

# Cambodia - Towards Upper-Middle Income

With one of the highest growth rates internationally over the past three decades, Cambodia can lay claim to being one of the world's great development success stories. GDP per capita grew by 10.7% a year between 1990 and 2015, according to the International Monetary Fund, and World Bank data shows GDP growth of around 7% since, the 2020 global recession aside.

"The Kingdom of Cambodia...has consistently introduced and implemented sharp reforms, by preparing and improving regulatory frameworks, as well as national policies and strategies, to promote physical infrastructure, human resource and socio-economic development; and on the other hand, has strived to promote strong and resilient livelihoods of local people," Prime Minister Hun Sen said in October 2022. "Thanks to high economic growth, Cambodia has become a lower middle-income country in 2015 and will continue its journey towards the status of an upper middle-income country by 2030."

In October 2021, Cambodia promulgated a new Law on Investment, aiming to modernise and streamline the investment environment. The legislation creates a more open, transparent, predictable, and favourable framework for investors,



Hun Sen  
Prime Minister

promoting competition and the country's socio-economic development goals. It offers incentives in a wide range of sectors, including those involving innovation, research and development, agriculture, tourism, and healthcare. Green energy is also being promoted, as part of Cambodia's drive to tackle climate change. Eligible investor can claim tax incentives including exemptions and capital expenditure deductions. The revised Investment Law also provides strengthened investment guarantees, including on

repatriation of capital, and new opportunities for SMEs, the lifeblood of the economy.

These improvements come against the backdrop of a strong macroeconomic situation. In November 2022, the IMF forecast growth of 5% in 2022 and 5.5% in 2023, despite global uncertainty. The Fund expects inflation to decline, and public finances to improve, over the coming years, with the government carefully balancing necessary stimulus with deficit reduction. It praised the central bank for its management of monetary policy and the financial sector, including loan restructuring, prudential conditions, and provisioning requirements.

In its drive to achieve upper middle-income status by the end of the decade, the Cambodian government is eager to harness the potential of private capital, including the growing ranks of foreign investors coming to the shores of this dynamic market.

"The big tasks...truly require financial resources from both private and public sectors," Hun Sen said. "Therefore continuing to strengthen stability and diversification of the financial sector, and developing a resilient and inclusive financial sector as a whole, with participation from the private sector, are very crucial."

# WorldBridge Group

## Cambodia's Foreign Investment Partner

Listed by global consultancy leader McKinsey as a regional economic "outperformer", Cambodia's growth in recent decades has made it a true success story. McKinsey noted that Cambodia's economy had achieved annual per capita growth of more than 5% over the 20 years from 1996.

This stellar performance has supported the expansion of the Cambodian transport and storage industry, which was worth \$2.1bn, or 7.8% of GDP, as of 2019, according to the OECD.

Worldbridge Group has been at the forefront of the industry for three decades, since developing into a diversified company with interests in sectors as diverse as real estate, media and healthcare, and financial services. It has become a go-to partner of choice for foreign investors in Cambodia.

"I started Worldbridge in 1992 with an investment of \$1000," says Rithy Sear, the company's chairman. "I had been working for the UN as a logistics officer. I built my company with transparency and accountability, and when investors come to an emerging market, they are looking for these qualities in a local partner. We are a gateway to the country that you can rely on."

Rithy's relations with people and organisations around the world have been a crucial ingredient for Worldbridge's success. Its first clients included the US embassy and UN agencies, and later



Rithy Sear  
Chairman

global sportswear giant Nike; it now works with partners including Brinks and Unilever, reflecting the company's status as a trusted counterpart in Cambodia. Worldbridge continues to seek new relationships, and Rithy sees particular potential in the food processing and consumer goods sectors. Companies with an existing footprint in South East Asia which recognise the opportunities would be a particularly strong strategic fit, he says. Partners can be assured that Worldbridge and its leadership know the market intimately.

"I spend a lot of money on research to ensure that my projects are successful," says Rithy. "If I feel the opportunity is not safe, or there's no demand, I reject it immediately."

Rithy's commitment to broader development is reflected in his founding of the Mekong Future Initiative, a think-tank dedicated to developing a greater understanding of the youth of the region. Rithy says that the organisation helps him - and other businesspeople and policymakers - gain a better knowledge of how young people work and their business interests, with a view to developing an ecosystem which benefits all.

Worldbridge is the only Cambodia company which has been invited to attend the Bloomberg Forum, and the first to join the World Economic Forum in Davos, reflecting its international reach, transparency, and reputation. Rithy is adamant that his country must similarly put itself on the international investment map.

"We want Cambodia to be on the global stage, and for investors to bring FDI here," says Rithy. "This is an emerging market where there are challenges, but the challenges are opportunities, too. If an investor chooses the right partner, they will be very successful here."