security Fund
OBRS	Online Business Registration System
ODA	official development assistance
ppt	percentage point
QIP	Qualified Investment Project
ROA	return on assets
ROE	return on equity
SME	small and medium-sized enterprise
U.S.	United States
US\$	United States dollar
VAT	value-added tax
y/y	year-on-year

EXECUTIVE SUMMARY

Recent developments

Cambodia is facing substantial risks to macroeconomic stability and sustained growth from three simultaneous shocks (figure ES1): an ongoing property market downturn, the Cambodian-Thai border conflict, and rising trade restrictions.

First, a sustained property sector downturn is weighing heavily on domestic demand. Qualified Investment Projects (QIP) in construction and real estate plunged to just US\$660 million in 2024—a tenfold drop from the 2019 peak of US\$6.4 billion—while the Property Price Index fell 1.9 percent year-on-year (y/y) in August 2025, signaling persistent market weakness. This slump has compounded already subdued private consumption, which accounts for nearly two-thirds of GDP and continues to dampen economic performance, exposing vulnerabilities in household demand and consumer confidence. Credit growth remained constrained at 4.9 percent y/y in August 2025, far below the pre-COVID-19 average of 26 percent (2012-19), limiting financial support for investment and spending. As a result, domestic demand has slowed, driving a steady decline in core inflation since early 2025. Headline inflation stayed muted at 2.1 percent y/y in September, with food and energy prices contained, though emerging supply chain disruptions from border conflict are beginning to push up prices in provinces bordering Thailand.

Second, the Cambodian-Thai border conflict has worsened economic challenges by disrupting labor markets, remittance flows, tourism, and supply chains. According to Ministry of Labor and Vocational Training, as cited in the bulletin of the Ministry of Information dated October 5, 2025, around 300,000 Cambodian migrant workers returning from Thailand—approximately one-third of the returnees—were assisted in securing domestic employment, with

a majority of remaining workers (about two thirds) still facing limited prospects in the labor market. Remittances, which make up 5.5 percent of GDP, are projected to drop by 60 percent in the fourth quarter of 2025, further reducing household incomes and domestic demand. International arrivals, representing 8 percent of GDP, fell by 27 percent, mainly due to the collapse of Thai tourist inflows, intensifying pressures on tourism and related industries.

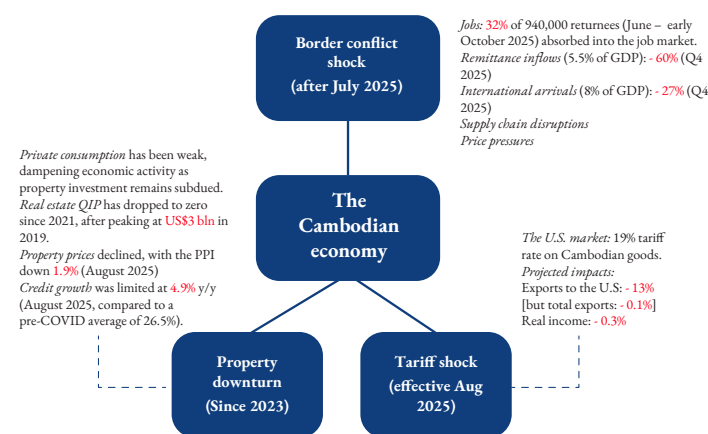
Third, adverse shifts in trade dynamics are expected to dampen Cambodia’s goods exports—which account for two-thirds of GDP—particularly due to the implementation of a 19 percent tariff on exports to the U.S. market. Exports to the U.S. are projected to contract by 13 percent due to lower competitiveness and demand. Lower

exports are projected to cut real income growth by 0.3 percent, highlighting the impact of increased trade barriers on domestic welfare.

High-frequency data reveal a temporary 15.6 percent y/y surge in manufacturing exports during the first nine months of 2025, driven primarily by increased shipments to the U.S. market. Exporters have front-loaded shipments of garments, travel goods, footwear, and bicycles in anticipation of trade restrictions, indicating a short-term, strategic response to evolving policy uncertainty rather than a sustained improvement in export performance. Meanwhile, agricultural production and exports—which employ a third of the labor force—are being adversely affected by the collapse in rice prices.

Manufacturing export expansion—supported by rising investment—drove rapid import growth, up 15.7 percent y/y in the first nine months of 2025. Imports of intermediate goods such as fabric and electrical components, as well as construction equipment, grew rapidly, resulting in a wider current account deficit. External pressures were moderated, however, by strong foreign direct investment (FDI) inflows, particularly in garments, travel goods, and footwear (GTF)—with rising foreign investments in

Figure ES1: The economy is facing multiple shocks



Note: PPI = Property Price Index; QIP= Qualified Investment Project.

vehicle tires, home appliances, and furniture. FDI in the first half of 2025 grew by 28.4 percent y/y. This has supported a sustained appreciation of the riel since July 2024. It has also helped boost foreign exchange reserves to US\$25.1 billion (equivalent to about 7.5 months of imports) in September 2025.

Sluggish economic conditions have pressured fiscal policy, but the government remains committed to consolidation. The overall fiscal deficit in the first half of 2025 stood at an estimated 1.6 percent of GDP compared to 1.2 percent in the same period last year. The higher deficit is due to slower revenue collection, impacted by subdued consumption-based tax receipts, while expenditures were broadly contained.

Credit growth to the private sector remains sluggish, highlighting structural inefficiencies—particularly the weak conversion of savings into productive investment—despite accommodative monetary policy and a 7 percent reserve requirement rate on U.S. dollar and riel deposits. Broad money growth accelerated to 17.2 percent y/y in August 2025, driven by increased foreign currency deposits in Cambodia’s highly dollarized economy, even as interest rates declined. Deposit growth without matching credit expansion suggests a lack of bankable investments despite accommodative monetary conditions.

Outlook

Real GDP growth is estimated at 4.8 percent in 2025 and projected at 4.3 percent in 2026 (compared to April 2025 projections at 4.0 percent and 4.5 percent, respectively) (table ES.1). The 2025 upgrade is driven by front-loaded exports of GTF products. The moderation in 2026 reflects subdued domestic demand, with underlying household and corporate spending yet to recover.

Cambodia’s monetary poverty rate is expected to rise amid an economic slowdown and trade restrictions. In the short term, the rapid influx of returnees can strain job markets and social services; however, as returnees re-enter employment, their skills and participation will expand the labor force and can support productivity and growth. In the longer term, as trade and logistics improve through continued efforts by the authorities, Cambodia’s capacity to meet rising domestic demand—supported by returning migrants—should strengthen. Investments in connectivity, especially ports and highways, are expected to boost economic activity. However, Cambodia’s graduation from least developed country (LDC) status in 2029 is likely to reduce access to

concessional official development assistance (ODA) and could narrow some preferential export markets, although the pace and extent will depend on transition arrangements and partner policies.

Challenges and risks

Risks remain tilted to the downside. On the domestic front, mounting labor market pressures and rising non-performing loans (NPLs) could further undermine economic activity. In addition, the possibility of renewed border conflict poses further risks. Externally, weaker global demand—exacerbated by shifts in trade policy and a slower-than-expected recovery in China, Cambodia’s primary source of FDI and tourism—would further weigh on the outlook.

Table ES1: Macro outlook

(percent of GDP unless otherwise indicated)						
	Projections			Change from June 2025		
	2025	2026	2027	2025	2026	2027
Real growth (percent)	4.8	4.3	5.1	0.8	-0.2	0.0
CPI (period average, percent)	2.7	3.0	3.0	-1.3	-1.0	-1.2
Current accounts	-1.8	-3.7	-3.6	3.4	0.9	1.1
Overall fiscal deficit	-3.4	-2.6	-2.1	-0.6	-0.1	-0.1
Public debt	26.6	26.8	27.0	0.3	0.6	1.0

Source: Cambodian authorities and World Bank staff estimates and projection.

Policy options

Coordinated monetary and fiscal policy strengthens macroeconomic management and financial stability by balancing growth, inflation, and sustainable economic performance. Aligning these tools helps Cambodian authorities respond effectively to shocks.

- *Monetary policy.* Accommodative monetary policy to support demand, together with strong regulatory oversight to manage banking sector risks with rising NPLs, is vital for macro-financial stability. In particular, comprehensive asset management, effective insolvency and bank resolution frameworks, and deposit insurance play a crucial role in strengthening the resilience of the financial system.

- *Fiscal and sectoral policy.* Cambodia’s low public debt (26 percent of GDP) and sizable net government deposits (9 percent of GDP) provide fiscal space for a narrow, countercyclical fiscal policy with targeted measures to absorb shocks, focusing on social protection, employment, and reskilling/upskilling. In this regard, several key measures should be considered.
 - Provide emergency cash transfers to vulnerable returnees (especially female returnees over the age 40), link transfers with training and job programs, and offer extra support for women and children, along with public works as needed and suitable.
 - While the government has implemented targeted job matching program, established a hotline and conducted nationwide job fairs, and approved additional investment projects to create job opportunities, returnee integration can be further accelerated by co-designing short training modules with employers, recognizing prior learning and experiences, and tying public financing to verified job placements.
 - Use the Skills Development Fund for demand-driven training, especially for small and medium-sized enterprises (SMEs) outside major cities.
 - Implement a single intake system for skills profiling, offering targeted training and vacancy referrals, publishing monthly skills signals, and tracking employment outcomes.
 - In the medium-term, modernize the IDPoor registry, build integrated social assistance combining cash, health, education, and livelihoods, and strengthen delivery with digital payments and financial literacy.
- *Structural policy.* To enable a rapid supply-side response to rising demand—particularly in the context of border closures and return migration—it is essential to address the key constraints faced by Micro, Small, and Medium Enterprises (MSMEs). See also Special Focus: “Insights into the Informal Economy”. The 2023

Enterprise Surveys and 2024 B-Ready identified key obstacles to business competitiveness and investment in Cambodia, including burdensome tax administration, corruption, inefficient judicial processes, and high transport costs. Accordingly, the following measures should be considered:

- Enhance transparency by publishing all permit and licensing requirements online and making application status trackable.
- Streamline and digitize regulations for permits and licensing, including creating a single online portal for business registration and approvals, which will reduce costs, save time, and minimize opportunities for corruption.
- Implement regular audits and public reporting of tax administration processes to reduce corruption and improve accountability.
- Lower energy costs by increasing access to affordable electricity and renewable energy, especially solar rooftop by eliminating the “compensation tariff” prioritizing support for the agriculture, agro-processing, and food processing and manufacturing sectors.

Similarly, shortcomings identified by the 2024 Logistics Performance Index can be addressed by the following measures:

- Introduce a comprehensive electronic customs clearance and national single window at major borders and ports to accelerate processing and reduce paperwork.
- Train customs staff on digital systems and set annual targets for faster clearance.
- Introduce a logistics performance tracking system (logistics dashboard), supported by a hotline for traders and citizens to report irregularities.
- In the medium term, invest in modernizing transport infrastructure, and upgrade key economic corridors (East-West and North-South corridors), ports, and warehousing facilities.

PART 1:

RECENT ECONOMIC DEVELOPMENTS AND OUTLOOK



I. RECENT ECONOMIC DEVELOPMENTS

Global challenges

Global growth is projected to decline to 2.3 percent in 2025 from 2.8 percent in 2024.¹ Trade tensions, policy uncertainty, and geopolitical conflicts pose key challenges. Climate change, high debt, and limited fiscal space constrain countries' ability to manage shocks and invest. The global manufacturing Purchasing Managers' Index (PMI) for new export orders entered contractionary territory in April and May 2025, reaching its lowest level in 20 months. Slow progress in poverty reduction and job creation also threaten stability, highlighting the need for stronger global cooperation.

The East-Asia and Pacific (EAP) region—including Cambodia—faces the dual challenge of creating more and better jobs amid technological change and rising trade protectionism.² Economic growth in the region is projected to slow to 4.0 percent, with China's growth easing to 4.0 percent and the rest of the region to 4.2 percent, mainly due to weaker global demand, persistent property sector challenges in China, and increasing trade policy uncertainty. Policies should focus on removing barriers to competition, investing in human capital, and better aligning workforce skills with evolving economic needs.

Cambodia is facing multiple shocks

Cambodia's economy is facing several simultaneous shocks: a prolonged slowdown in the real estate sector, emerging border conflict, and unpredictable export volatility driven by rising tariffs—including a decline in rice prices. Collectively, these interconnected challenges pose significant risks to the country's macroeconomic stability and may limit its capacity to maintain strong growth in the near term (figure 1, panel A).

Challenges in the real estate sector have led to a sharp drop in property investment. Consumption has also declined, and indebtedness has risen among households due to the lingering effects of the pandemic.

Border conflict have further strained the economy by reducing remittance inflows, while the return of nearly 1 million migrant workers has intensified pressure on a labor market already weakened by the property sector downturn.

Goods exports—previously a pillar of resilience—are now exposed to new risks from global trade policy uncertainty, while falling rice prices affect one-third of the workforce.

Subdued demand due to property downturn

The ongoing downturn in the property sector has significantly weakened private consumption, which constitutes nearly two-thirds of GDP. This has dampened overall economic performance and highlights vulnerabilities in household demand and consumer confidence. Economic indicators for 2025 suggest that domestic demand overall has remained soft. Investment sentiment in the property sector has also been subdued; approved investment in construction and real estate under the QIP scheme (excluding special economic zones)—encompassing both domestic and foreign financing—plummeted to US\$167 million in September 2025, representing a 71.6 percent y/y decline. This substantial contraction signals heightened investor caution and underscores the ongoing challenges facing the sector (figure 1, panel B).

The Property Price Index (PPI) fell by 1.9 percent y/y in August, signaling a further deterioration in market sentiment and a decline in asset values. This decline is driven by market saturation resulting from pre-pandemic overinvestment, coupled with weakening demand—factors that together contribute to a subdued investment outlook. In Phnom Penh, a key property investment hotspot, land prices continued to fall during the first half of the year. The top three districts—Daun Penh, Boeung Keng Kang, and 7 Makara—experienced y/y declines of 8 to 10 percent.³

In parallel, domestic credit growth—which previously averaged 26 percent per year during the pre-COVID-19 period (2012-19), fueling the construction boom—slowed markedly to 4.9 percent y/y in August 2025.

1 World Bank 2025a.

2 World Bank 2025b.

3 Phnom Penh land price 2025 H1, Cambodia Valuers and Estate Agents Association. <https://cvea.org.kh/eng/news/announcements/article/land-price-h1-2025>

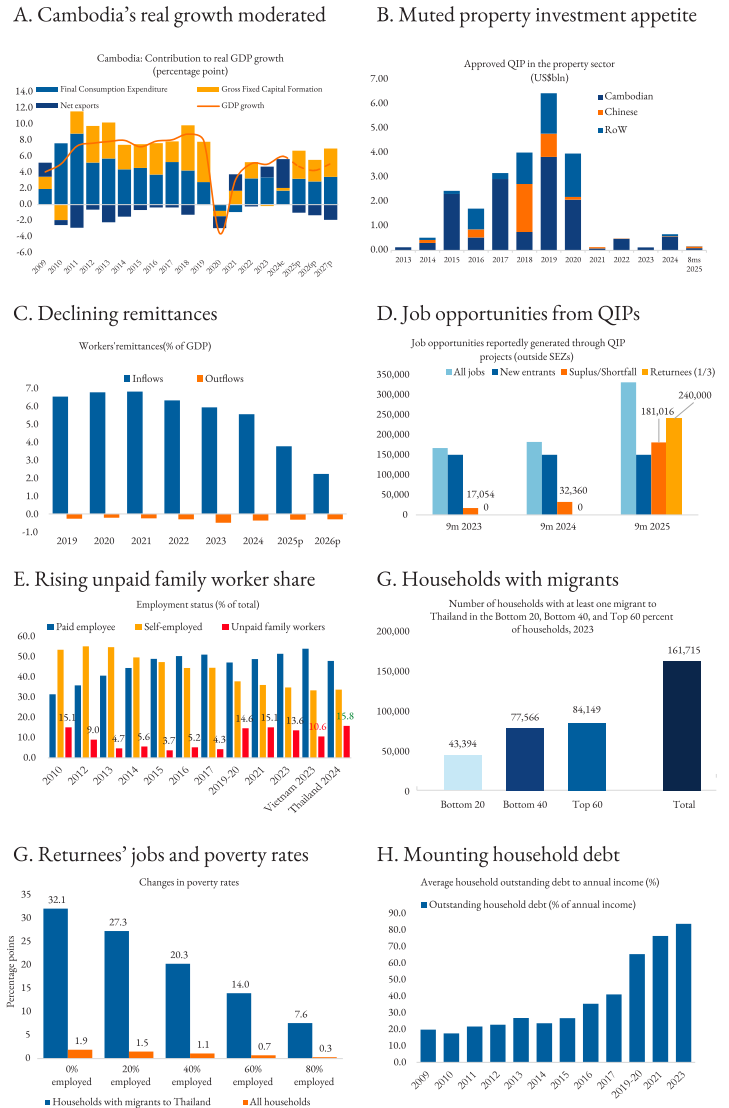
Remittances fell amid the border conflict

The Cambodian-Thai border conflict has disrupted labor markets, remittances, and tourism. The conflict had notable economic and social effects. Before hostilities began in July 2025, about 1.3 million Cambodians worked in Thailand, nearly half unregistered. The sudden return of 940,000 Cambodian migrant workers⁴—representing about 70 percent of all Cambodian migrants working in Thailand—during June to early October 2025 immediately reduced remittance inflows. Cambodian migrants in Thailand earned an average of US\$400 per month, compared to US\$248 in Cambodia. Each worker typically remitted about US\$150 per month. In 2024, total remittance inflows amounted to US\$2.6 billion (5.5 percent of GDP), with nearly 80 percent originating from Thailand. The return of migrant workers from Thailand could reduce annual remittance inflows by about US\$1.7 billion (around 60 percent) (figure 1, panel C). Using a conservative marginal propensity to consume of 0.5, this could reduce household consumption by roughly US\$850 million—equivalent to 1.8 percent of nominal GDP. And the abrupt loss of jobs resulted in a sharp decline in incomes and remittances, with 85 percent of surveyed returnees reporting their incomes falling to zero.⁵

In addition to the decline in remittances, the labor market experienced a significant shock, particularly in border provinces. Among the returnees, about 700,000 were wage workers and 200,000 were self-employed. By early October 2025, approximately one-third—about 300,000 individuals—were assisted in securing domestic employment, of whom 240,000 obtained formal jobs, according to the authorities.⁶ Although the absorption of such a large number of returnees into formal employment within just about three months (July–September 2025) seems high—particularly given that the labor market was already in a post-pandemic equilibrium—there was a notable increase in reported job opportunities under approved QIP projects outside special economic zones (SEZs). In

Figure 1: Domestic demand

Domestic demand is weakening due to a prolonged property market downturn that has reduced investment in the property sector and slowed job growth. At the same time, falling remittances from return migration and rising household debt are limiting consumer spending and increasing financial risks. Together, these trends are putting downward pressure on economic growth.



Sources: A: Cambodian authorities and World Bank staff projections. B and D: Cambodian authorities. C: The National Bank of Cambodia and World Bank staff projections. E: Cambodia socio-economic surveys (2010-2023) F: Cambodia socio-economic surveys, Vietnam labor force survey (2023) and Thailand labor force survey (July – September 2024). G, and H: World Bank staff estimates using Cambodia socio-economic surveys. Note: QIP = qualified investment project; RoW = rest of the world; p = projection; ms = months.

the first nine months of 2025, these projects created about 331,000 jobs. This is a big increase compared to 182,000 jobs during the same period in 2024 and 167,000 jobs in 2023 (figure 1, panel D). Each year, around 250,000 young people join Cambodia's workforce.⁷ During the first nine months of 2025,

4 The bulletin of the Ministry of Information dated 5 October 2025. See <https://www.information.gov.kh/articles/171339>

5 National Bank of Cambodia survey on returned migrant workers from [https://www.facebook.com/share/v/16tD94bfPx/?mibextid=wwXlfrThailand, August 2025 \(unpublished\).](https://www.facebook.com/share/v/16tD94bfPx/?mibextid=wwXlfrThailand, August 2025 (unpublished).)

6 Statement by the Ministry of Labor and Vocational Training. See <https://www.facebook.com/share/v/16tD94bfPx/?mibextid=wwXlfr>

7 Ministry of Labor and Vocational Training 2020.

the extra 181,000 job opportunities outside SEZs, combined with those in SEZs (about 20 percent of the outside-SEZ total), were close to the number needed to help 240,000 returnees to Cambodia find work.

However, there is a significant mismatch between the skills of returnees and the available jobs. More than 70 percent of job openings are in manufacturing—mainly in the garment, travel goods, and footwear (GTF) sector—yet only 4 to 5 percent of returnees have experience relevant to these positions. Most returnees are young and have limited education, clustering in low-skill activities within manufacturing (42.8 percent), construction (29.5 percent), agriculture (18.4 percent), and other sectors (9.3 percent).⁸

The labor market shock caused by return migration has further complicated an already challenging situation of increased unpaid family workers due to the pandemic (figure 1, panel E). Cambodia’s share of unpaid family workers increased rapidly after the onset of COVID-19. In 2023, it was higher than Vietnam’s (10.6 percent)⁹, but lower than Thailand’s (15.8 percent in 2024).¹⁰ This increase in unpaid family work may contribute to greater vulnerability and poverty, particularly for women and youth. It can also limit access to formal jobs and social protection, reinforce gender gaps, and potentially affect economic growth and household resilience.

The number of households with at least one migrant to Thailand decreases as income rises (figure 1, panel F), **suggesting that migration is primarily driven by a lack of employment opportunities and rising poverty, according to the 2023 Cambodia Socio-Economic Survey.** Migrants’ families that stay back in Cambodia are relatively poor, with a monetary poverty rate of 11 percentage points higher than the national average. If only 40 percent of returned migrants are employed and able to maintain their families’ pre-return living conditions, simulations indicate that monetary poverty rates among households with migrants to Thailand would rise by 20 percentage points (figure 1, panel G). Consequently, the overall monetary poverty rate is projected to increase by 1 percentage point.

8 National Bank of Cambodia survey on returned migrant workers from Thailand, August 2025 (unpublished).

9 General Statistics Office 2024.

10 National Statistical Office (Thailand) 2024.

Mounting indebtedness

The financial strain on households is intensified by the substantial debt burden carried by returnees, who now face higher average debt levels and greater repayment pressures. Lost income has worsened these challenges, further weakening domestic demand and dampening economic activity. The average debt for returnees is US\$7,800 in formal loans and US\$2,400 in informal loans, with monthly repayments of US\$194 and US\$106, respectively. In 2023, the average debt-to-income ratio of households rose to 83.7 percent (figure 1, panel H), while the debt service-to-income ratio increased to 45.4 percent. The average debt among returnees is higher (US\$7,200 compared to US\$6,470 among indebted households). Social services and infrastructure have come under strain. According to Cambodia’s National Committee for Disaster Management—cited in a press release from the Ministry of Foreign Affairs and International Cooperation—the border conflict that flared up in July 2025 displaced 40,872 households, or 136,013 people.¹¹ This has contributed to increased poverty.

Cross-border trade, supply chain, and tourism disruptions

Cross-border trade has also been disrupted. Cambodia’s trade deficit with Thailand is its second largest, and in 2024, Cambodia exported US\$844 million to Thailand while importing US\$3.4 billion, mainly in fuel, vehicles, and agricultural machinery. As most trade is conducted across land borders, ongoing border closures have severely impacted bilateral trade and supply chains, given Cambodia’s reliance on Thai inputs. Thailand is also important for Cambodia’s integration into regional value chains, particularly in electronics and vehicle assembly, although Thai investment remains modest compared to China. Tourism has suffered as well, with Cambodia welcoming 6.7 million foreign visitors in 2024, including 2.1 million from Thailand. Tourism receipts accounted for 7.7 percent of GDP, with Thai visitors contributing a quarter of those receipts. Angkor Wat ticket sales fell 18.1 percent y/y in July 2025 amid border conflict, and the contraction deepened to 25.7 percent y/y in September 2025.

11 Ministry of Foreign Affairs and International Cooperation. Press Release. August 3, 2025. See <https://www.mfaic.gov.kh/posts/2025-08-04-Press-Release-Deputy-Prime-Minister-PRAK-Sokhonn-hosted-Field-Visit-to-Oddar-Meanchey-and-Siem-Reap-09-45-12>

Falling inflation

The slowdown in domestic demand has contributed to a consistent decline in core inflation since the beginning of the year. Headline inflation has declined as pressures on food and energy prices have eased. Both core and headline inflation remained subdued in September 2025, at 1.3 percent y/y and 2.1 percent y/y, respectively. However, early indications are that supply chain disruptions due to border conflict have already started to fuel price pressures in provinces bordering Thailand.

Changes in U.S. trade policy led to a surge in front-loaded exports

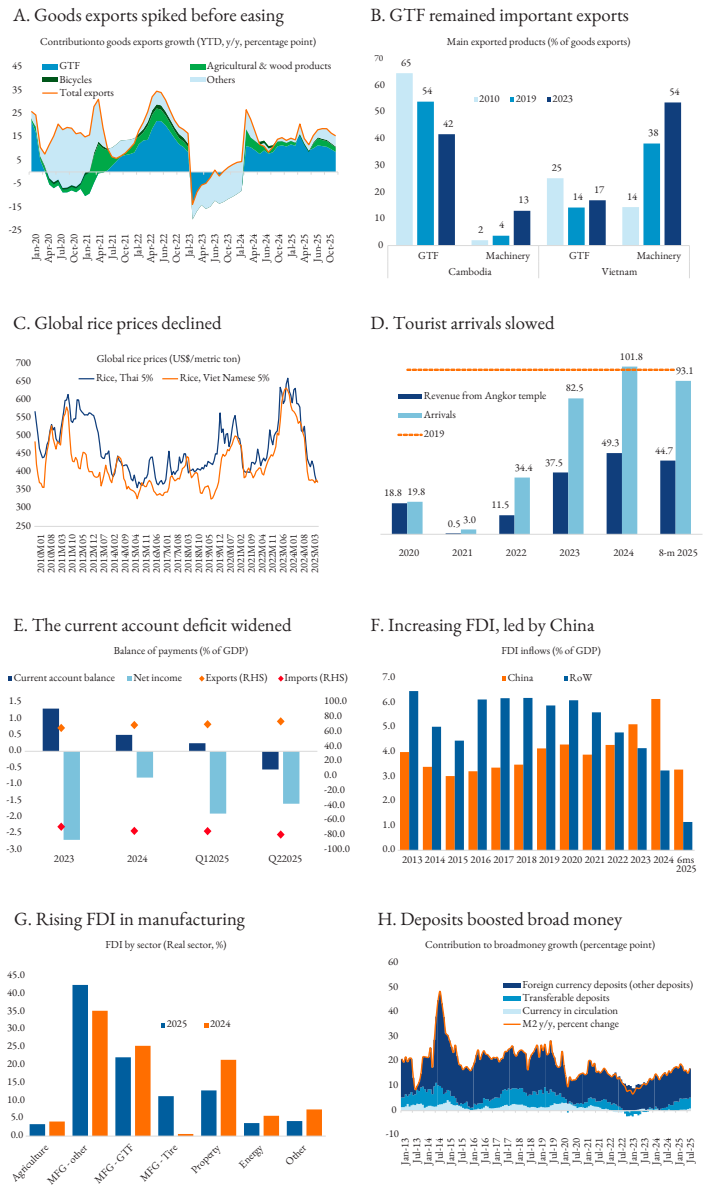
Shifts in trade dynamics are expected to dampen Cambodia's goods exports—equivalent to 66 percent of GDP—particularly due to the introduction of new trade restrictions since August; these are expected to weaken Cambodia's goods exports and slow real income growth. Goods exports were accelerated ahead of new trade restrictions, resulting in a 16.5 percent y/y increase in the first eight months of 2025, driven largely by GTF exports (figure 2, panel A).

Export growth subsequently moderated to 6.6 percent y/y in September 2025, compared to 20.6 percent in the same period in 2024. As a result, exports during the first nine months of 2025 decelerated to 15.4 percent y/y. See Box 1 for more discussion on impacts of U.S. trade policy changes. Garments and other textiles contributed 8.2 percentage points (ppts) to this growth, while travel goods accounted for 1.6 ppts, footwear for 0.2 ppts, agricultural commodities for 1.1 ppts, and bicycles for 0.4 ppts.

Cambodia's exports remain heavily concentrated in garments. Although the share of garment exports declined from about 65 percent to 42 percent between 2010 and 2023, diversification has been slow and limited; the share of electronics and machinery exports increased only marginally, from roughly 2 percent to 4 percent. In contrast, Vietnam increased its electronics and machinery exports from about 14 percent to 55 percent during the same period (figure 2, panel B), reflecting a strong manufacturing base. This growth is fueled by foreign investment, trade agreements, and low labor costs.

Figure 2: External accounts and monetary aggregates

Service exports are declining, and goods exports are becoming increasingly concentrated in the U.S. market, heightening exposure to demand fluctuations. The widening current account deficit is being financed by strong Chinese FDI—partly fueled by manufactured exports—which is driving rapid broad money growth and a swift accumulation of international reserves. These developments may mask underlying vulnerabilities related to external imbalances.



Sources: A and D: Cambodian authorities.

B: Atlas of Economic Complexity

C: World Bank commodity data "Pink sheet" data

E, F, G, and H: National Bank of Cambodia

Note: GTF = garment, travel goods, and footwear; MFG = manufacturing; RoW = rest of the world; GIR = gross international reserves; M2 = broad money.

Box 1: Potential impacts of U.S. trade policy changes¹

This note analyzes the potential trade and economic impacts of United States (U.S.) trade policy changes implemented since April 2, 2025, with breakout results for Cambodia. Using a general equilibrium model, two scenarios were examined: (1) trade measures under the International Emergency Economic Powers Act (IEEPA), which include border measures with Mexico and Canada, trade agreements with select countries, higher U.S. import duties on China and India, sectoral tariffs on metals and automotives, and tariffs by Canada and China; and (2) sectoral tariffs applied specifically to metals and automotives.

Recent U.S. trade policy changes could reduce global trade by 0.7–2.0 percent, with the U.S. accounting for 70–80 percent of the decline. Global welfare losses may reach \$20–98 billion, with China bearing a significant share (30–50 percent) of the impact, primarily due to efficiency and terms-of-trade losses. In Scenario 1, under trade effects, Cambodia’s goods exports to the U.S. decline by 13 percent (see table B2.1 below), while overall exports remain largely unchanged. However, Cambodia’s real income decreases by \$76 million due to deteriorating terms of trade. In Scenario 2, Cambodia’s exports to the U.S. fall by just 0.1 percent, but total exports increase by 0.1 percent, resulting in a \$63 million gain in real income from improved terms of trade. Compared to its peers, Cambodia is less affected by reciprocal tariffs and benefits modestly from sectoral tariffs on metals and automotives, as a net importer, due to lower global prices and improved terms of trade. In contrast, Thailand, the Philippines, and Vietnam experience reduced exports to the U.S. as a result of these trade effects.

Table B2.1: Cambodia: Summary of Impacts from Recent U.S. Trade Policy Changes

Cambodia		Scenario 1	Scenario 2
Trade effects: goods exports		Exports to the U.S.: 13 percent decline	Exports to the U.S.: Virtually unchanged
		Total exports: Virtually unchanged due to trade partner and sectoral shifts.	Total exports: Virtually unchanged
Welfare effects: real income		Income: 0.3 percent decline (US\$76 million); exports fall as tariffs on major producers (India, China) increase global supply and lower prices. The marginal income decline is due to its 19 percent reciprocal rate—lower than China/India, similar to peers.	Income: 0.2 percent increase (US\$63 million); as a net importer of high-tariff goods, Cambodia benefits from lower global prices and escapes relatively unscathed, since tariffs mainly affect goods it imports (metals, autos).
Sectoral effects	The textiles and wearing apparel sector	Output: 0.5 percent increase Exports: 0.5 percent increase This is because US tariffs on China and India are higher, Cambodia’s exporters benefit from better US market access.	Output: 0.1 percent increase Exports: 0.2 percent increase
	The computer and electronics sector	Output: 0.2 percent increase Exports: 2.3 percent increase The sector expands slightly as Cambodia’s competitors face higher US tariffs, giving its exporters better market access.	Output: 0.5 percent decline Exports: 1.0 percent decline This is because there are only sectoral measures and all countries face those equally.

In general, countries that lose access to the US market often redirect some exports to other destinations, but this only partially offsets their losses. The increased supply in alternative markets tends to lower global prices, benefiting importers but harming exporters. The negative impact on trade and income would be even greater if more US trade partners retaliated, leading to broader welfare losses. While bilateral trade liberalization undermines most favored nation (MFN) treatment, it is still preferable to escalating tariffs.

1/ This box was prepared by Christine McDaniel and Jose Signoret.

The United States is Cambodia’s largest export destination, accounting for 40 percent of total exports. Most exports to the U.S. are manufactured goods, particularly GTF products. In the first nine months of 2025, exports to the United States contributed 8.3 ppts to Cambodia’s overall y/y export growth of 15.4 percent. The ASEAN market, which accounts for 19.0 percent of Cambodia’s exports, and the EU market, with 16.0 percent, are the country’s second and third largest export destinations, contributing 3.3 and 2.2 ppts, respectively, to export growth. The expansion of manufacturing exports also led to a 10.8 percent y/y increase in manufacturing jobs.

Cambodia’s agricultural commodity exports—primarily rice, rubber, and cassava—accounted for a modest 13.3 percent of total exports in the first nine months of 2025. They contributed 1.1 percentage points to goods export growth over the same period. Most agricultural exports were destined for ASEAN markets, particularly Vietnam. Agriculture remains a vital sector, representing 16 percent of GDP and employing one-third of the workforce.¹² However, the sector continues to face challenges, including volatile commodity prices and low productivity. Output remains heavily dependent on weather conditions, and the sector is still transitioning away from subsistence farming.

The dominance of rice in Cambodian agriculture—accounting for 62.3 percent of total agricultural production—and the fact that the agriculture sector employs about 3.1 million people, nearly half of whom live in rural areas,¹³ have significant implications for farmers and rural poverty. This heavy reliance on rice shapes rural livelihoods and poverty reduction dynamics, whilst increasing the sector’s vulnerability to external shocks.

The events of 2025 have underscored these vulnerabilities: a sharp drop in global rice prices, driven by increased supply and exports, has disrupted Cambodia’s rural economy, reducing incomes, and threatening the welfare of millions of farming households. According to the United States Department of Agriculture (USDA), global rice production in 2025/26 is projected to increase, with higher output in Bangladesh, China, and India offsetting declines among other major producers.¹⁴

12 2023 Cambodia Socio-Economic Survey.

13 2023 Cambodia Socio-Economic Survey.

14 USDA 2025.

Domestic paddy rice prices have fallen sharply, reflecting a drop in global prices for both Vietnamese and Thai rice (5 percent broken), which reached US\$371.5 and US\$374 per metric ton, respectively, in September 2025. This represents a significant decrease from the post-pandemic peaks of US\$625.5 and US\$660 per metric ton recorded in January 2024. Current prices are now at their lowest levels in six years, dating back to 2019 (figure 2, panel C).

Resilient services exports beginning to trend down

Service exports, which consist mainly of travel and tourism and account for approximately 11.0 percent of GDP, are now trending downward. Balance of payments data indicate that net travel services—mainly tourism receipts—reached US\$1.7 billion in the first half of 2025, a 26 percent y/y increase. However, moderation is expected in the second half of the year. Service exports, particularly travel and tourism receipts, could also be adversely affected if Thai arrivals continue to decline. Prior to the border conflict, Thai visitors accounted for a quarter of total arrivals. Partly due to the conflict, total international arrivals reached 4 million during the first eight months of 2025, representing a 5.6 percent decline (figure 2, panel D). Thai tourist arrivals to Cambodia fell sharply—declining by 91.6 percent y/y in August 2025, and by 28.2 percent over the first eight months of the year. In August 2025, Chinese tourists represented the largest share of international visitors to Cambodia, accounting for 28.8 percent of the total, followed by Vietnamese tourists at 27.7 percent. Similarly, Angkor Temple ticket sales declined by 2.4 percent y/y over the first nine months of 2025.

Strong FDI inflows continued

Sustained strong FDI inflows, averaging 9 percent of GDP over the past decade (2014–24), have been instrumental in generating jobs and developing Cambodia’s export industries, thereby underpinning both economic growth and poverty reduction. FDI is crucial for investment, given Cambodia’s gross domestic saving rate has averaged 20 percent of GDP over the past two decades—well below the rates observed in Singapore (55 percent), Indonesia (33.3 percent), and Vietnam (31.4 percent).¹⁵

15 “Gross domestic saving (% of GDP)”; <https://data.worldbank.org/indicator/NY.GDS.TOTL.ZS>

Robust FDI inflows have helped to mitigate external pressures. In the first half of 2025, FDI reached US\$2.3 billion (figure 2, panel F), representing a 28.4 percent y/y increase. These inflows, driven by strong manufactured exports, have become increasingly concentrated in the manufacturing and energy sectors, which together accounted for three-quarters of total (real sector) FDI during the first half of 2025—up from 61.2 percent in 2024 (figure 2, panel G). Of this, the GTF sector represented 30 percent. Strong FDI inflows have also supported a sustained appreciation of the riel since July 2024 and helped boost foreign exchange reserves to US\$25.1 billion, equivalent to about 7.5 months of imports as of August 2025.

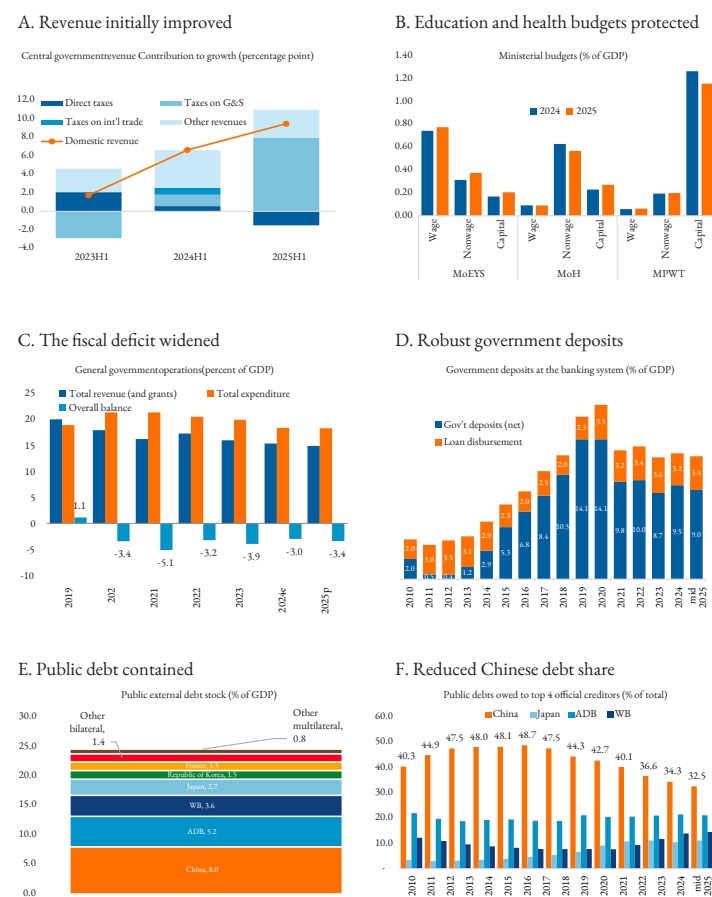
Accommodative monetary policy

Cambodia’s monetary policy remains accommodative to support demand amid the above shocks. The reserve requirement rate for U.S. dollar deposits—comprising over 80 percent of total deposits—has been maintained at 7 percent¹⁶ compared to a normal rate of 12.5 percent.¹⁷ The reserve requirement rate for riel deposits has also been maintained at 7 percent, compared to a normal rate of 8.0 percent. This supportive stance, together with robust broad money growth of 17.2 percent y/y in August 2025 (figure 2, panel H), is intended to bolster weak domestic demand amid persistently low inflation. The banking sector holds ample liquidity: by mid-2025, banks had US\$7.5 billion in unrestricted U.S. dollar reserves at the central bank (1.4 times the required amount) and 5.7 trillion riel (US\$1.4 billion) in unrestricted riel reserves (3.3 times the requirement).

Despite abundant liquidity, credit demand from corporates and households continues to fall, reflecting structural weaknesses in non-tradable sectors—especially construction and real estate. These sectors, which drove credit expansion during the construction boom that peaked in 2022, are now experiencing a marked slowdown due to market saturation and excess supply from pre-pandemic overinvestment. Consequently, credit growth dropped to 4.9 percent y/y in August 2025, well below the pre-COVID-19 average of 26 percent (2012–19).

Figure 3: Fiscal accounts

Amid the economic slowdown, revenue growth has weakened, but expenditures have been contained, safeguarding education and health budgets and limiting the widening of the fiscal deficit. Cambodia’s fiscal resilience is supported by substantial government deposits, which include sizable external financing. However, declining ODA—expected to accelerate after LDC graduation—is increasing fiscal pressure and may constrain future fiscal space and public investment financing.



Sources: A, C, D, and E: Cambodian authorities.

B: Cambodian authorities and World Bank staff estimate and projection

F: the National Bank of Cambodia.

Note: G&S = goods and services; o/w = of which; H1 = first half; e = estimate; p = projection. MoEYS = Ministry of Education, Youth, and Sports; MoH = Ministry of Health;

MPWT = Ministry of Public Works and Transport.

At the same time, liquidity is not being effectively channeled to tradable sectors such as agriculture, and agroprocessing, where investor interest remains subdued due to high input and logistics costs, as well as ongoing regulatory and business environment challenges. These issues highlight a lack of bankable projects that limit credit flows to productive investments. This is evident in the continued acceleration of private sector deposits, which rose by 17.5 percent y/y in August, even as U.S. dollar-denominated deposit interest rates declined to 4.3 percent in 2025 from 5.1 percent during the same period in 2024.

16 Remarks by Governor of the National Bank of Cambodia at the Banker’s Annual Dinner on December 13, 2024.

17 https://www.nbc.gov.kh/english/monetary_policy/reserve_requirements.php#:~:text=Monetary%20Policy,the%20reserve%20requirement%20in%20riel.

Box 2: Programs to Enhance Competitiveness, Diversification, and Resilience¹

The Royal Government of Cambodia has launched a strategy aims at driving economic diversification and structural adjustment. The strategy is organized under three main pillars: sectoral support programs; initiatives to enhance competitiveness, diversification, and resilience; and global trade adaptation programs.

Pillar 1: Sectoral Support Programs. Fiscal measures are designed to lower living and production costs. The government will treat value-added tax (VAT) on essential food items as a state burden until 2028 and extend tax incentives for participants in the informal economy. Investment and job creation are promoted by suspending corporate income tax prepayments for textile and garment enterprises, continuing special investment programs in key provinces, and amending investment laws to encourage priority sectors. Real estate transactions benefit from postponed capital gains tax, staged lump-sum tax payments for residential development companies, and stamp duty exemptions for residential property transfers. The agricultural sector receives targeted support through VAT exemptions for domestic supply of key products and suspension of minimum tax and profit tax prepayments for agricultural enterprises. Educational institutions continue to receive tax incentives, while air travel costs are reduced through lower withholding and special taxes for aircraft leases and passenger services. Logistics and transportation are promoted through a review of the possibility of reducing taxes and tariffs on imported trucks and buses. Financing costs may be further reduced, subject to a review of lowering the withholding tax on interest for the banking sector.

Public spending measures leverage the national budget to stimulate domestic demand and support key sectors. Tourism is promoted through major events, adjusted e-visa fees, and international marketing of Cambodian destinations. Social protection is strengthened via the Poverty Graduation Program, and local production is encouraged through a “Buy Local” initiative for government procurement. Access to financing is expanded through the Economic Stimulus Guarantee Scheme, which offers \$200 million in guarantees, and special financing programs for SMEs in agro-processing and food sectors, with continued support from the SME Bank.

Pillar 2: Initiatives to Enhance Competitiveness, Diversification, and Resilience. These initiatives focus on improving the business and investment environment, implementing reforms based on the “Business Ready” report, and studying electricity tariff concessions for priority industries. An inter-ministerial working group addresses investment challenges, while legal frameworks for special economic zones and industrial policy are updated. The government promotes backward and upstream industries by identifying high-potential export and local supply products, developing agro-industrial parks, and supporting modern agricultural communities. Laws on contract farming and seed production are accelerated, low-interest loans are provided to farmers and SMEs, and cashew and rice value chains are strengthened. Construction and real estate sectors benefit from transparent tax implementation, mechanisms for housing price stability, and strategic frameworks for affordable housing. The automotive and electronics sectors are targeted for investment in electric vehicle assembly and components, with capacity building for industry associations. Micro, Small, and Medium Enterprises (MSMEs) and new businesses are supported through redefinition, new incentives, and improved access to finance. The government also continues to monitor and evaluate the conditions of migrant workers to ensure their integration into the domestic labor market.

Pillar 3: Global Trade Adaptation Programs. Cambodia must adapt to changing global trade trends, including rising trade costs and supply chain disruptions, which threaten exports and regional demand. As the country prepares for graduation from least developed country status in 2029, the focus will be on economic diversification and seizing opportunities in technology and the green economy. Key priorities include maintaining an open foreign policy, maximizing trade agreements, and addressing trade barriers.

This integrated approach aims to strengthen Cambodia’s competitiveness, diversify its economy, and build resilience against global challenges.

1/ Royal Government of Cambodia: Programs to Enhance Competitiveness, Diversification, and Resilience. October 2025.

The downturn in the property sector has contributed to a deterioration in the asset quality of banks and financial institutions (BFIs). By mid-2025, the Non Performing Loan (NPL) ratio increased to 8.3 percent, up from 7.4 percent at the end of 2024.¹⁸ The increase in reported NPLs can be attributed to several factors, including the economic slowdown, the end of the real estate boom, and poor lending standards, among others. In the 2012–19 construction boom, domestic credit grew rapidly—averaging 26 percent y/y—with roughly 30 percent directed to construction, real estate, and mortgages. During 2013–20, Chinese FDI inflows to Cambodia tracked China’s fixed-asset investment in the property sector, a period when nearly half of Cambodia’s total FDI was directed to property.¹⁹ Meanwhile, the proportion of restructured loans rose from 7 percent of total loans in 2024 to 11.2 percent by mid-2025.

On the other hand, the profitability of BFIs has improved slightly. By mid-2025, BFIs’ return on assets (ROA) reached 1.2 percent and return on equity (ROE) 6.8 percent, compared to 0.2 percent and 1.2 percent, respectively, in 2024. Microfinance institutions (MFIs) also strengthened their performance, with ROA rising to 1.6 percent and ROE to 5.4 percent, up from 0.6 percent and 2.5 percent, respectively, in 2024.

Domestic strains pressure fiscal policy

Multiple shocks have placed considerable pressure on Cambodia’s fiscal policy. To support the economy, the authorities have launched a comprehensive strategy focused on sectoral support, enhancing competitiveness and resilience, and adapting to global trade trends to promote economic diversification. This approach has been reinforced by measures such as delaying the implementation of new taxes (including the capital gains tax) and suspending corporate income tax prepayments, along with other relief measures (box 2).

Cambodia’s fiscal performance continues to be shaped by persistent challenges in revenue mobilization and expenditure efficiency, as underscored by the World Bank’s June 2025 Cambodia Economic Update and the 2024 Public Finance Review.²⁰ Although recent reforms

have expanded fiscal space, sluggish revenue collection and ongoing weaknesses in expenditure management remain key constraints. Recent fiscal data show some improvement, with central government revenue rising by 9.4 percent y/y in the first seven months of 2025 (figure 3, panel A). However, the ongoing economic slowdown is expected to limit overall revenue growth, particularly due to subdued consumption-based tax receipts resulting from weak private consumption. Cambodia’s tax system faces several challenges including high compliance costs, informal payments, and weaknesses in audits and dispute resolution, according to the June 2025 Cambodia Economic Update.²¹ The VAT system has a narrow base and slow refund processes, excises rely heavily on ad valorem import taxes, and personal income tax remains limited. Corporate tax incentives are generous but their benefits have not been properly assessed, while governance gaps and limited digitization reinforce dependence on indirect taxes.

Gradual fiscal consolidation measures implemented this year have preserved the 2025 budgets for education and health (figure 3, panel B), while reducing allocations to infrastructure spending.²² Expenditure restraint has helped contain the fiscal deficit, which is projected to increase only marginally—reaching an estimated 1.6 percent of GDP in the first half of 2025, up from 1.2 percent in the same period last year (figure 3, panel C)

Despite weaker revenue collection in the post-pandemic period, government deposits in the banking system remained resilient, reaching 12.4 percent of GDP by mid-2025, or 9 percent of GDP when excluding loan disbursements (figure 3, panel D).

Low public debt burden, but limited domestic financing

Cambodia continues to be classified at low risk of external and overall debt distress according to the 2024 joint World Bank/IMF Debt Sustainability Analysis.²³ As of the end of the second quarter of 2025, Cambodia’s public debt-to-GDP ratio stood at 24.9 percent (figure 3, panel E), with outstanding public debt totaling US\$12.67 billion.²⁴ Of this total,

18 National Bank of Cambodia 2025b.

19 See Box 2, December 2024 Cambodia Economic Update.

20 World Bank 2025c and World Bank 2024b.

21 World Bank 2025c.

22 Ministry of Economy and Finance 2025a.

23 IMF 2025.

24 Ministry of Economy and Finance 2025a.

61 percent is owed to bilateral creditors and 39 percent to multilateral creditors (figure 3, panel F). However, Cambodia's public debt portfolio remains almost entirely reliant on external creditors. Cambodia's public debt is overwhelmingly external: 99.0 percent of total public debt (US\$12.5 billion) compared to just 1.0 percent in domestic debt (US\$128.5 million).

II. OUTLOOK, RISKS, AND POLICY OPTIONS

Outlook

Real GDP growth is estimated at 4.8 percent in 2025 and projected at 4.3 percent in 2026 (compared to April 2025 projections at 4.0 percent and 4.5 percent, respectively) (table 1). The 2025 upgrade is driven by front-loaded exports of GTF products. The moderation in 2026 reflects subdued domestic demand, with underlying household and corporate spending yet to recover. Cambodia's monetary poverty rate is expected to rise amid an economic slowdown and trade restrictions. In the short term, the rapid influx of returnees can strain job markets and social services; however, as returnees re-enter employment, their skills and participation will expand the labor force and can support productivity and growth. In the longer term, as trade and logistics improve through continued efforts by the authorities, Cambodia's capacity to meet rising domestic demand—supported by returning migrants—should strengthen. Investments in connectivity, notably ports and highways, are expected to start delivering gains and support a broader pickup in activity. However, Cambodia's graduation from least developed country (LDC) status in 2029 is likely to reduce access to concessional official development assistance (ODA) and could narrow some preferential export markets, although the pace and extent will depend on transition arrangements and partner policies.

Table 1: Cambodia: Selected macroeconomic indicators, 2020-27

	2020	2021	2022	2023	2024	2025p	2026p	2027p
National Accounts and Prices								
GDP per capita (USD, nominal)	2,090	2,167	2,298	2,455	2,657	2,852	3,018	3,232
GDP at constant market prices (% change)	-3.6	3.1	5.1	5.0	6.0	4.8	4.3	5.1
Agriculture	0.6	1.5	0.6	1.6	1.0	1.4	1.5	1.6
Industry	-2.2	8.4	8.2	7.6	9.5	6.5	6.4	6.5
Services	-6.7	-1.8	3.6	3.4	4.0	3.9	2.6	4.6
Consumer Price Index (year-average)	2.9	2.8	5.5	2.1	2.2	2.7	3.0	3.0
General Government (% of GDP)								
Revenue and grants	17.9	16.2	17.2	15.9	15.3	14.8	15.5	15.6
Tax Revenues	13.6	12.3	13.8	12.4	12.1	11.9	12.5	12.5
Taxes on Goods and Services	8.0	6.9	7.7	6.5	6.3	6.3	6.7	6.8
Direct Taxes	4.1	3.9	4.5	4.5	4.4	4.1	4.3	4.2
Taxes on International Trade	1.6	1.4	1.6	1.5	1.4	1.5	1.5	1.5
Grants	1.4	1.1	0.5	0.8	0.4	0.3	0.1	0.1
Expenditure and net lending	21.3	21.3	20.4	19.9	18.3	18.2	18.1	17.7
Overall balance (excluding grants)	-4.8	-6.3	-3.8	-4.7	-3.4	-3.7	-2.8	-2.2
Overall balance (including grants)	-3.4	-5.1	-3.2	-3.9	-3.0	-3.4	-2.6	-2.1
Foreign financing	3.4	5.1	3.2	3.9	3.0	3.4	2.6	2.1
Net domestic financing (from current savings)	0.8	0.8	0.9	0.9	0.9	0.8	0.7	0.6
Amortization	-0.8	-0.8	-0.9	-0.9	-0.9	-0.8	-0.7	-0.6
Money and Credit								
Broad money (% change)	18.2	15.3	16.4	8.2	17.5	17.9	18.5	18.5
Credit to the private sector (% change)	17.7	23.2	18.9	4.1	4.3	6.5	8.0	10.5
External Sector (US\$m unless otherwise indicated)								
Exports (goods and services)	16,692	18,566	24,495	28,570	33,073	36,941	41,393	46,473
Imports (goods and services)	19,955	29,489	40,467	32,468	34,848	37,878	42,131	46,933
Foreign Direct Investment, net inflows	3,498	3,391	3,425	3,639	4,080	3,847	4,198	4,620
Gross official reserves	16,237	17,675	17,764,8	19,895,6	22,523,0	23,693,2	25,541,7	26,850,3
(months of imports)	7.6	7.0	7.3	7.0	7.0	7.5	6.5	6.0
Current account (percent of GDP)	-5.5	-29.1	-18.8	1.3	0.7	-1.8	-3.7	-3.6
Exchange rate (riel per US\$ average)	4,077	4,100	4,150	4,110	4,067	4,010	4,010	4,010
Total public debt (% of GDP)	25.2	25.6	24.9	26.3	25.7	26.6	26.8	27.0
Memorandum items:								
Nominal GDP, USD million	34,949	36,779	39,532	42,779	46,873	50,903	54,479	58,991

Challenges and risks

Risks to the outlook are tilted to the downside.

On the domestic front, intensifying labor-market pressures—particularly within an already constrained employment environment—pose challenges to wage growth and job security. Rising non-performing loans, driven by a protracted downturn in the property sector, signals increasing vulnerabilities within the financial system. Despite the recent peace

agreement,²⁵ the potential for renewed border conflict introduces uncertainty that could further disrupt economic activity. Externally, Cambodia’s outlook is further clouded by weakening global demand, which is compounded by shifts in international trade policies. The country’s heavy reliance on the U.S. as an export market heightens exposure to external shocks. Moreover, a slower-than-anticipated recovery in China— Cambodia’s principal source of foreign direct investment and tourism—could significantly dampen growth prospects. This risk is amplified by Cambodia’s low domestic saving rate, underdeveloped domestic debt market, and highly dollarized economy, which limit the country’s capacity to absorb external shocks, finance investment independently, and conduct monetary policy autonomously. Collectively, these factors underscore a fragile economic environment, where both domestic and external vulnerabilities could converge to impede sustained growth.

Policy options

Coordinated monetary and fiscal policy strengthens macroeconomic management and financial stability by balancing growth and inflation while sustaining economic performance. Specifically, this involves targeted, countercyclical fiscal policy, continued accommodative monetary policy, and strong banking regulatory oversight (see table 2 for detailed policy options).

- *Monetary policy.* Accommodative monetary policy to support demand, together with strong regulatory oversight to manage banking sector risks with rising NPLs, is vital for macro-financial stability. In Cambodia’s highly dollarized economy, accommodative monetary policy relies on liquidity instruments—lower foreign currency reserve requirements, targeted liquidity provision, exchange rate stabilization, and countercyclical macroprudential measures—while, over the longer term, deepening local-currency markets and strengthening policy communication. In particular, comprehensive asset management, effective insolvency and bank resolution frameworks, and deposit insurance

play a crucial role in strengthening the resilience of the financial system.

- *Fiscal and sectoral policy.* Cambodia’s low public debt (26 percent of GDP) and net government deposits (9 percent of GDP) provide fiscal space for a narrow, countercyclical fiscal policy with targeted measures to absorb shocks, focusing on social protection, employment, and reskilling/upskilling. Several key measures should be considered.
 - Promptly provide emergency cash transfers to vulnerable returnees (especially female returnees over the age 40), link transfers with training and job programs, and offer extra support for women and children, including through public works programs as needed and suitable.
 - While the government has implemented targeted job matching program, established a hotline and conducted nationwide job fairs, and approved additional investment projects to create job opportunities, returnee integration can be further accelerated by co-designing short training modules with employers, recognizing prior learning and experiences, and tying public financing to verified job placements.
 - Use the Skills Development Fund for demand-driven training, especially for Micro, Small, and Medium Enterprises (MSMEs) outside major cities.
 - Implement a single intake system for skills profiling, offering targeted training and vacancy referrals, publishing monthly skills signals, and tracking employment outcomes.
 - In the medium term, modernize the IDPoor registry, build integrated social assistance combining cash, health, education, and livelihoods, and strengthen delivery with digital payments and financial literacy.
- *Structural policy.* To enable a rapid supply-side response to rising demand, it is essential to address the key constraints faced by MSMEs, which play a vital role in Cambodia’s economy. MSMEs account for approximately 70 percent of total employment, contribute 58 percent to national GDP growth, and represent about 99.8

²⁵ For more detail, see the official article posted on the website of the Ministry of Foreign Affairs and International Cooperation. See <https://www.mfaic.gov.kh/posts/2025-10-26-News-Signing-Ceremony-on-the-Peace-Agreement-between-Cambodia-Thailand-19-39-03>

percent of all business entities in the country.²⁶ See also Special Focus: “Insights into the Informal Economy”. The 2023 Enterprise Surveys and 2024 B-Ready identified key obstacles to business competitiveness and investment in Cambodia, including burdensome tax administration, corruption, inefficient judicial processes, and high transport costs. Accordingly, the following measures should be considered:

- Enhance transparency by publishing all permit and licensing requirements online and making application status trackable.
- Streamline and digitize regulations for permits and licensing, including creating a single online portal for business registration and approvals, which will reduce costs, save time, and minimize opportunities for corruption.
- Implement regular audits and public reporting of tax administration processes to reduce corruption and improve accountability.

- Lower energy costs by increasing access to affordable electricity and renewable energy—especially solar rooftop—through the elimination of the “compensation tariff”.²⁷

Similarly, weaknesses identified by the 2024 Logistics Performance Index can be addressed by the following measures:

- Introduce a comprehensive electronic customs clearance and national single window at major borders and ports to accelerate processing and reduce paperwork.
- Train customs staff on digital systems and set annual targets for faster clearance.
- Introduce a logistics performance tracking system (logistics dashboard), supported by a hotline for traders and citizens to report irregularities.

In the medium term, invest in modernizing transport infrastructure, upgrade key economic corridors (East-West and North-South corridors), ports, and warehousing facilities.

Table 2: Detailed policy options

Thematic Area	Issues	Time Frame	Key Measures
Monetary Policy	Subdued aggregate demand		Maintain an accommodative stance
(i) Aggregate demand	Inadequate financial intermediation	Short term	Promote lending to the productive sectors and consider expanding the role of the Credit Guarantee Corporation of Cambodia
(ii) Financial Sector Stability	Declining asset quality and rising NPLs		Strengthen regulatory and supervisory frameworks
	The banking system's vulnerabilities	Longer term	Enhance macroprudential tools, risk assessment, and stress testing. Implement asset management, bank resolution, and deposit insurance.
Fiscal Policy	Multiple shocks		Enable flexible countercyclical measures Use low public debt and sizable net deposits for targeted interventions
(i) Social Protection	Remittance shock	Short term	Emergency cash transfers via IDPoor Support for women/children
		Longer term	Modernize IDPoor registry. Build integrated social assistance (cash, health, education, livelihoods) Use digital payments and promote financial literacy

²⁶ UNDP 2024.

²⁷ Electricity Authority of Cambodia Decision No. 101 (issued on 29 May 2025); <https://bun-associates.com/insight/727/client-alert-energy-cambodia-eac-issues-decision-on-rts-installations-fees-and-compensation-tariff>

Thematic Area	Issues	Time Frame	Key Measures
(ii) Labor Market Integration and Regulations	Labor market shock	Short term	Job matching and monthly skills signals and job tracking Single intake system for skills profiling Targeted training and vacancy referrals
		Longer term	Skills diversification, including through developing new and more productive opportunities for labor migration in high-income destinations Targeting more competitive labor market regulations regarding notice periods, severance requirements, and night shift provisions.
Structural policy	Slow supply-side response		Boost competitiveness
(i) Business Environment Reforms	Subdued (domestic) investment in productive sectors	Short term	Boost access to finance by leveraging Credit Guarantee Corporation of Cambodia and to technology/know-how facilitated by the government Reduce the compliance burden related to tax and regulatory requirements Boost transparency by publishing permit/licensing requirements online. Audit and report tax processes.
		Longer term	Reduce opportunities for corruption by digitizing and streamlining regulations. Create single online portal.
		Short term	Reduce energy costs for the productive sector by expanding access to affordable electricity and renewable energy—particularly solar rooftop—through the elimination of the 'compensation tariff.' Prioritize support for the agriculture, agro-processing, food processing, and manufacturing sectors.
(ii) Energy	High costs and low reliability	Longer term	Promote investment in the energy sector, especially renewable energy
(iii) Logistics and Trade Facilitation	High costs and low reliability logistics	Short term	Train customs staff and set clearance targets Introduce logistics performance tracking system or “logistics dashboard”; supported by a hotline for traders and citizens to report irregularities
		Longer term	Target fully digitized (paperless) customs clearance, i.e., the national single window. Upgrade roads, ports, and warehousing.

PART 2:

INSIGHTS INTO THE INFORMAL ECONOMY²⁸



²⁸ The Special Focus section was written by Faya Hayati, Hassan Noura and Aka Kyaw Min Maw. It is based on a forthcoming World Bank Policy Research Working Paper. 'Informal businesses and productivity in Cambodia'. The authors are grateful for the helpful comments provided by colleagues from the Cambodia Australia Partnership for Resilient Economic Development (CAPRED) as well as from across the World Bank Group.

I. INTRODUCTION

Widespread business informality is a development issue because it is associated with poorer economic and working conditions as well as unfair competition. Widespread informality among business enterprises is typical in developing countries, and is both a cause and a consequence of the lack of economic and institutional development.²⁹ Most informal businesses remain unregistered by necessity because they are small scale and unproductive, and the costs of registration are unaffordable. Some remain unregistered by choice because the perceived costs of formalizing – including the tax and regulatory burdens faced by formal firms’ post-registration – outweigh the perceived benefits. This widespread informality is considered a development issue because it is associated with: (i) lower firm and labor productivity, partly due to limited access to capital and advanced technologies; (ii) lower government revenues due to a smaller tax base; and (iii) poorer working conditions and employment vulnerability, including lower wages and underemployment.³⁰ In addition, most formal and informal enterprises operate in separate markets with different customer bases, indicating that they are typically not direct competitors. However, when their markets do overlap, informality can create an uneven playing field between formal and informal enterprises, which erodes trust. Cross-country research has found that informal businesses that are capable of competing against formal firms gain unfair cost advantages by avoiding taxes and regulations,³¹ eroding the profitability and investment capacity of formal firms. These challenges point to potential economic and social opportunities from supporting informal businesses to: (i) boost their productivity, including through greater access to capital and technology; (ii) improve work conditions, including through better access to social protection; and (iii) register if they can compete with formal firms.

In Cambodia, informal or unregistered businesses play an oversized role in the economy, and unfair competition with informal businesses

is the top concern of formal firms. There were roughly 677,000 informal businesses³² in Cambodia in 2022, which represents 90 percent of all enterprises in the country (figure S.1). Moreover, this share is down only modestly from 97 percent a decade earlier in 2011, indicating that the pace of formalization remains modest despite strong economic growth over this period. Informal businesses collectively contribute an estimated 88 percent of total employment in the Cambodian economy, and 40 percent of GDP, which is very high compared to peer countries. For example, among Cambodia’s structural peers (Bangladesh, the Philippines, and Vietnam), informality accounts for a lower 67 percent of employment and 26 percent of GDP. Moreover, rates among Cambodia’s aspirational high-income country (HIC) peers are even lower at 34 percent and 25 percent. Being informal is not necessarily illegal, given that enterprises in Cambodia are not required to register until they reach a certain revenue threshold.³³ Nonetheless, the widespread presence of informal businesses is creating a strong perception of unfairness among formal firms in Cambodia. For example, 63 percent of formal firms report competing against informal businesses (almost the double the average in structural peers Bangladesh, the Philippines and Viet Nam).³⁴ Moreover, 78 percent of formal firms in Cambodia report that unfair competition with informal businesses is “an obstacle” to doing business and 42 percent report that it is the single “biggest obstacle” to doing business.³⁵ On both measures, this makes competition with the informal sector the top obstacle to doing business according to formal firms, ahead of other top obstacles such as tax rates and tax administration.

Expanding the economic footprint of formal firms – including by formalizing some informal businesses – will be an important part of Cambodia’s pathway to becoming a high-income country. Cambodia has set itself an ambitious goal of reaching HIC status by 2050 and a previous [Special Focus](#) highlighted the importance of significantly improving formal firm productivity

29 Loayza, Norman V. *Informality: Why Is It So Widespread and How Can It Be Reduced?* (English). Research & Policy Briefs | no. 20 Washington, D.C. : World Bank Group.

30 Ohnsorge, Franziska, and Shu Yu, eds. 2022. ‘The Long Shadow of Informality: Challenges and Policies.’ Washington, DC: World Bank.

31 See for example, Amin, Mohammad; Ohnsorge, Franziska L.; Okou, Cedric. 2019. ‘Casting a Shadow: Productivity of Formal Firms and Informality.’ Policy Research Working Paper; No. 8945. World Bank.

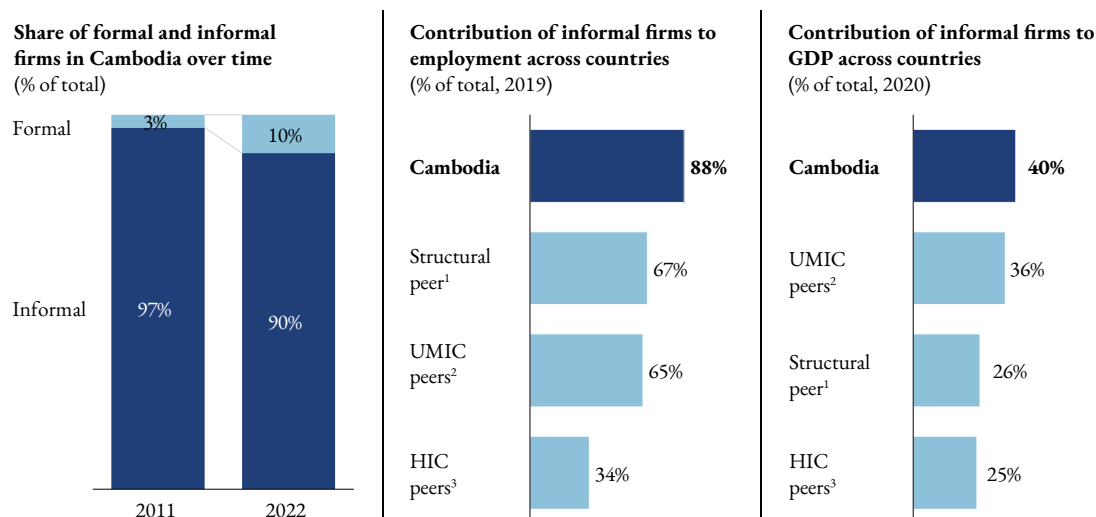
32 An establishment is considered informal in the Cambodia Economic Census if it has not registered with the Minister of Commerce.

33 In Cambodia, for VAT registration purposes, a business must register if its turnover exceeds KHR 250,000,000 (~USD 62,500) in a 12-month period. Ministry of Economy and Finance. <https://www.tax.gov.kh/u6rhf7ogbi6/gdtstream/b0766b9e-34c4-4bee-a0e1-8d33d7bcf2d5>

34 World Bank Enterprise Surveys (WBES). <https://www.enterprisesurveys.org/en/enterprisesurveys>

35 Cambodia Enterprise Survey (2023), World Bank.

Figure S.1: Economic contribution of informal businesses in Cambodia compared to peers



Source: Cambodia Economic Census (2011 and 2022); Elgin et al. 2021.

Note: 1. Structural peers: Bangladesh, the Philippines, and Vietnam. 2. UMIC peers: El Salvador, Georgia, Paraguay, the Philippines, and Vietnam. 3. HIC peers: Bulgaria, Costa Rica, Hungary, and Romania. HIC = high-income country; UMIC = upper middle-income country.

to realize this vision.³⁶ That research outlined policy recommendations to support formal firms to increase their productivity, including by addressing the top barriers to doing business. Ultimately, fostering a more conducive business environment that enables formal firms to invest, hire and grow – and that encourages innovative new formal firms to enter – is the main channel to expand the GDP and jobs footprint of formal firms in Cambodia. The footprint of formal firms will also expand as most unviable informal businesses close, and their owners take up better paying jobs in formal firms. However, addressing the issues associated with informality also has a role to play, which is the focus of this complementary follow-up Special Focus. This will include encouraging some of Cambodia’s current informal businesses to register.

These issues are well recognized by Cambodia’s national strategy for the informal economy, which aims to accelerate formalization over time. The National Strategy for the Development of the Informal Economy 2023–2028 aspires to transform the informal economy into a productive, resilient, and inclusive driver of sustainable national development, enabling informal workers and enterprises to participate fully in the formal economy. Its goals are to enhance productivity, income, and social protection for informal economy actors

through an enabling environment and coordinated policy support by: (a) facilitating the transition to formality; (b) strengthening institutional frameworks and coordination; (c) improving access to finance, skills, technology, and markets through various incentives; and (d) expanding social protection coverage. As part of facilitating the transition to formality, registrations under the Informal Economy Onboarding Programme surpassed 200,000 nationwide as of November 2025.³⁷

This Special Focus of the Cambodia Economic Update provides new insights on the characteristics and productivity of informal businesses in Cambodia. The Special Focus analyses new data from Cambodia’s first ever World Bank Informal Business Survey (IBS), which was conducted in 2024 and interviewed 1759 representative businesses across four Cambodian cities (Battambang, Phnom Penh, Siem Reap, and Sihanoukville). Section II of the Special Focus explores the profile and characteristics informal businesses in Cambodia. Section III explores the productivity gap between informal and formal enterprises, and the impact of informality on aggregate productivity in Cambodia. Section IV explores the characteristics of high performing informal firms in Cambodia.

36 Cambodia Economic Update, December 2024: From Recovery to Resilience - Harnessing Tourism and Trade as Drivers of Growth. World Bank.

37 Khmer Times. ‘Informal economy registrations surpass 200K nationwide’. November 17, 2025. <https://www.khmertimeskh.com/501790811/informal-economy-registrations-surpass-200k-nationwide/>

Section V explores the opportunities and barriers to achieving higher levels of formalization. Section VI outlines actionable policy recommendations that can inform and support government- and private-sector actors to implement the National Strategy for the Informal Economy, and specifically to accelerate the pace of business formalization.

II. PROFILING INFORMALITY: A TALE OF THREE GROUPS

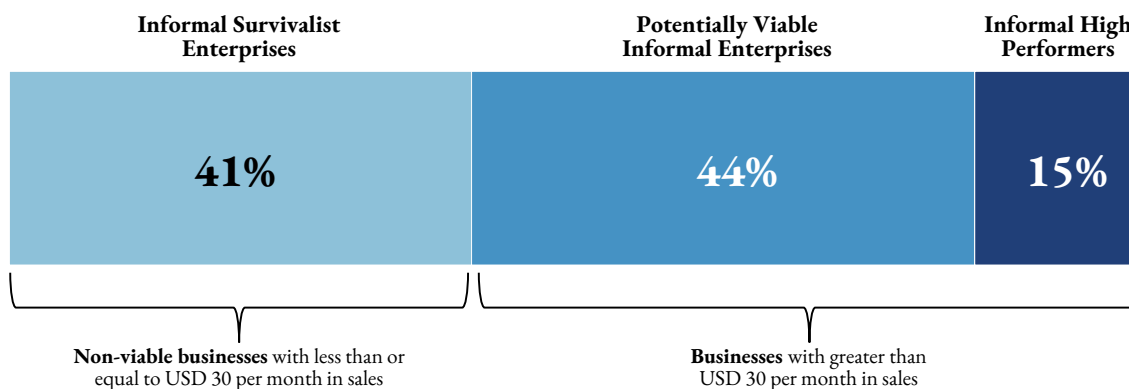
Informal businesses in Cambodia are highly diverse and are better thought of as three distinct groups. Examining productivity (proxied by sales per worker³⁸) across Cambodia’s informal businesses reveals a high degree of variation, ranging

from roughly US\$1-31,000 per year, which makes it unhelpful to think of them as a single, uniform group. Instead, Cambodia’s informal businesses are better thought of as three distinct groups (figure S.2, Panel A): ‘Survivalist Enterprises’, ‘Potentially Viable Enterprises’, and ‘High Performers’. At one end of the spectrum are Survivalist Enterprises, which account for 41 percent of all informal businesses. These are precarious, necessity-driven enterprises with meagre sales of less than or equal to US\$30 per month (or less than US\$ per day, which is below Cambodia’s national poverty line). In the middle are Potentially Viable Enterprises, which account for 44 percent of all informal businesses (and the bottom 75 percent of non-survivalist businesses that earn above US\$30 per month). These enterprises are generating sales per worker ranging from roughly US\$200-8,000 per year (averaging roughly US\$3,000), which makes

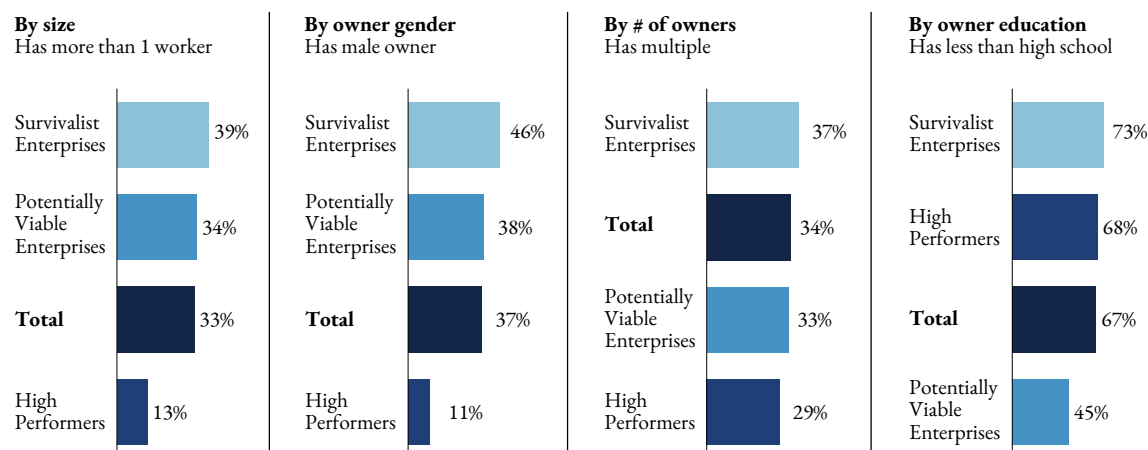
Figure S.2: Profile of Informal businesses in Cambodia: A tale of three groups

Share of all informal businesses (% of total, N = 1301)

Panel A



Panel B



Source: Cambodia Informal Business Survey (2024), World Bank.

38 Due to lack of data on costs for informal businesses, ‘sales per worker’ is used as a proxy for productivity (which would typically be valued-added – sales minus costs – per worker).

them ‘potentially viable enterprises’ (albeit ones with relatively low productivity on average). At the other end of the spectrum are High Performers, which account for 15 percent of all informal businesses (and the top 25 percent of non-survivalist businesses). These enterprises are generating higher sales per worker ranging from roughly US\$8,000-31,000 per year (averaging US\$12,642).

Most of Cambodia’s ‘Survivalist Enterprises’ are likely to run by vulnerable family households.

Compared to other informal firms (figure S.2, Panel B), Survivalist Enterprises are more likely to be: owned by a male (46 percent) as well as an owner who has not finished high school (73 percent); have multiple owners (37 percent), likely a couple or close relatives; and have multiple workers (39 percent), likely close relatives or children. These Survivalist Enterprises are also less likely to use technology such as mobile phones (77 percent vs. 89 percent of viable informal businesses) and computers/tablets (11 percent vs. 21 percent). These enterprises are likely to be run by vulnerable, poor families and/or households that are essentially engaged in necessity-driven activities to support their survival and basic subsistence (as well as that of their entire families). This vulnerability profile likely hinders the long-term viability and sustainability of these enterprises.

Cambodia’s remaining informal businesses are mostly retail-focused, single-employee, relatively young and female owned.

The characteristics of the remaining non-survivalist informal businesses (59 percent of the total) are summarized in figure S.3. Most are engaged in service-related activities (Panel A), especially retail services (68 percent). Almost two-thirds (66-68 percent) have a single owner and employee, while about a third have multiple owners and/or 2-4 employees. About two-thirds (66 percent) are owned by women and 63 percent are relatively new businesses (i.e. less than six years old). At a more granular level (Panel B), most (72 percent) are engaged in three main activities: (a) reselling finished goods or groceries (36 percent); (b) selling food for immediate consumption (22 percent); and (c) transport services (14 percent). The remaining 28 percent are very diverse, and include hairdressers, clothing sellers and cleaning services. These informal businesses are most comparable to Cambodia’s formal retail sector. However, they differ from the bulk of formal firms in Cambodia, which are more diversified in terms of sector (only 27 percent are in retail and 26 percent are in manufacturing), typically larger (with more than

five employees), older (only 23 percent are less than six years old), and two-thirds male-owned (66 percent).

In addition, most of these informal businesses have relatively modest operations that make limited use of advanced technologies and inputs, or financial services (Panel C).

For example, only 21 percent use computers, only 56 percent require electricity, only 22 percent use machinery and equipment, only 6 percent use a vehicle, only 52 percent have a bank account, and only 5 percent have a loan from a financial institution.

III. THE PRODUCTIVITY CHALLENGE: THE DRAG OF INFORMALITY

Widespread informality drags down aggregate enterprise productivity in Cambodia by about half because informal businesses are much less productive than formal firms.

A comparison of enterprise-level data from the most recent formal and informal enterprise surveys in Cambodia indicates that formal firms are about two and half times (2.6x) more productive than informal businesses on average (Figure S.4), even after excluding Survivalist Enterprises. Conversely, informal businesses are only about 40 percent as productive as formal firms (which is consistent with research on informality across countries³⁹). The average formal firm in Cambodia generates about US\$11,600 in sales per worker per year, while the average informal business generates only about US\$4,500. The gap is slightly wider in retail (the most comparable sector), where formal firms are almost three times more productive (2.8x). The size of the gap is also broadly similar if informal businesses are only compared to relatively small formal firms with less than 10 employees. This productivity gap between formal and informal enterprises contributes to low aggregate productivity in Cambodia, effectively reducing the aggregate weighted-average level of productivity across all enterprises in the country by 52 percent to about US\$5,600 per worker per year.

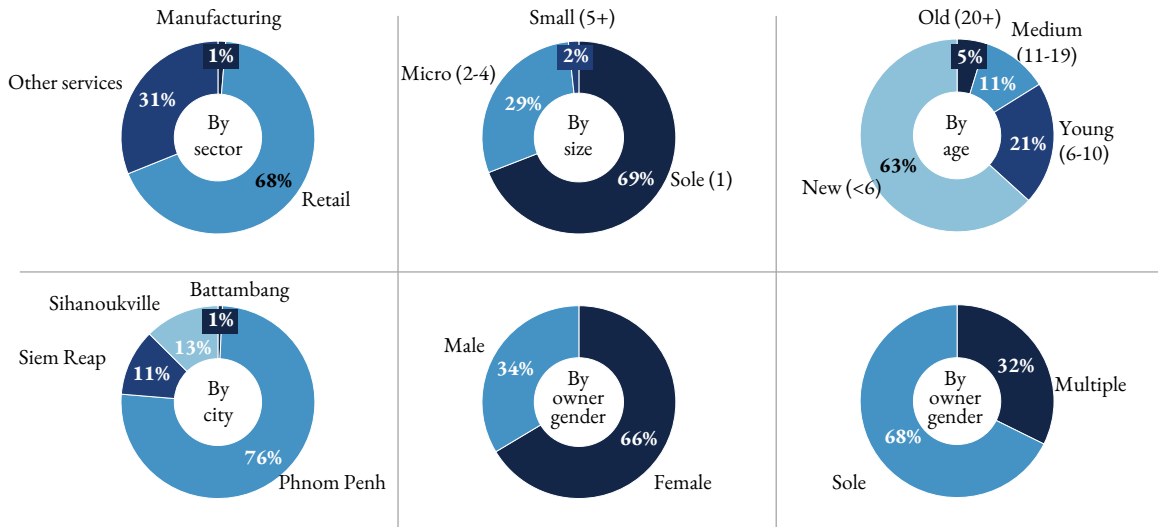
On the other hand, newly registered firms in Cambodia are more productive than the average registered firm, indicating upside potential from

³⁹ See for example Amin et al. (2019), which finds that the labor productivity of informal firms is about 25 percent that of formal firms.

Figure S.3: Characteristics of non-survivalist informal businesses in Cambodia

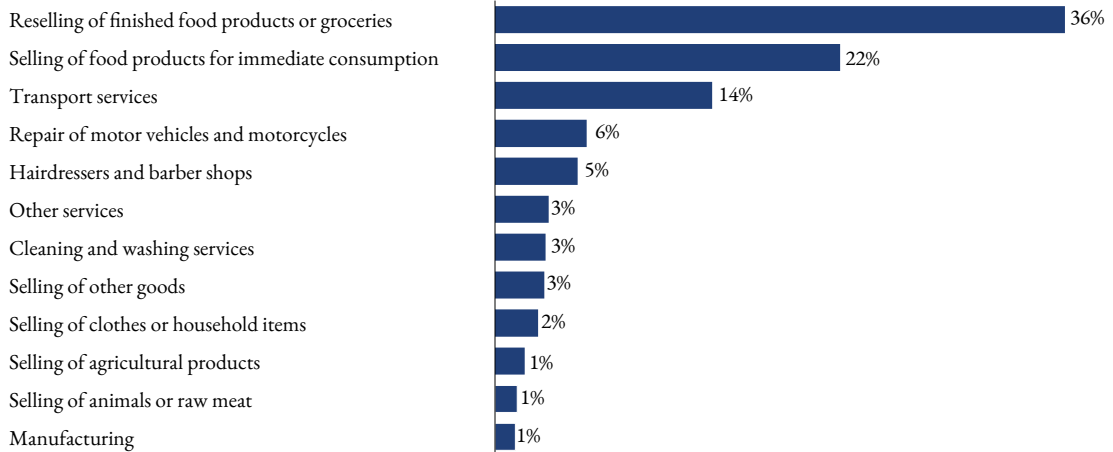
(Share of non-survivalist informal businesses, % of total, N=770.)

Panel A

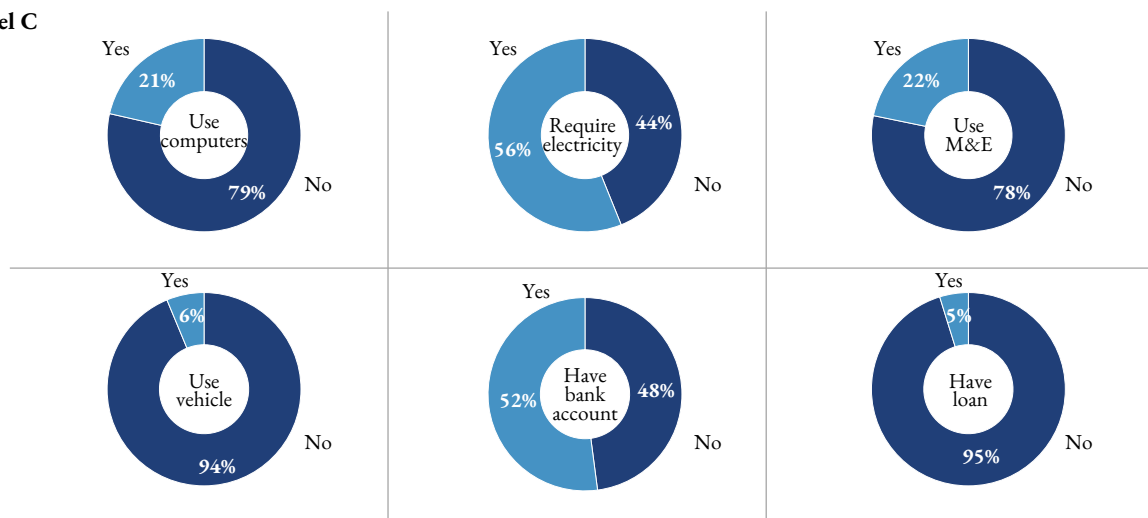


Panel B

Distribution of informal firms by activity



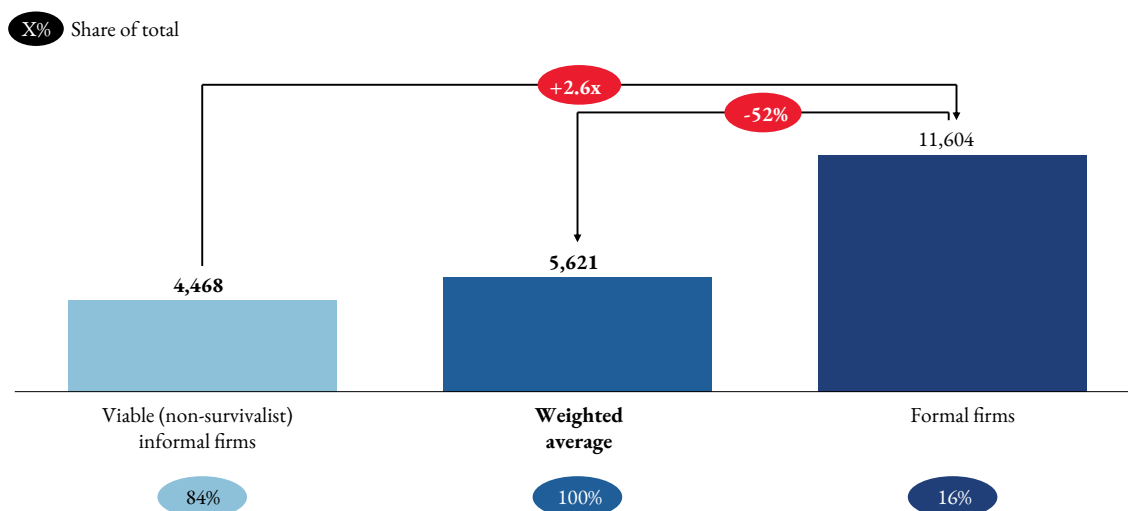
Panel C



Source: Cambodia Informal Business Survey (2024), World Bank.

Note: This analysis excludes observations with <=US\$30 in sales per month.

Figure S.4: Productivity levels of informal businesses and formal firms in Cambodia
Sales per worker (in nominal US\$ per year)*

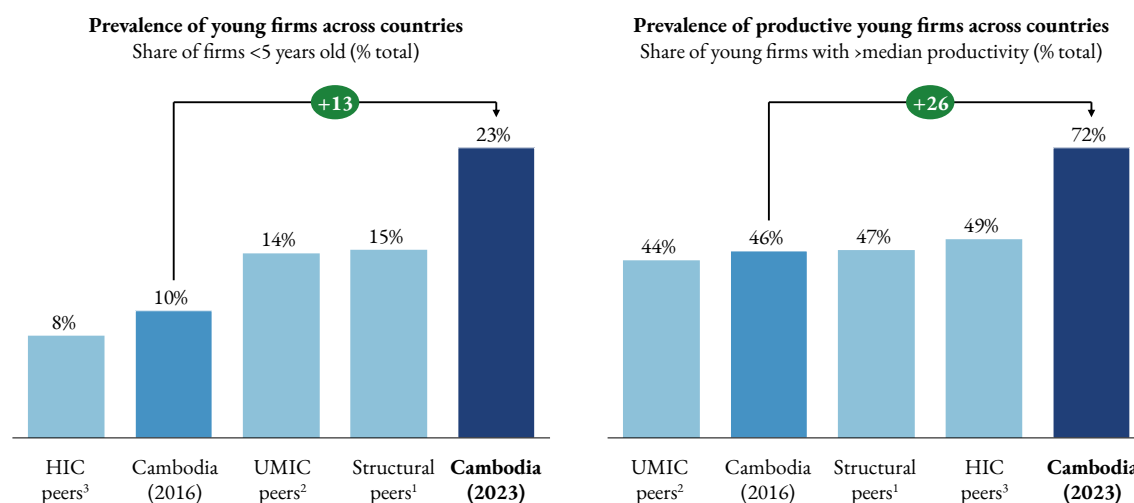


Source: Cambodia Enterprise Survey (2023) and Cambodia Informal Business Survey (2024), World Bank.

Note: N=770 for informal businesses. This analysis excludes observations with <=US\$30 in sales per month.

* = Due to lack of data on costs for informal businesses, 'sales per worker' is used as a proxy for productivity (which would typically be valued-added – sales minus costs – per worker).

Figure S.5: Share of young, registered firms and their productivity in Cambodia compared to peers



Source: World Bank Enterprise Surveys (WBES), World Bank.

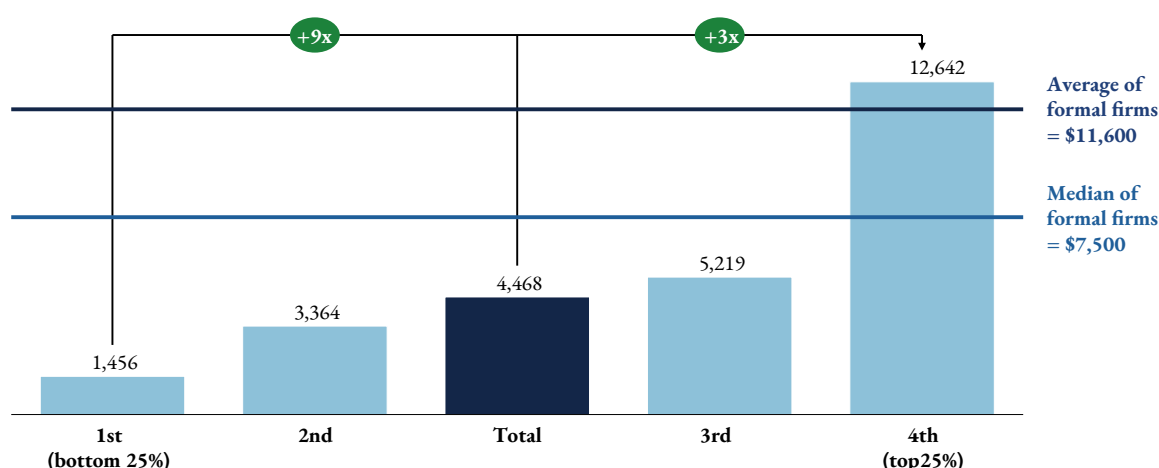
Note: (1) Structural peers: Bangladesh, Philippines, and Viet Nam; (2) UMIC peers: Philippines, Viet Nam, El Salvador, Georgia, and Paraguay; and (3) HIC peers: Costa Rica, Bulgaria, Romania, and Hungary.

further easing firm entry and encouraging some high-performing informal businesses to register.

In Cambodia, the proportion of relatively young, registered firms is relatively high (23 percent) and growing (up from 10 percent in 2016). These rates are higher than peer countries (figure S.5), which is unsurprising given the high rate of informality in Cambodia. Moreover, more than 70 percent of these young firms have above-median labor productivity compared to other formal firms in Cambodia, which

is also very high compared to peers, and highlights the positive role of formal firm creation in Cambodia in enhancing productivity. Most of these productive young firms were likely registered from the get-go. However, at least some are likely to have started their life as an informal firm. After all, 23 percent of formal firms in Cambodia report starting out as an informal business, which is above average by global standards, and significantly higher than the 3 percent

Figure S.6: Average labor productivity among informal businesses by quartile
Sales per worker (in nominal US\$, per annum)



Source: Cambodia Informal Business Survey (2024), World Bank.
 Note: N=770. This analysis excludes observations with <=US\$30 in sales per month.

rate reported in neighboring Viet Nam.⁴⁰ This data suggests that Cambodia has a big opportunity to continue boosting its aggregate firm productivity by further easing firm entry and facilitating the registration of at least some, high performing, informal businesses. Facilitating business entry can enhance productivity in both direct and indirect ways. On the one hand, new businesses often introduce innovative products and ideas. On the other hand, increased (fair) competition forces existing firms to improve efficiency and forces unproductive firms with limited incentives to become more efficient.

However, given the significant variation in productivity among viable informal businesses in Cambodia, efforts to encourage greater registration should prioritize the ‘High Performers’. There is a wide range of performance in productivity even among Cambodia’s non-survivalist informal businesses (figure S.6). Cambodia’s informal High Performers (the top quartile or 25 percent) have average productivity levels (\$12,642 per worker per year) three times higher than the overall average (\$4,468) and about nine times higher than the average of the bottom quartile (\$1,456). Moreover, these High Performers have productivity levels that are actually higher than the average formal firm (\$11,600), indicating that many can compete against formal firms, and hence potentially gaining an unfair disadvantage by

remaining unregistered.⁴¹ In addition, even informal businesses in the third quartile have average productivity levels (\$5,219) that are about 70 percent of the median formal firm (\$7,500), indicating that they are not far off being able to match them on productivity. Hence, it is these better-performing informal businesses (the top half of the distribution, starting with the top quartile) that are likely to be the best ‘candidates’ for formalization and should be the initial priority for registration drives.

IV. THE PRODUCTIVITY OPPORTUNITY: WHAT MAKES INFORMAL BUSINESSES PRODUCTIVE?

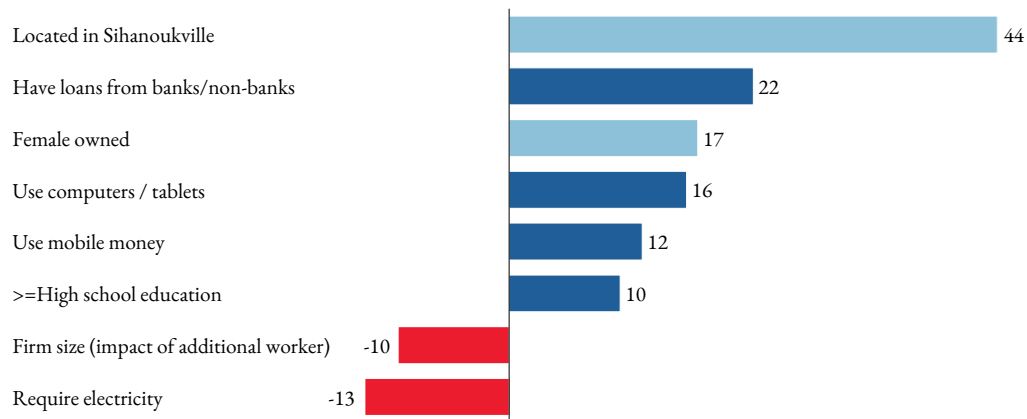
Regardless of whether informal businesses register or not, there are social and economic benefits to supporting them to boost their efficiency and productivity. Hence, it is helpful to understand the differences in characteristics between low- and high-performing informal businesses in Cambodia, and what sets apart High Performers (the top quartile or 25 percent). This section explores these questions by examining the variation in productivity among non-survivalist informal businesses based on: (a) their basic characteristics such as location, size, age, and owner gender; (b) owner skills, proxied by high school completion or even higher levels of education,

40 World Bank Enterprise Surveys (WBES). <https://www.enterprisesurveys.org/en/enterprisesurveys>

41 This comparison is descriptive and does not control for differences in sector or firm characteristics. Controlled econometric comparisons between formal and informal firms will be explored in a forthcoming working paper.

Figure S.7: Impact on probability of becoming a High Performing (top 25%) informal firm

Percentage point change in probability by variables that are statistically significant



Source: Cambodia Informal Business Survey (2024), World Bank; and WB staff calculations.

Note: N=470. This analysis excludes observations with <=US\$30 in sales per month. Estimates are marginal effects from a probit regression. The probit model estimates the likelihood of being a high-performing firm (top productivity quartile) using firm size and age, owner’s education and experience, use of mobile money and computers/tablets, access to loans, female ownership, use of electricity, machinery/equipment and use of vehicle, controlling for activity and city fixed effects. The marginal effect for Sihanoukville reflects its impact relative to Phnom Penh, the reference city.

and years of experience; (c) use of technology such as mobile phones, mobile money and computers; (d) use of electricity as well as capital such as machinery and vehicles; and (e) access to financial services such as bank accounts and loans. This section employs both descriptive and econometric techniques⁴² to explore these questions.

Overall, the key characteristics of High Performing informal firms are access to finance, use of technology, and owner education (figure S.7). Based on probit regressions, the key characteristics of High Performers, apart from city location and gender, are: (a) having a loan from a bank or other financial institution, which is associated with a 22 percentage points higher probability of being a High Performer; (b) using a computer or tablet, which is associated with a 16 percentage points higher probability; (c) using mobile money, which is associated with a 12 percentage points higher probability; and (d) the owner having at least a high school education, which is associated with a 10 percentage points higher productivity. In contrast, each additional worker is associated with a 10 percentage points lower probability, and a requirement for electricity is associated with a 13 percentage points lower probability.

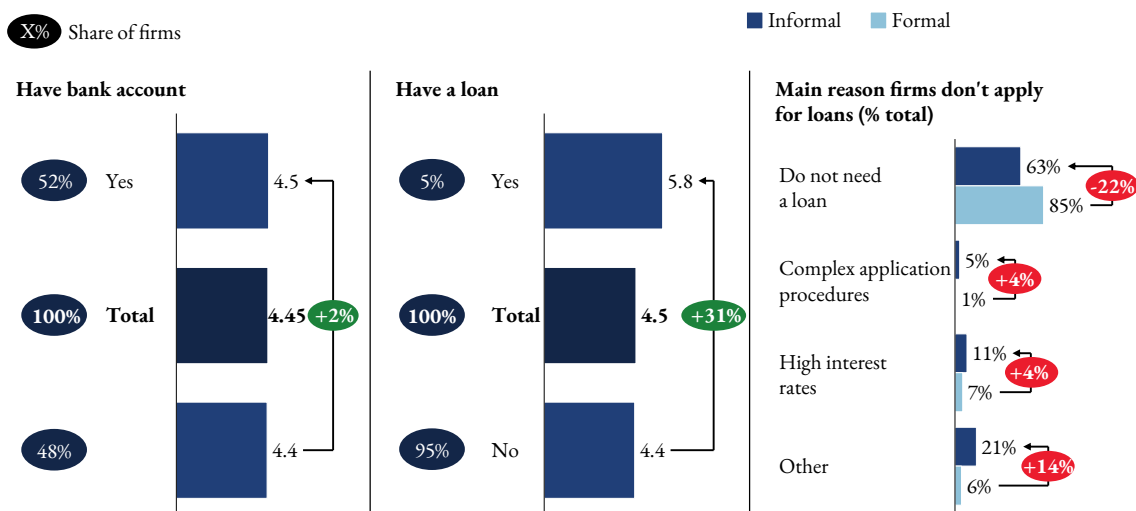
⁴² The econometric results presented in this section are based on preliminary analysis from a forthcoming World Bank Working Paper ‘Informality and firm productivity in Cambodia’. The regression results presented are based on both Ordinary Least Squares (OLS) and probit regressions.

Expanding financial inclusion and access to finance are critical for boosting the productivity of informal businesses (figure S.8).

The use of financial services is less common among informal businesses in Cambodia compared to formal firms. For example, only 52 percent of viable informal businesses have a bank account compared to 95 percent of formal firms. In addition, only 5 percent have a loan from a financial institution (rising to 10 percent among Top Performers) compared to 14 percent of formal firms. Informal businesses are also more likely than formal firms to cite complex application procedures (5 percent vs. 1 percent), high interest rates (11 percent vs. 7 percent) and other issues (especially a lack of loan guarantees, 21 percent vs. 6 percent) as reasons for not applying for a bank loan; all of which points to higher barriers to accessing finance. Descriptive statistics indicate that having loans and, to a lesser extent, having a bank account are correlated with higher productivity. This relationship is confirmed by OLS regression analysis, which finds a significant positive relationship between loans and productivity as well as by the probit regressions discussed above, which found that having a loan is associated with a 22 percentage points higher probability of being a high performer. Overall, these results suggest that efforts to expand financial inclusion and access to finance for informal businesses may have some benefits. However, financial inclusion may not be the main finance-related issue. Among both formal (85 percent) and informal (63 percent) enterprises, a very high share state that “they don’t need a loan”.

Figure S.8: Average labor productivity among informal businesses by usage of financial services

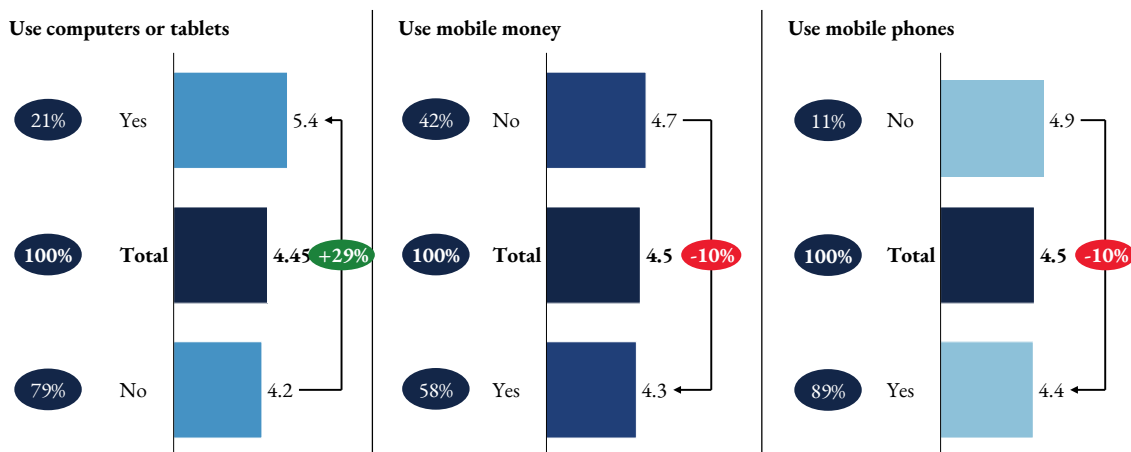
Sales per worker (in nominal US\$ '000, per annum)



Source: Cambodia Informal Business Survey (2024), World Bank.
 Note: N=770. This analysis excludes observations with <=US\$30 in sales per month.

Figure S.9: Average labor productivity among informal businesses by technology usage

Sales per worker (in nominal US\$ '000, per annum)



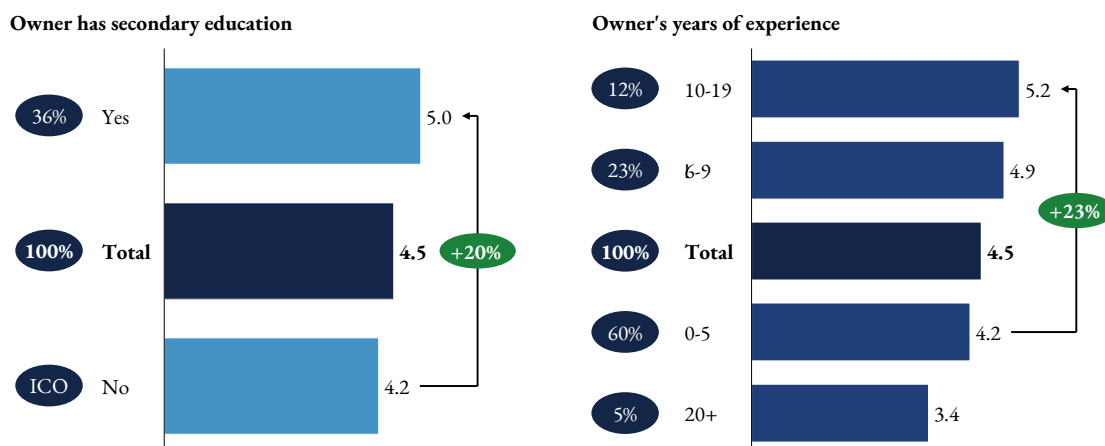
Source: Cambodia Informal Business Survey (2024), World Bank.
 Note: N=770. This analysis excludes observations with <=US\$30 in sales per month.

This seeming lack of demand for financial loans may be indicative of uncertainty and elevated risk arising from the overall challenging business environment, which would discourage enterprises from making new investments in productive assets. It may also be indicative of strong cash flow, which would make borrowing at high interest rates nonsensical. This finding highlights, once again, the importance of addressing key issues in the overall business environment to ensure that enterprises are sufficiently incentivized to invest and grow.

Encouraging the more widespread use of technologies such as computers would also boost informal businesses (figure S.9). Use of mobile phones (89 percent) and mobile money (58 percent) are widespread among informal businesses in Cambodia, but use of more advanced technologies such as computers or tablets remains far more limited (21 percent, but rising to 34 percent among High Performers). There is a significant positive relationship between use of computers/tablets and productivity, and their use increases the probability of

Figure S.10: Average labor productivity among informal businesses by measures of owner skills

Sales per worker (in nominal US\$ '000, per annum)



Source: Cambodia Informal Business Survey (2024), World Bank.

Note: N=770. This analysis excludes observations with <=US\$30 in sales per month.

becoming a High Performer by 16 percentage points. Overall, these results suggest that efforts to support informal businesses to acquire and make greater use of technology would be beneficial.

Finally, upskilling business owners and boosting their managerial capabilities would also boost the productivity of informal businesses.

Owners of informal business have relatively limited skills, with only 36 percent having completed high school or higher (rising to 55 percent among Top Performers) and only 40 percent have more than five years of experience (figure S.7). Higher skill levels are correlated with higher productivity, and having a high school education or above increases the probability of becoming a High Performer by 10 percentage points. This is consistent with global research that finds a strong positive correlation between managerial skills and firm productivity.⁴³ Overall, these results suggest that support for upskilling informal business owners, including support to obtain further education could be beneficial (E.g., finishing their high school certificate or TVET education).

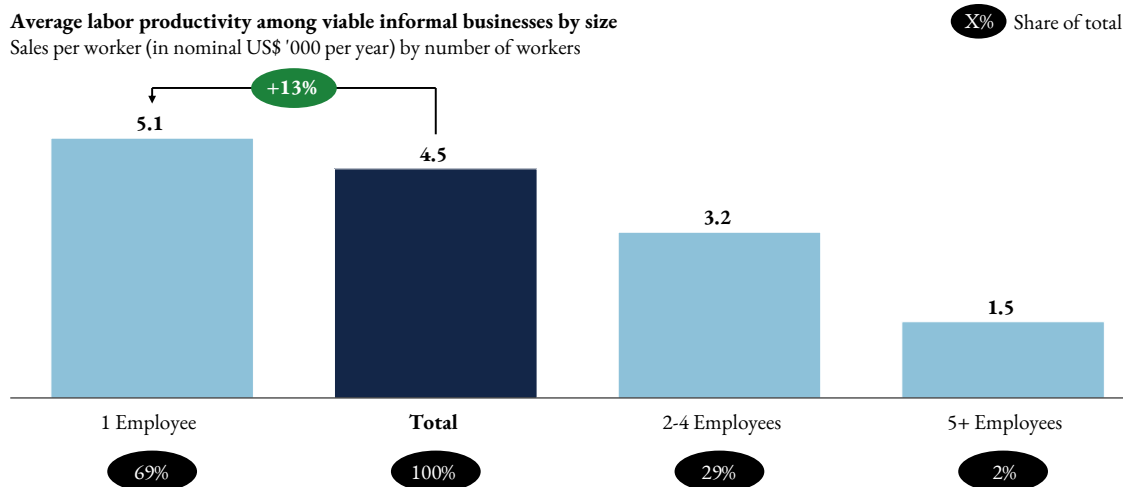
There are also opportunities from addressing the barriers to scale and the efficient use of more advanced production inputs such as electricity and capital. Only 31 percent of viable informal

firms have more than one worker, and there is a significant negative correlation between firm size and productivity (figure S.11, Panel A). This relationship is likely driven by the use of excess family labor among Survivalist Enterprises. Moreover, each additional worker reduces the probability of becoming a High Performer by 10 percentage points. This finding, which is consistent with previous World Bank research on formal firms, suggests that informal firms struggle to scale up efficiently. In addition, use of more advanced production inputs is limited among informal businesses, with just over half requiring electricity (56 percent), and only a small share using capital inputs such as machinery and equipment (22 percent) or a vehicle (6 percent). Descriptive statistics indicate that use of these more advanced inputs is correlated with lower productivity (figure S.11, Panel B). The probit regressions discussed above found that requiring electricity is also associated with a 13 percentage points lower probability of being a High Performer by 13 percentage points. Given the strong global evidence on the positive relationship between the use of capital and productivity, these results are surprising and might indicate that informal businesses are struggling to deploy capital equipment efficiently and effectively. Overall, these results suggest that addressing the barriers to scale and the use of advanced production inputs among informal businesses could be beneficial.

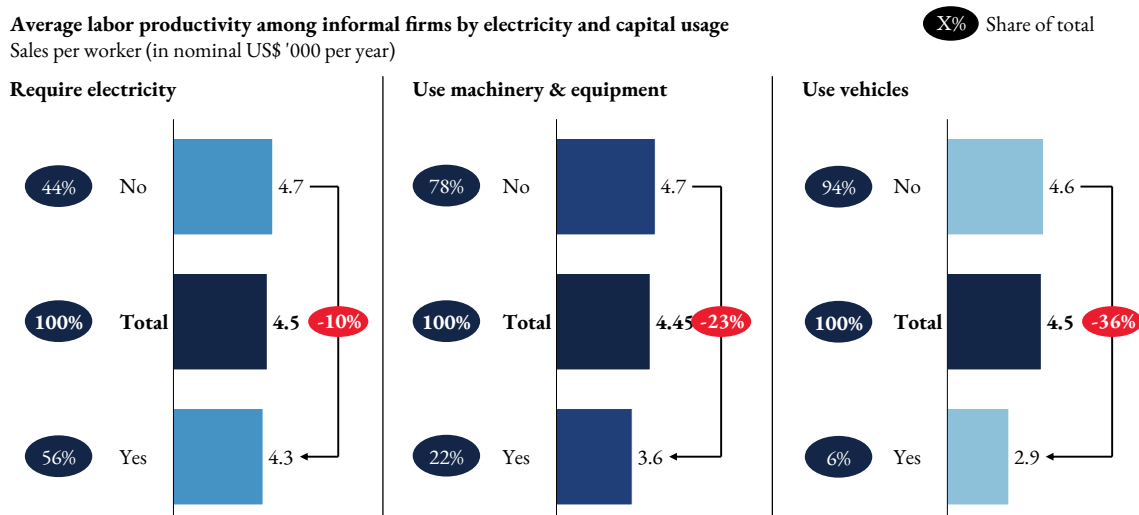
43 See, for example, Syverson, C. (2011). "What Determines Productivity?" *Journal of Economic Literature*, 49(2), 326-365.

Figure S.11: Average labor productivity among viable informal businesses by size and use of advanced inputs

Panel A



Panel B



Source: Cambodia Informal Business Survey (2024), World Bank.
Note: N=770. This analysis excludes observations with <=US\$30 in sales per month.

V. THE FORMALIZATION JOURNEY: FROM VIABLE INFORMAL BUSINESSES TO FORMAL FIRMS

The opportunity: What happens if viable informal businesses formalize?

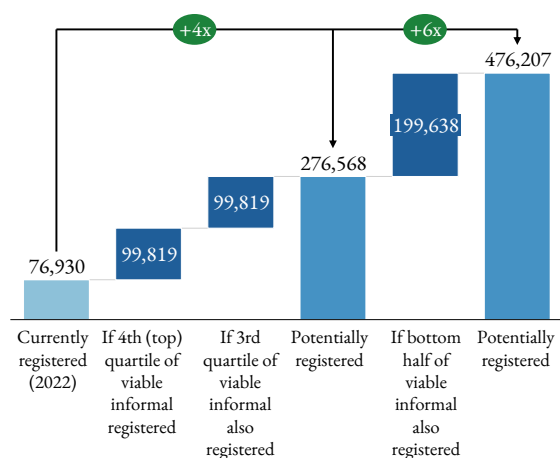
Registration drives that prioritize high-performing informal businesses could significantly expand the number and economic footprint of formal firms in Cambodia. As Cambodia’s economy continues to develop and advances towards its goal of becoming a HIC, the rate

of informality should continue to gradually decline, and the economic contribution of informal businesses should begin to converge with the rates more typically seen in developed countries. The policy objective is not to register the entire 90 percent of Cambodian enterprises that are currently informal. As noted above, 41 percent of informal businesses in Cambodia are ‘Survivalist Enterprises’, and many – if not most – of these enterprises are likely to close organically as the economy becomes more advanced and their owners have access to better job opportunities elsewhere. Instead, the priority should be to encourage and make it easier for those informal businesses that are viable and productive – and hence sustainable – to register. The most promising candidates for this in the short term are the High Performers (top quartile), followed in the

Figure S.12: Potential impact of greater formality on enterprise composition and productivity in Cambodia

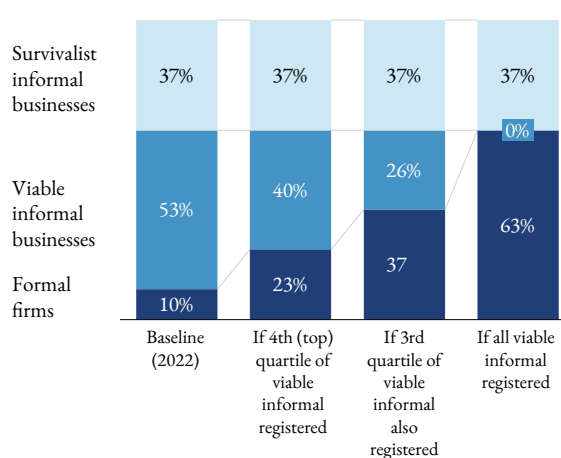
Panel A

Potential impact on number of registered firms
Number, 2022



Potential impact on shares

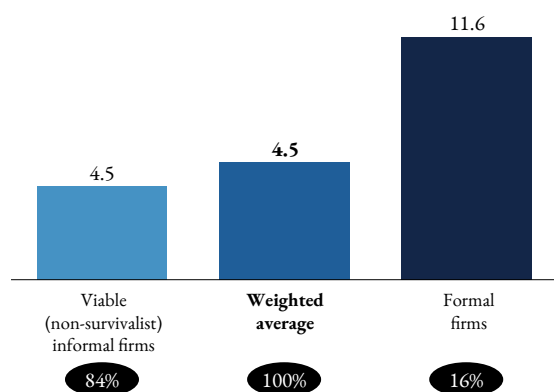
Share of formal vs. informal enterprises (% of total, 2022)



Panel B

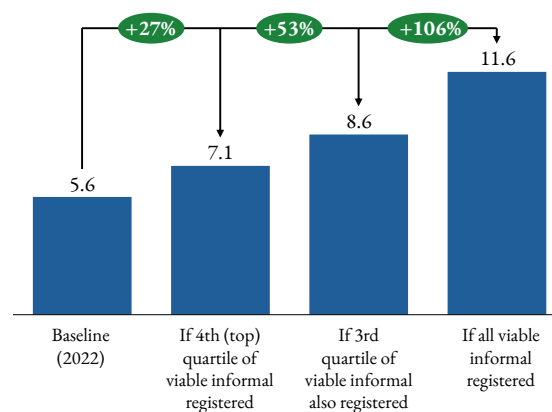
Estimated average aggregate firm labor productivity

Weighted average of formal firms and non-subsistence (or viable) informal businesses, based on 2022 baseline; Sales per worker (in nominal USD '000, per annum)



Estimated average aggregate firm labor productivity

Weighted average of formal firms and non-subsistence (or viable) informal businesses, based on 2022 baseline; Sales per worker (in nominal USD '000, per annum)



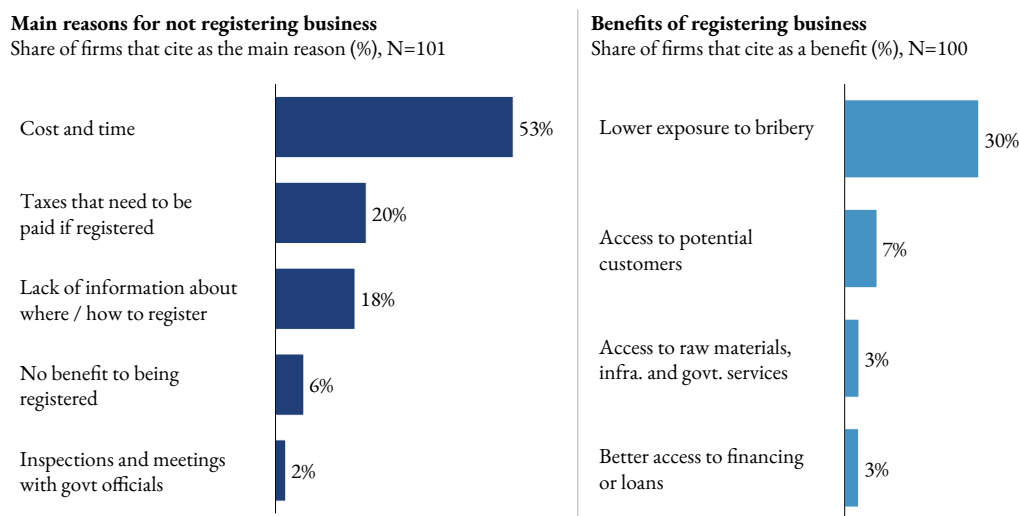
Source: Cambodia Economic Census (2022); Cambodia Enterprise Survey (2023) and Cambodia Informal Business Survey (2024), World Bank; and Authors' elaboration and estimates.

medium term by those in the third quartile. Eventually, over the longer term, Cambodia could explore whether the remaining businesses that are 'Potentially Viable Enterprises' (first and second quartiles) are able to raise their productivity levels and compete with formal firms, and hence whether it would be worthwhile to also encourage them to register. Scenarios help illustrate the potential impact of greater registration of informal businesses on the Cambodian enterprise landscape (figure S.11, Panel A). For example, if all the High Performers are registered, this would more than double the number of formal firms in Cambodia from around 77,000 to around 177,000 (and increase their share from 10 to 23 percent). If, in addition, the third quartile

of non-survivalist informal businesses were registered, this would roughly quadruple the number of formal firms in Cambodia to around 277,000 (and increase their share to 37 percent). Finally, if – eventually – the remaining 'Potentially Viable Enterprises' are also registered, this would lead to a roughly sixfold increase in the number of formal firms in Cambodia to around 476,000 (and increase their share to 63 percent).

Moreover, achieving higher rates of formality in Cambodia – if complemented by efforts to support productivity improvements – could have a big aggregate firm productivity payoff. Registration in and of itself does not improve

Figure S.13: Costs and benefits of firm registration in Cambodia



Source: Cambodia Informal Business Survey (2024), World Bank. Due to limited responses for registration related responses, firms earning <= US\$ 30 are also included.

enterprise performance or productivity. For example, a recent survey of micro and small enterprises in Cambodia by the Asia Foundation found little to no change in key business performance indicators such as sales, access to finance or market opportunities roughly one year before and after registration.⁴⁴ Hence, efforts to encourage registration of potentially viable informal businesses should go hand-in-hand with credible efforts to increase their performance and productivity, for example, through promotion of skill building and managerial capabilities, use of advanced technologies and financial inclusion. If these joint efforts are successful, then the impact on aggregate firm productivity could be significant as illustrated by the scenario in figure S.11, Panel B. For example, if newly registered firms can converge to the same average productivity levels of existing formal firms over time, then the average aggregate productivity level would rise too, and eventually double from around \$5,600 to around \$11,600 per year. Moreover, there are benefits to formalization even if it doesn't necessarily support higher productivity, including: (i) stronger worker protections (E.g., reduced vulnerability to exploitation and unsafe conditions); (ii) increased tax revenue; and (iii) improved regulatory oversight and consumer safety.

The problem: Why aren't viable informal businesses registering?

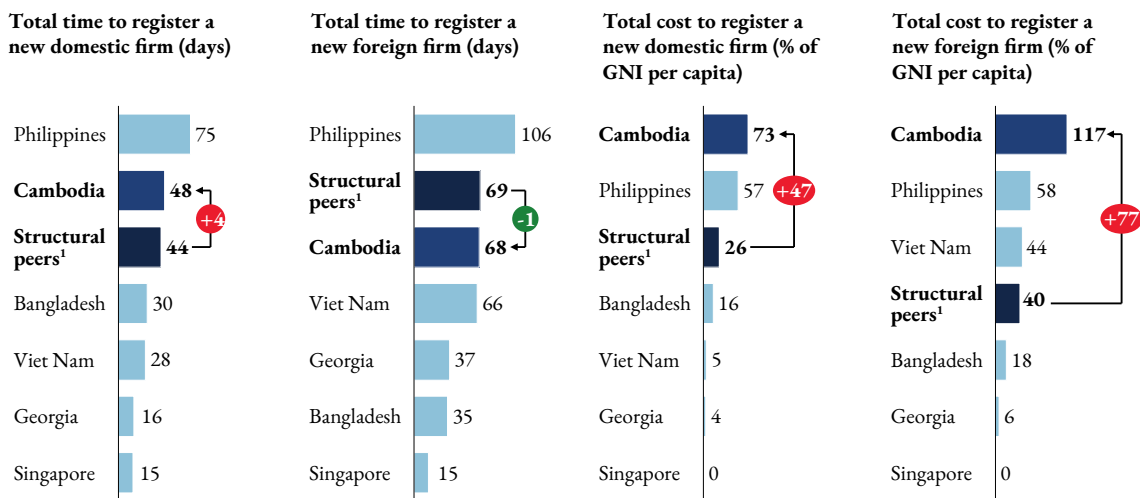
Encouraging viable informal businesses to formalize will require further efforts to address the barriers to registration, including lack of awareness as well as perceptions of high costs and limited benefits. An overwhelming majority (81 percent) of informal businesses report not being aware of the Ministry of Commerce's Business Registration Department. Of the minority that are aware of the Department, the main barriers to registration reported are costs (figure S.12), including: (i) the direct upfront financial and time cost of registering (53 percent); and (ii) the subsequent tax compliance costs once the business is registered (20 percent). Other barriers include a lack of information on how and where to registration (18 percent). In addition, both the benefits of registering (and the penalties of not registering) appear limited, reducing the incentive to do so. For example, firms perceive few benefits from registering (e.g., better access to customers or financing), most charge the same or higher prices as registered firms, and only 2 percent say they had to make an informal payment to avoid registration (indicating a limited risk of inspections and penalties for not registering).⁴⁵ These findings are broadly consistent with a recent survey of micro and small enterprises by the Asia Foundation⁴⁶, which found that that main reasons cited by informal businesses for not registering were: (a) their small size (73 percent); (b) a belief that most businesses do

⁴⁴ Cambodia Business Environment Barometer 2025 (forthcoming), The Asia Foundation and the Cambodia-Australia Partnership for Resilient Economic Development.

⁴⁵ Cambodia Informal Business Survey (2024), World Bank.

⁴⁶ Cambodia Business Environment Barometer 2025 (forthcoming), The Asia Foundation and the Cambodia-Australia Partnership for Resilient Economic Development.

Figure S.14: Time and financial costs to register a business in Cambodia compared to peers



Source: B-READY 2024 data, World Bank.
Notes: 1. Structural peer group includes Viet Nam, Bangladesh and the Philippines.

not register (27 percent); (c) a lack of information or awareness of the registration process (26 percent); (d) a belief that registration is not necessary for business operations (17 percent); (e) high registration fees or costs (12 percent); and (f) the complexity of the registration process (10 percent).

More generally, firms in Cambodia face significant barriers around business entry, especially on financial and time costs to register. Cambodia is ranked in the bottom quintile of countries on ‘Business Entry’ in the World Bank’s B-Ready Index, driven by high time and financial costs to register a new firm. Official fees to register a new business in Cambodia’s Online Business Registration System (OBRs) vary by firm size, ranging from US\$343-985, which represents 14-41 percent of Gross National Income (GNI) per capita in 2023⁴⁷. However, this amount does not include the cost of an agent, which most businesses choose to use to complete their registration, or the cost of sectoral licenses and approvals. While the official time to complete the OBRs process is 8 working days, it can take longer if there are any inconsistencies in the application, and this time does not include additional verifications and authorizations (e.g. licenses). According to comparable international statistics (figure S.13), the average cost to register a new domestic firm in Cambodia is 73 percent of GNI (almost double the maximum official rate) and the average time is 48 days (six times the official process). These financial and time costs to register a

business are higher than most structural peers, and significantly higher than in regional leader Singapore as well as Georgia (a well-known success story on business environment reforms among middle-income countries). The costs of registering a firm with foreign ownership are even higher. Other business entry issues highlighted by the B-Ready Index include limited digital services and transparency of Information (E.g., availability of company information and the transparency of online information).

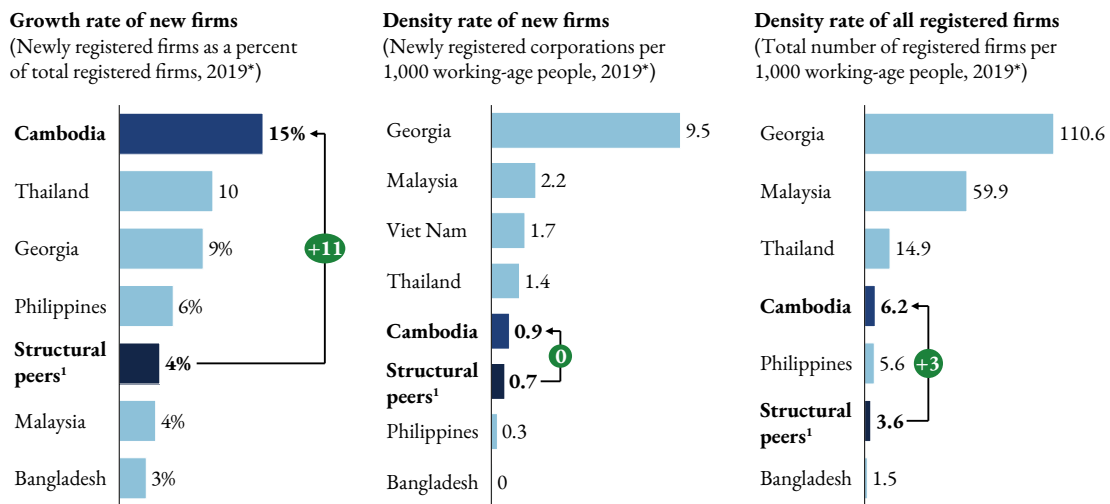
High registration costs and other barriers are deterring firms from registering and contribute to Cambodia’s low-density rate of registered and new firms. The impact of these high entry barriers for new firms is reflected in statistics on Cambodia’s rates of new business registration (figure S.14). While the growth rate of newly registered businesses in Cambodia was relatively high at 15 percent in 2019, this largely reflects the very low starting base. Overall, the density of newly registered firms in Cambodia (0.9 per 1,000 working age people) – and the density of all registered firms (6.2 per 1,000 working age people) – are low compared to most of the country’s neighbors and peers. Given Cambodia’s high rate of business informality and high rates of economic growth, the growth rate and density of newly registered firms can and probably should be much higher than it is today.

Beyond costs, there is room for further improvement in Cambodia’s business registration process.⁴⁸ The Cambodian

⁴⁷ World Bank (2025b, forthcoming). “Business entry in Cambodia”. Policy Note. The World Bank Group. Draft June 2025 (forthcoming).

⁴⁸ World Bank (2025b, forthcoming). “Business entry in Cambodia”. Policy Note. The World Bank Group. Draft June 2025 (forthcoming).

Figure S.15: Rates of new business entry in Cambodia compared to peers



Source: B World Bank Entrepreneurship Database. Data for Limited Liability Companies (LLCs) only.
Notes: 1. Structural peers: Viet Nam, Bangladesh and the Philippines. *2018 data for Bangladesh as 2019 is not available.

government accelerated business entry reforms over the last five years. For example, the Online Business Registration System (OBRS), an electronic one-stop shop, combines registration with the Ministry of Commerce, the General Department of Taxes, the Ministry of Labor and Vocational Training, and the National Social Security Fund. Underpinned by the CamDX interoperability platform and single sign-on through CamDigiKey, the OBRS removed the need for multiple visits to government offices and separate forms to register a business. Compliance costs to start a business also dropped after amendments to the Law on Commercial Enterprises in 2022 eliminated the minimum capital requirement, and simultaneous amendments to the Law on Commercial Rules and Register in 2022 removed the requirements to provide sample signatures or a company seal, and a certificate of capital deposit issued by a bank. However, there remain areas for further improvement. For example, improvements in digital services could make the OBRS workflow more efficient and reduce the need to submit scanned copies of identification documents.

VI. POLICY IMPLICATIONS AND RECOMMENDATIONS

The findings from this Special Focus point to three priority reform areas to support Cambodia’s aspirations for the informal economy:

1. Support vulnerable owners of informal ‘Survivalist Enterprises’ by expanding access

to social protection as well as transition programs that offer pathways to better job opportunities elsewhere. This theme is recognized in the National Strategy on the Informal Economy, which commits to “extend social protection coverage to informal workers and their families” through inclusion in the National Social Security Fund (NSSF) and related schemes. However, to access the NSSF benefits, informal businesses and self-employed workers must pay a regular contribution, which for many is an unaffordable cost. A recent survey of micro and small enterprises by the Asia Foundation found that contributions were equivalent to 2 percent of annual revenue.⁴⁹ Subsidizing these contributions for a period (or until a business reaches a certain revenue threshold) could help incentivize uptake. In addition, as noted in this Special Focus, the most socially and economically impactful intervention for this group of informal enterprises may not be to help them improve their productivity or to formalize, but rather to help their owners transition to well-paying, higher productivity waged jobs in formal firms. This may require temporary income and financial support to help them upskill, for example, by completing the equivalent of a high school certificate for those who didn’t finish high school and lack basic literacy and numeracy skills.

⁴⁹ Cambodia Business Environment Barometer 2025 (forthcoming), The Asia Foundation and the Cambodia-Australia Partnership for Resilient Economic Development.

2. Support ‘Potentially Viable Informal Enterprises’ to boost their productivity, including by improving skills, managerial capability, usage of advanced technologies, and fostering greater financial inclusion.

This theme is also recognized in the Strategy, which promotes training and capacity-building for informal workers and micro-enterprises, delivered through government and partner institutions, alongside digital registration and onboarding platforms that link users to business support and e-services. Registered firms are eligible for tax incentives, waived past fines, and access to finance and micro-credit from banks and micro-finance institutions (which are encouraged to serve informal businesses). The approach is incentive-based and voluntary, combining simplified procedures, digital tools, and social-protection access to help subsistence entrepreneurs formalize, upgrade their operations, and integrate into formal markets.

3. Accelerate the pace of formalization of viable informal businesses, starting with ‘High Performers’.

This too is recognized in the Strategy, which emphasizes: (a) establishing a “Zone for the Development of the Informal Economy” to provide a low-barrier entry path toward formality; (b) simplifying registration and compliance through digital one-stop systems and waivers of past fees or penalties; (c) offering incentives such as tax relief and access to government benefit packages for registered enterprises; and (d) conducting outreach and awareness campaigns in partnership with private and civil society actors to promote formalization benefits. The remainder of this final section focusses on this third priority and offers additional policy ideas to help accelerate the pace of formalization of relatively high-performing informal businesses in Cambodia.

The main priority to promote greater formalization in the Cambodian economy is to improve the overall business environment for formal firms.

As noted at the outset of this Special Focus, fostering a more conducive business environment that enables formal firms to invest, hire and grow – and that encourages innovative new formal firms to enter – is the main channel to expand the GDP and jobs footprint of formal firms in Cambodia. A previous [Special Focus](#) outlined policy recommendations to address the top barriers to doing business faced by formal firms, and these

remain relevant. They include: (i) reducing the high cost and burden of tax compliance, especially by minimizing in-person meetings and manual paper-based processes that are heavily prone to informal payments; (ii) reducing the high incidence of informal payments among formal firms more generally, including by increasing penalties for public officials caught soliciting informal payments and digitalizing processes and payments for public services to reduce opportunities for informal payments; and (iii) improving the enforcement of commercial contracts by establishing specialized commercial courts and increasing court transparency and digitalization.

Improving the overall business environment can be complemented by efforts to encourage more informal businesses to formalize, which will require a fundamental shift in the costs and benefits of firm registration.

For potentially viable Cambodia informal businesses to feel that the benefits of registration outweigh the costs, and hence to have a greater incentive to register, further reform is needed to lower the perceived costs (i.e. direct and indirect financial costs, and time costs). At the same time, further reform is needed to increase the perceived benefits (including improving enforcement). The required shift needs to be substantial given both local and international evidence that highlight the substantial barriers and reluctance that need to be overcome. For example, a recent survey by the Asia Foundation found that 76 percent of micro and small enterprises in Cambodia had no plans to register, and that a further 23 percent were undecided (only 1 percent said they were planning to register).⁵⁰ Moreover, international research consistently shows that modest efforts such as simplifying procedures, reducing registration costs, or providing information alone has only a limited impact on the formalization of informal businesses. Studies from multiple countries demonstrate that most small, low-productivity enterprises do not formalize unless offered substantial incentives or faced with credible enforcement. Studies by Bruhn and McKenzie (2018) find that interventions such as free registration or accounting support generally produce only modest or negligible increases in formalization, while randomized experiments in Sri Lanka (de Mel, McKenzie, and Woodruff 2013) show that information and fee-reimbursement alone have no effect. Only large cash incentives—equivalent to several months of

50 Cambodia Business Environment Barometer 2025 (forthcoming), The Asia Foundation and the Cambodia-Australia Partnership for Resilient Economic Development.

Table S.1: Policy ideas to promote greater registration

Thematic Area	Key Measures
Reduce costs and barriers	
(i) Reduce the direct financial cost of registration	Reduce or eliminate registration fees
(ii) Reduce time costs	Further business process streamlining and digitalization (e.g., reduce the need to submit scanned copies of identification documents)
	Expand online registration system to cover other authorizations (e.g., licenses, permits)
(iii) Reduce the tax administration burden	Streamline tax administration processes and reduce the prevalence of informal payments
	Conduct a regular tax compliance cost survey
	Grant newly registered formal firms a period of exemption from compliance with tax obligations
Increase benefits and incentives	
(i) Provide stronger incentives for formalization	Monetary incentives (e.g., grants, low-interest loans)
	Public procurement access (e.g., allocating government procurement opportunities for newly registered firms)
	Encouraging business linkages (e.g., partnerships between formal and informal businesses)
	Public services (e.g., training for literacy and technology uptake)
(ii) Strengthen compliance and enforcement	Reduce revenue thresholds for registration (e.g., for VAT registration from US\$62,500 to US\$10,000-20,000)
	Improve non-compliance identification capacity (e.g., through greater data sharing among Ministries)
	Strengthen enforcement (e.g., escalating inspections and penalties for persistent non-compliance)

profits—yield measurable increases in formalization, underscoring that for many microenterprises, the perceived benefits of formal registration are too small relative to the costs. These findings align with broader reviews (e.g., J-PAL 2015) concluding that meaningful formalization typically occurs only when governments pair supportive measures with strong incentives or improved enforcement.⁵¹ In light of this, the remaining discussion outlines policy ideas to both reduce the costs and barriers of registration as well as to enhance the benefits and incentives of registration (summarized in Table S.1).

51 Bruhn, Miriam, and David McKenzie. “Entry Regulation and the Formalization of Microenterprises in Developing Countries.” Policy Insight, CEPR, 2018. de Mel, Suresh, David McKenzie, and Christopher Woodruff. “The Demand for, and Consequences of, Formalization among Informal Firms in Sri Lanka.” American Economic Journal: Applied Economics 5, no. 2 (2013): 122–50. J-PAL (Abdul Latif Jameel Poverty Action Lab). “Encouraging Micro and Small Enterprises to Formalize.” Policy Insight, 2015.

Policy ideas to reduce the costs and barriers of firm registration include:

- **Reducing the direct financial cost of registration.** Given the relatively high registration costs relative to other countries, Cambodia could consider significantly reducing the formal registrations fees charged in the Online Business Registration System (OBRS) or even eliminating registration fees entirely.
- **Reducing time costs through further business process streamlining and digitalization.** Despite the significant improvements ushered in by the establishment of the OBRS, there remains room for improvement.⁵² For example, improvements in digital services could make the

52 World Bank (2025b, forthcoming). “Business entry in Cambodia”. Policy Note. The World Bank Group. Draft June 2025 (forthcoming).

OBRs workflow more efficient and reduce the need to submit scanned copies of identification documents. In addition, further expansion of digital services such as the CamDX system could facilitate faster online business registration, while greater integration and digitalization of registration systems across government agencies could ease compliance costs. Expanding the OBRs to cover other authorizations (such as licenses, registrations and permits) would first require a review of the legality, necessity, and efficiency of each service. Unnecessary and redundant requirements, renewals, and inspections could be eliminated following a risk-based approach. In many cases, regulatory reforms may be necessary to eliminate or streamline services. In line with the Strategy for the Development of E-Services for Businesses 2025-2028, the review should follow the ‘once only’ principle⁵³ and promote the use of structured electronic data (as opposed to scans of word documents). For example, the B-READY 2024 data identify construction and environmental permits as an area in need of digitalization. Sectoral licenses and approvals, such as those for industry (ongoing at Ministry of Industry, Science, Technology and Innovation), health, and agriculture sectors could also follow.

- **Reducing the tax administration burden for formal firms in general and for newly registered firms in particular.** Previous World Bank research has highlighted the high time and financial costs faced by formal firms in Cambodia to comply with tax regulations as well as a high prevalence of informal payments during the tax administration process. Reforms to streamline tax administration and to reduce the prevalence of informal payments could encourage more informal businesses to register. Cambodia could also conduct a regular tax compliance cost survey to systematically measure and track administrative burdens across sectors and firm sizes, using results to guide further process simplification. Finally, Cambodia could consider granting newly registered formal firms a period of exemption from compliance with tax obligations. In a recent survey by the Asia Foundation, tax exemptions were by far the most frequently reported incentive that might encourage unregistered micro and small enterprises to register (62 percent), well

ahead of the second most cited reason (chance to expand the business with 7 percent).⁵⁴

Policy ideas to enhance the benefits of firm registration include:

- **Providing stronger incentives for formalization:**
 - **Monetary Incentives:** Offering direct targeted time-bound financial incentives to encourage registration, such as grants or low-interest loans. For example, facilitate low-interest rate loans with partnered banks and make it accessible to all viable informal firms that are registered.
 - **Public Procurement Access:** Allocating a portion of government procurement opportunities for small, newly registered firms. Other ideas include reserving small-value contracts, creating simplified bidding tracks, procurement assistance units, and better monitoring procurement for (elite) capture. The new public procurement law (2023) and an ongoing active public procurement reform agenda — will be key. Cambodia could also consider the introduction of requirements for lead contractors on big public projects (and major exporters / garment brands if possible) to use tiered subcontracting agreements that source from local micro-suppliers and prefer registered firms (with capacity support).
 - **Encouraging Business Linkages:** Encouraging partnerships between formal and informal businesses to promote formalization through the development of local supply chains as well as knowledge transfers from larger to smaller firms.
 - **Public Services:** Providing registered firms with better access to public services such as training & development for business training, financial literacy, and technology uptake.
 - **Targeted pilots:** Piloting linked interventions in key sectors with high informality and strong potential for spillover effects—specifically: (a) garment supplier ecosystems where many subcontractors currently operate informally; (b) domestic tourism microenterprises, such

53 This principle aims to reduce administrative burdens by ensuring businesses and citizens provide information to public authorities once and reusing it by sharing data across government entities.

54 Cambodia Business Environment Barometer 2025 (forthcoming), The Asia Foundation and the Cambodia-Australia Partnership for Resilient Economic Development.

as hotels and tour guides for example in Siem Reap; and (c) urban traders. These pilots could combine registration fairs, simplified tax regimes, training programs, access to NSSF benefits, and procurement links with larger firms or government buyers. These sectors are particularly suitable for Cambodia because they have extensive informal supplier networks and prominent lead firms or public institutions that can demand formal outputs.

- **Strengthen compliance and enforcement against non-registration, focusing on top performing informal businesses that are competing unfairly against formal firms.**
- **Reducing the revenue threshold for registration:** Many informal businesses are not registered because they are not required to do so. For example, Cambodia's turnover threshold for VAT registration purposes is currently set at KHR 250,000,000 or around US\$62,500 in a 12-month period. However, less than 1 percent of non-survivalist informal businesses in Cambodia have sales above this threshold.⁵⁵ Significantly lowering the threshold would make it compulsory for a broader base of informal businesses to register. For example, setting the threshold at US\$20,000 in a 12-month period would require 2 percent of informal businesses to register, while setting the threshold even lower at US\$10,000 would require 15 percent to register. However, for this to be sustainable, it would have to go hand in hand with lower registration fees.
- **Improving identification capacity through greater data sharing among Ministries:** Enabling better tracking of informal enterprises through shared government databases including introduction of real-time dashboards to map and monitor informal clusters. Better identification capacity can in turn support targeted formalization campaigns. For example, it could support identification of top performing informal businesses by better leveraging data and engaging them in registration drives.
- **Strengthening compliance through gradual enforcement approach:** Implement escalating inspections and penalties for persistent non-compliance by high-performing informal business after initially focusing on education and support.

55 Cambodia Informal Business Survey (2024).

ANNEX. CAMBODIA – SELECTED INDICATORS

SELECTED INDICATORS* Avg. '10-24	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E
	INCOME AND ECONOMIC GROWTH															
GDP growth (annual %)	6.1	5.1	7.3	7.7	7.9	8.0	7.9	8.1	8.8	7.9	-3.6	3.1	5.1	5.0	6.0	4.8
GDP per capita growth (annual % real)	4.6	3.5	5.7	6.0	6.3	6.4	6.3	6.6	7.4	6.6	-5.0	1.6	3.7	3.7	4.7	3.5
GDP per capita (US\$, nominal)	1799.7	985.5	1100.5	1192.8	1305.7	1434.2	1563.8	1821.2	2028.7	2221.0	2089.6	2166.7	2298.2	2455.2	2657.4	2852.0
Private consumption growth (annual %)	4.5	9.3	10.8	6.0	6.8	5.4	5.7	6.7	5.5	3.4	-1.9	-2.4	5.2	-0.2	2.5	-0.5
Gross investment (% of nominal GDP)	26.7	21.3	21.4	23.7	25.9	29.1	29.5	29.8	30.0	30.7	30.6	29.7	34.0	20.4	15.5	16.4
Gross investment - Public (% of nominal GDP) ²	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
MONEY AND PRICES																
Inflation, consumer prices (annual % EOP or MRV) ¹	2.9	2.9	4.6	2.3	4.5	0.9	2.8	2.2	1.6	3.1	2.9	3.8	2.9	2.7	3.0	1.8
Inflation, consumer prices (annual % period average)	3.0	2.6	5.5	3.0	2.9	3.9	1.2	2.9	2.5	1.9	2.9	2.8	5.5	2.1	2.2	2.7
Base money (% of GDP)	62.4	33.9	31.3	39.5	43.3	51.1	54.1	66.6	74.7	85.9	106.5	95.8	66.2	63.0	64.8	63.8
Domestic credit to the private sector (% of GDP) ²	74.5	22.4	22.6	30.5	40.0	47.5	55.5	61.6	73.8	84.3	103.7	121.8	132.8	130.1	124.7	..
10-year interest rate (annual average) ¹	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Nominal exchange rate (local currency per USD)	4062.4	4044.0	4016.0	4033.0	4027.0	4030.0	4025.0	4062.0	4067.0	4070.0	4077.4	4100.0	4150.0	4110.0	4067.0	4010.1
Real exchange rate index (2015=100)	95.4	91.9	91.1	90.7	91.7	93.1	100.0	103.1	105.4	105.1	98.5	100.4	93.8	79.2	81.2	80.7
FISCAL																
Revenue (% of GDP)	15.9	14.4	14.1	13.9	14.2	15.2	14.7	15.7	17.7	20.0	17.9	16.2	17.2	15.9	15.3	14.8
Expenditure (% of GDP)	18.1	17.1	18.0	17.1	16.7	16.6	15.1	17.1	17.4	18.8	21.3	21.3	20.4	19.9	18.3	18.2
Interest payments (% of GDP)	0.3	0.2	0.2	0.4	0.6	0.5	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Non-interest expenditure (% of GDP)	17.7	16.9	17.7	16.7	16.1	16.1	14.8	16.8	17.1	18.5	20.9	20.9	20.1	19.5	18.0	17.9
Overall fiscal balance (% of GDP)	-2.1	-2.7	-3.9	-3.2	-2.5	-1.3	-0.3	-0.6	0.3	1.1	-3.4	-5.1	-3.2	-3.9	-3.0	-3.4
Primary fiscal balance (% of GDP)	-1.9	-2.5	-3.7	-2.8	-2.1	-1.0	-0.2	-0.4	0.5	1.3	-3.2	-4.9	-3.0	-3.6	-2.8	-3.1
General government debt (% of GDP)	24.0	24.2	23.9	25.1	24.6	24.0	23.3	22.1	22.7	20.7	25.2	25.6	24.9	26.3	25.7	26.6
External public debt (% of GDP) ¹	23.4	22.2	21.6	24.1	24.3	23.8	23.3	22.0	22.4	20.7	25.2	25.8	25.2	26.2	..	..

SELECTED INDICATORS*	Avg. '10-24	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 E
EXTERNAL ACCOUNTS																	
Export growth, G&S (nominal US\$, annual %)	13.4	22.9	11.4	16.0	16.8	10.3	7.5	9.0	9.4	12.3	8.5	2.1	11.2	31.9	16.6	15.8	11.7
Import growth, G&S (nominal US\$, annual %)	13.6	19.1	11.4	14.2	16.9	8.8	7.6	9.0	7.8	9.3	17.4	9.7	47.8	37.2	-19.8	7.3	8.7
Merchandise exports (% of GDP)	38.8	31.1	31.1	32.8	34.8	34.6	33.9	34.3	34.1	34.1	33.9	38.5	46.0	52.7	54.7	56.1	46.1
Merchandise imports (% of GDP)	47.9	41.1	40.4	42.3	44.9	43.7	42.8	42.9	42.0	40.9	40.3	48.9	67.7	68.6	54.8	57.5	54.2
Services, net (% of GDP)	0.5	5.5	5.0	5.7	6.1	5.8	5.6	5.3	5.3	5.5	1.3	1.0	-8.0	-24.5	-9.0	-2.4	6.3
Current account balance (current US\$ millions)	-2347.8	-1165.3	-1309.3	-1390.7	-1489.3	-1899.7	-1680.6	-1756.6	-1634.4	-1540.5	-2155.0	-1938.3	-10711.1	-7437.5	561.4	329.8	-899.1
Current account balance (% of GDP)	-8.1	-8.2	-8.1	-7.8	-7.5	-8.6	-6.9	-6.6	-5.6	-4.7	-5.9	-5.5	-29.1	-18.8	1.3	0.7	-1.8
Foreign direct investments, net inflows (% of GDP)	9.2	9.6	9.4	11.0	10.1	8.0	7.1	9.0	9.1	9.4	9.7	10.0	9.2	8.7	8.5	8.7	7.6
Multilateral debt (% of total external debt) ²	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
POPULATION, EMPLOYMENT AND POVERTY																	
Population, total (millions)	16.1	14.5	14.7	14.9	15.2	15.4	15.6	15.9	16.1	16.3	16.5	16.7	17.0	17.2	17.4	17.6	17.8
Population growth (annual %)	1.4	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.3	1.3	1.5	1.5	1.3	1.3	1.2	1.2
Unemployment rate ²	0.4	0.8	0.6	0.5	0.4	0.7	0.4	0.7	0.1	0.1	0.1	0.2	0.4	0.2	0.2	0.3	..
Inequality - Gini coefficient ²	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Life expectancy ²	69.4	67.3	67.9	68.4	68.8	69.1	69.4	69.6	69.8	70.0	70.1	70.1	69.3	70.5	70.7	70.7	..
OTHER																	
GDP (current LCU, millions)	119707428.6	57788147.0	65068396.5	71894422.5	79768285.4	88992410.8	98334481.5	107784905.9	118907472.8	134279541.2	148984697.1	142502828.6	150792682.5	164059088.6	175822580.0	190631488.1	204124620.1
GDP (current US\$, millions)	29400.6	14289.8	16202.3	17826.5	19808.4	22082.5	24430.9	26561.1	29273.1	33016.9	36605.6	34949.1	36778.7	39532.3	42779.2	46872.8	50902.6
GDP per capita LCU (real)	6703469.3	4561703.4	4820348.8	5111862.8	5431707.7	5779939.5	6106675.5	6494022.4	6922106.0	7436541.0	7926068.0	7532643.2	7651555.0	7955720.6	8226266.5	8614879.7	8918408.4
Human Development Index Ranking ³	149.6	149	150	150	151	151	150	150	149	150	150	149	147	148	151	..	..
CIPIA (overall rating) ²	3.4	3.4	3.4	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.6	3.6	3.6	..
Economic management ²	4.0	4.0	3.8	3.8	3.8	3.8	4.0	4.0	4.0	4.2	4.2	4.2	4.2	4.2	4.2	4.0	..
Structural policies ²	3.5	3.3	3.5	3.7	3.7	3.7	3.5	3.5	3.3	3.3	3.3	3.3	3.5	3.5	3.5	3.5	..
Policies for social inclusion and equity ²	3.5	3.4	3.5	3.5	3.4	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.6	3.8	3.8	3.8	..
Public sector management and institutions ²	2.7	2.7	2.8	2.8	2.8	2.8	2.7	2.7	2.7	2.6	2.6	2.7	2.8	2.8	2.8	2.9	..

Notes: “..” indicates not available. E = estimate, F = forecast. Data from MFMOD unless otherwise noted.

1/ Haver Analytics database; MKV = Most recent value.

2/ World Development Indicators Database and World Bank Staff Estimates.

3/ The HDI ranking in 2001 is in relation to 175 countries and in 2010 in relation to 169 countries. Methodological enhancements in HDI calculations have resulted in notable improvements in the countries' rankings.

Sources: MFMOD Database, World Bank WDI and Haver Analytics databases, IMF.

BIBLIOGRAPHY

- Amin, Mohammad, Franziska L. Ohnsorge, and Cedric Okou. 2019. "Casting a Shadow: Productivity of Formal Firms and Informality." Policy Research Working Paper No. 8945, World Bank, Washington, DC.
- Angkor Enterprise. 2025. "Monthly Revenue from Angkor Entrance Fees 2025." Angkor Enterprise, Phnom Penh. <https://www.angkorenterprise.gov.kh/>.
- Elgin, C., M. A. Kose, F. Ohnsorge, and S. Yu. 2021. "Understanding Informality." C.E.P.R. Discussion Paper 16497, Centre for Economic Policy Research, London.
- General Statistics Office (Vietnam). 2024. Report on Labour Force Survey 2023. Statistical Publishing House, Hanoi. <https://www.nso.gov.vn/wp-content/uploads/2025/03/B1.-Sach-Bao-cao-LD-viec-lam-TA-Can3bo-Mar.pdf>.
- "Global Monthly." 2025. Development Economics, Prospects Group. World Bank, October. <https://thedocs.worldbank.org/en/doc/de57f32fdf177170d1fe413327b553dd-0050012025/related/Global-Monthly-October-2025.pdf>.
- IMF (International Monetary Fund). 2025. "Cambodia: 2024 Article IV Consultation." Press Release and Staff Report. International Monetary Fund, Washington, DC. <https://www.imf.org/en/Publications/CR/Issues/2025/01/27/Cambodia-2024-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-561261>.
- Loayza, Norman V. 2018. "Informality: Why Is It So Widespread and How Can It Be Reduced?" (English). Research & Policy Briefs | no. 20. Washington, DC: World Bank. Group. <http://documents.worldbank.org/curated/en/130391545228882358>.
- Ministry of Agriculture, Forestry and Fisheries. 2025. "Annual report for 2024 and target for 2025." Ministry of Agriculture, Forestry and Fisheries, Phnom Penh.
- Ministry of Economy and Finance. 2025a. "Mid-year report: 2025 financial law implementation." Ministry of Economy and Finance, Phnom Penh. <https://mef.gov.kh/documents/mid-year-report-fanancial-law-implement-2025/>.
- . 2025b. Public Debt Statistical Bulletin, Volume 27, 2025. Ministry of Economy and Finance, Phnom Penh. <https://mef.gov.kh/documents-category/publication/public-debt-bulletin/>.
- . 2025c. Government Finance Statistics (GFS) and Tableau des Opérations Financières de l'Etat (TOFE). Ministry of Economy and Finance, Phnom Penh. <https://mef.gov.kh/documents-category/publication/tofe/>.
- Ministry of Labour and Vocational Training (Vietnam). 2020. "The Future Labour Market – The Cambodia Labour Market Bulletin Forecasting labor supply and labor demand in terms of flow." Volume 1, Issue 1. Directorate General of Technical Vocational Education and Training, Hanoi. https://tvetmis.gov.kh/live/sites/default/files/2022-03/The%20Cambodia%20Labour%20Market%20Bulletin_Volume%20I_Issue%20I.pdf.
- Ministry of Planning. 2014. Cambodia Socio-Economic Survey (CSES) 2014. National Institute of Statistics, Ministry of Planning, Phnom Penh. <https://nis.gov.kh/index.php/km/>.
- . 2017. Cambodia Socio-Economic Survey 2017. National Institute of Statistics, Ministry of Planning, Phnom Penh.
- . 2019/20. Cambodia Socio-Economic Survey Reports. 2019/20.
- . 2021. Cambodia Socio-Economic Survey 2021. National Institute of Statistics, Ministry of Planning, Phnom Penh.

- . 2023. Cambodia Socio-Economic Survey 2023. National Institute of Statistics, Ministry of Planning, Phnom Penh.
- . 2025a. Monthly Consumer Price Index 2025. Ministry of Planning, Phnom Penh. <https://nis.gov.kh/en/cpidata/>.
- . 2025b. Annual National Accounts 2024. Ministry of Planning, Phnom Penh. <https://nis.gov.kh/en/main-page-2/>.
- Ministry of Tourism. 2024. “Cambodia Tourism Statistics Report, 2024.” Ministry of Tourism, Phnom Penh.
- . 2025. “Monthly Cambodia Tourism Statistics Report,” September. Ministry of Tourism, Phnom Penh.
- National Bank of Cambodia. 2025a. Monetary and Financial Statistics Data 2025. National Bank of Cambodia, Phnom Penh. https://www.nbc.gov.kh/english/economic_research/monetary_and_financial_statistics_data.php.
- . 2025b. “Semiannual Report, 2025.” National Bank of Cambodia, Phnom Penh. https://nbc.gov.kh/download_files/publication/annual_rep_kh/Semi%20Annual%20Report%202025.pdf.
- . 2025c. Cambodia Balance of Payments Second Quarter 2025. National Bank of Cambodia, Phnom Penh. https://nbc.gov.kh/economic_research/balance_of_payment_data.php.
- National Statistical Office (Thailand). 2024. “The Labor Force Survey – Whole Kingdom. Quarter 3: July – September 2024.” Ministry of Digital Economy and Society, Laksi Bangkok. https://www.nso.go.th/nsoweb/storage/survey_detail/2024/20241120084919_54970.pdf.
- Ohnsorge, Franziska, and Shu Yu, eds. 2022. “The Long Shadow of Informality: Challenges and Policies.” Washington, DC: World Bank. <https://openknowledge.worldbank.org/server/api/core/bitstreams/f3fbcde3-8891-424e-a574-6f247030a230/content>.
- Royal Government of Cambodia. 2025. The 2025 Annual Budget Law. Royal Government of Cambodia, Phnom Penh. <https://mef.gov.kh/documents-category/law-and-regulation/>.
- UNDESA (United Nations Department of Economic and Social Affairs). 2020. “Supporting Micro-, Small and Medium-sized Enterprises (MSMEs) to Achieve the Sustainable Development Goals (SDGs) in Cambodia through Streamlining Business Registration Policies.” Department of Economic and Social Affairs, Phnom Penh. https://sdgs.un.org/sites/default/files/2020-07/Supporting_MSMEs_to_Achieve_SDGs_in_Cambodia.pdf.
- UNDP (United Nations Development Programme). 2024. “Policy Brief: Cambodia’s Graduation from Least Developed Country (LDC) Status: Preparedness and Potential Economic and Social Impacts.” UNDP Cambodia, Phnom Penh. https://www.undp.org/sites/g/files/zskgke326/files/2024-11/final_ldc-policy_brief.pdf.
- United States Federal Reserve. 2025. “Federal Reserve issues FOMC statement,” Press Release, October 29, Washington, DC. <https://www.federalreserve.gov/newsevents/pressreleases/monetary20251029a.htm>.
- USDA (United States Department of Agriculture). 2025. “Rice Outlook: September 2025.” United States Department of Agriculture, Washington, DC, September 16. https://ers.usda.gov/sites/default/files/_laserfiche/outlooks/113398/RCS-25H.pdf?v=51116.
- World Bank. 2022. “Cambodia Excise Tax Assessment: technical assistance report.” Unpublished. World Bank, Washington, DC.
- . 2024a. Cambodia Economic Update, December 2024: From Recovery to Resilience – Harnessing Tourism and Trade as Drivers of Growth. Washington, DC: World Bank.
- . 2024b. “Cambodia Public Finance Review – From Spending More to Spending Better.” World

- Bank, Washington, DC. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099010924061015226>.
- . 2024c. Business Ready 2024. Washington, DC: World Bank. doi:10.1596/978-1-4648-2021-2. License: Creative Commons Attribution CC BY 3.0 IGO. <https://openknowledge.worldbank.org/server/api/core/bitstreams/131b6383-30a1-44b3-8e66-f425d715503d/content>.
- . 2024d. Cambodia Informal Business Surveys in Cities in Cambodia. World Bank, Washington, DC.
- . 2024e. World Bank Enterprise Surveys. World Bank, Washington, DC.
- . 2025a. Global Economic Prospects, June 2025. Washington, DC: World Bank. <https://www.worldbank.org/en/publication/global-economic-prospects>.
- . 2025b. World Bank East Asia and Pacific Economic Update, October 2025 – Jobs. Washington, DC: World Bank. <https://www.worldbank.org/en/publication/east-asia-and-pacific-economic-update>.
- . World Bank. 2025c. Cambodia Economic Update June 2025 – Navigating Uncertainty. Washington, DC: World Bank. <https://documents1.worldbank.org/curated/en/099060925065018354/pdf/P506814501fedcb-5a78-4603-a512-479686a9338a.pdf>.
- . 2025d. Commodity Markets Outlook. Washington, DC: World Bank, October 25. <https://www.worldbank.org/en/research/commodity-markets>.
- . Forthcoming(a). “The impact of informal businesses on productivity in Cambodia.” World Bank Policy Research Working Paper, World Bank, Washington, DC.
- . Forthcoming(b). “The impact of informality on firm productivity in Cambodia.” Working Paper, World Bank, Washington, DC.
- . Forthcoming(c). “Business entry in Cambodia.” Policy Note. World Bank Group, Washington, DC.



THE WORLD BANK

IBRD • IDA | WORLD BANK GROUP

East Asia & Pacific

