

## Cambodia: Public-Private Partnerships - A Legal and Market Overview -

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Author:

[Isamu Imaizumi](#)

[i.imaizumi@nishimura.com](mailto:i.imaizumi@nishimura.com)

The infrastructure development landscape in Cambodia has transitioned from an ad-hoc concession-based model to an institutionalized public-private partnership (“**PPP**”) framework. At the center of this transition is the Law on Public-Private Partnerships (“**PPP Law**”), which was promulgated in November 2021 and replaced the Law on Concessions promulgated in October 2007.

### 1. Eligible Sectors and Priority Sectors

The PPP Law applies to all qualified PPP projects involving development, rehabilitation, expansion, operation, or maintenance of public infrastructure, and/or provision of public services. The PPP Law encompasses a wide array of sectors, including:

- (1) Transport and Logistics: roads, bridges, rails, airports, ports, public parking, and canals;
- (2) Digital and technology: telecom, posts, ICT, and digital technology;
- (3) Energy and Mines: electricity production, transmission, and distribution, oil and gas pipelines, and energy and mineral extraction;
- (4) Public Services: water supply, sanitation, sewage, wastewater treatment, and waste management;
- (5) Social Infrastructure: health, education, tourism, culture, sports, and social housing; and
- (6) Industrial and Innovation: Special Economic Zones (SEZs), science, and technology.<sup>1</sup>

In November 2024, the Royal Government of Cambodia issued Decision No. 230 on the Determination of Priority Sectors for PPP Projects 2025-2030 (“**Decision**”). Priority sectors identified in the Decision are:

- (1) Transportation and Logistics: roads, bridges, ports, and logistics centers;
- (2) Energy; and
- (3) Public Services: clean water supply and waste management.<sup>2</sup>

### 2. PPP Structure

Under the PPP Law, the private partner is responsible for investments in, and the design, construction, operation, and maintenance of, the project asset. The PPP contract term generally is determined based on the service life of the asset and the time required for the partner to amortize its investment, with an initial period typically not exceeding 30 years, though extensions are permitted in specific circumstances.<sup>3</sup> PPP contracts

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<sup>1</sup> Law on Public-Private Partnerships, 2021, Article 8.

<sup>2</sup> Decision No. 230 on the Determination of Priority Sectors for Public-Private Partnerships Projects 2025-2030, 2024, Article 1.

<sup>3</sup> Law on Public-Private Partnerships, 2021, Article 41.

specify performance-based remuneration, allow for commonly used PPP models,<sup>4</sup> and contain rules governing contract duration, termination, and asset hand-back at expiry.<sup>5</sup>

To enhance project bankability, the government may offer:

- Viability Gap Financing (VGF): direct subsidies to reduce upfront costs.
- Availability Payments: payments to the private partner based on asset availability and performance, not use.
- Asset Contributions: provision of state-owned land or infrastructure.
- Risk Guarantees: government-backed guarantees for performance or political risks.<sup>6</sup>

### 3. Investment Incentives

Private partners in PPP projects are eligible to register their projects as Qualified Investment Projects (“QIP”) with the Council for the Development of Cambodia, which grants access to several incentives. QIPs are offered two main incentive options: a tax holiday and special depreciation.<sup>7</sup> The tax holiday makes the project exempt from income tax for three to nine years, depending on the sector and activity, followed by a gradual increase in tax rates over six years.<sup>8</sup> Special depreciation allows for enhanced deductions, including up to 40% on tangible property and 150% to 200% for certain research and development (“R&D”) or training expenses, while maintaining standard tax rates.<sup>9</sup> Both options grant full exemptions from customs duties on construction materials and equipment, as well as exemptions from VAT and special taxes on imports for export-oriented or supporting QIPs.<sup>10</sup> Furthermore, a 150% tax deduction is permitted for expenses related to human resources development, vocational training for Cambodian workers, and R&D.<sup>11</sup> Additional incentives also may be available through negotiation of the PPP contract.

### 4. PPP Project Pipeline

Cambodia’s PPP pipeline is dominated by transport and logistics initiatives. The chart below contains a summary of the projects listed on the website of the General Department of Public-Private Partnership as of 23 February 2026.<sup>12</sup>

Sector	Completed/Under Construction	Upcoming Projects
Transport and Logistics	Phnom Penh – Sihanoukville Expressway	Phnom Penh – Siem Reap – Poi Pet Expressway

<sup>4</sup> Such as Build, Operate and Transfer (BOT), Build, Lease and Transfer (BLT), Build, Transfer and Operate (BTO), Build, Own and Operate (BOO), Build, Own, Operate and Transfer (BOOT), Build, Corporate and Transfer (BCT), Expand, Operate and Transfer (EOT), Modernize, Operate and Transfer (MOT), Modernize, Own and Operate (MOO), Lease and Operate, Management or Management Agreement.

<sup>5</sup> Law on Public-Private Partnerships, 2021, Articles 42 and 43.

<sup>6</sup> Law on Public-Private Partnerships, 2021, Article 13.

<sup>7</sup> Law on Investment, 2021, Article 26.

<sup>8</sup> Law on Investment, 2021, Article 26.

<sup>9</sup> Law on Investment, 2021, Article 26.

<sup>10</sup> Law on Investment, 2021, Article 26.

<sup>11</sup> Law on Investment, 2021, Article 27.

<sup>12</sup> “Solicited Projects.” Ministry of Economy and Finance. General Department of Public-Private Partnership. <https://ppp.mef.gov.kh/projects/solicited-projects>; “Unsolicited Projects.” Ministry of Economy and Finance. General Department of Public-Private Partnership. <https://ppp.mef.gov.kh/projects/unsolicited-projects>.

Sector	Completed/Under Construction	Upcoming Projects
	Phnom Penh – Bavet Expressway	Mekong River Waterway Improvement
	Funan Techo Canal	Multi Purpose Port in Kratie
	Phnom Penh Logistics Complex	Sihanoukville Logistics Complex
	Kampot International Tourism Port	Chhlong Tourism Port
	-	Sihanoukville Cruise Terminal
Airports	Techo International Airport	New Mondulkiri Airport
	Angkor International Airport	New Ratanakiri Airport
Urban Infrastructure	-	Sihanoukville Smart Parking
	-	Electric Buses in Siem Reap City
Industrial Parks	-	Agro Industrial Park in Kratie
	-	Green Special Economic Zone
Irrigation	-	Prey Kabas Irrigation Systems

## 5. Project Financing Framework

Cambodia’s legal framework for lending and security generally is permissive of cross-border lending. Under Cambodian law, in principle, any person who provides loans on a regular basis is required to obtain a banking license from the National Bank of Cambodia.<sup>13</sup> This requirement applies equally to domestic and offshore lenders. In practice, however, there are no known instances in which Cambodian regulators have enforced this licensing requirement against offshore lenders engaged in cross-border lending. Despite this, cross-border financing is quite prevalent.

Cambodian law imposes very few restrictions on loan terms. Local borrowers may borrow in foreign currency without limitation as to amount or tenor, and there are no exchange controls, provided that loan disbursements and repayments are processed through a Cambodian-licensed bank.<sup>14</sup> Interest rates are subject to statutory constraints. While parties generally are free to agree on interest rates, the Ministry of Justice is empowered to set a maximum permissible rate within a prescribed range. At present, the maximum interest rate is set at 18 percent per annum.<sup>15</sup> Default interest is capped also, with a current ceiling of 27 percent of the principal amount per annum.<sup>16</sup> The extent to which these caps apply to offshore banks and financial institutions is not expressly established in Cambodian law. Interest and certain fees paid by a Cambodian resident borrower to a non-resident lender are subject to withholding tax at a flat rate of 14 percent.<sup>17</sup> Where a double taxation agreement applies and the relevant conditions are satisfied, this rate may be reduced, commonly to 10 percent.

Security may be taken under either the Civil Code or the Law on Secured Transactions. Cambodian law recognizes both real security, which creates rights enforceable against third parties, and personal security, such as guarantees. The Civil Code provides for various forms of real security, including pledges, hypothecations, and transfers as security, while the Law on Secured Transactions establishes a modern regime for security over movable assets, both tangible and intangible.

Perfection requirements vary depending on the nature of the collateral and the legal regime relied upon. Under the Civil Code, perfection may require possession, notarization, registration, and, in some cases,

<sup>13</sup> Law on Banking and Financial Institutions, Article 9.

<sup>14</sup> Law on Management of Foreign Exchange, 1997, Article 5.

<sup>15</sup> Prakas on Ceiling on Interest Rates, 2007, Article 1.

<sup>16</sup> Prakas on Ceiling on Interest Rates, 2007, Article 2.

<sup>17</sup> Law on Taxation, 2023, Article 26.

Khmer-language translations. Under the Law on Secured Transactions, security interests are commonly perfected by filing a notice at the secured transactions registry, although possession or automatic perfection may apply in specific circumstances.

Dispute resolution considerations strongly favor arbitration over litigation. Cambodia is a party to the New York Convention, making foreign arbitral awards generally enforceable, whereas foreign court judgments are enforceable only in very limited circumstances.

## 6. Recent Project Financing Deals

Financing for PPP Projects in Cambodia typically involves overseas financing from development financial institutions and commercial banks, but we increasingly are seeing the mobilization of domestic capital markets. The following are examples of recent project financing deals:

- 2021: Asian Development Bank approved financing of USD 8.1 million for Prime Road Alternative (Cambodia) Company Limited and mobilized cofinancing from commercial, development finance, and concessional sources for the development and operation of a 60-megawatt alternating current solar photovoltaic power plant in Kampong Chhnang.<sup>18</sup>
- 2023: CamGSM PLC. issued a sustainable bond of USD 70 million to expand telecommunications network infrastructure.<sup>19</sup>
- 2024: Royal Group Phnom Penh SEZ PLC. issued a green bond of USD 10 million for development of a wastewater treatment plant and sustainable infrastructure.<sup>20</sup>
- 2025: SchneiTec Dynamic Co., Ltd. issued a green bond of USD 49 million to finance a 60-megawatt solar power plant in Kampong Chhnang.<sup>21</sup>
- 2025: Maybank (Cambodia) Plc. provided financing of USD 80 million to Cambodian Transmission II Co., Ltd. (CTLII) for a 230 kV High-Voltage Transmission Line from Kampong Cham to Kratie.<sup>22</sup>
- 2026: Daun Penh Agrico Co., Ltd. issued a bond of USD 50 million to fund the expansion of fruit production and agri-processing for bananas, pineapples, and mangos in Ratanakiri.<sup>23</sup>

<sup>18</sup> “Cambodia: Prime Road National Solar Park Project.” Asian Development Bank. <https://www.adb.org/projects/52287-001/main>.

<sup>19</sup> “Guarantco Provides \$70M Bond Guarantee to CamGSM (Cellcard) To Finance Telecom Infrastructure In Cambodia.” 2023. Cambodia Investment Review. <https://cambodiainvestmentreview.com/2024/01/24/guarantco-provides-70m-bond-guarantee-to-camgsm-cellcard-to-finance-telecom-infrastructure-in-cambodia/>.

<sup>20</sup> “Unlocking Green Finance: Royal Group Phnom Penh SEZ Issues First Tranche of Pioneering Green Bond Raising \$10 Million.” 2024. Cambodia Investment Review. <https://cambodiainvestmentreview.com/2024/07/05/unlocking-green-finance-royal-group-phnom-penh-sez-issues-first-tranche-of-pioneering-green-bond-raising-10-million/>.

<sup>21</sup> “Cambodia Issues \$50 Million Green Bond to Fund 60MW Solar Power Project in Kampong Chhnang.” 2025. Cambodia Investment Review. <https://cambodiainvestmentreview.com/2025/04/12/cambodia-issues-50-million-green-bond-to-fund-60mw-solar-power-project-in-kampong-chhnang/>.

<sup>22</sup> “Leader Energy Secures USD80 Million Green Financing for Cambodian Transmission Line II from Maybank as Lead Bank.” 2025. Maybank. <https://www.maybank2u.com.kh/iwov-resources/kh/pdf/news/EN-PR-Leader-Energy-Green-Financing-CTLII.pdf>.

<sup>23</sup> “GuarantCo backs THACO Agri’s bond issuance with a USD 50 million guarantee to expand its agricultural facilities in Cambodia.” 2026. Private Infrastructure Development Group. <https://pidg.org/guarantco-backs-thaco-agris-bond-issuance-with-a-usd-50-million-guarantee-to-expand-its-agricultural-facilities-in-cambodia/>.



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**Public Relations Section, Nishimura & Asahi** [newsletter@nishimura.com](mailto:newsletter@nishimura.com)