

Guide to Doing Business and Investing in

SIENREAP

Siem Reap Provincial Administration

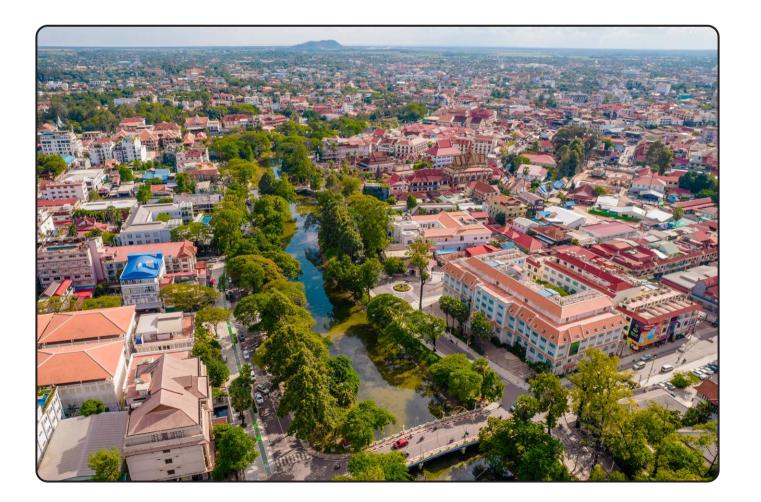
Guide to Doing Business and Investing in Siem Reap

Siem Reap Provincal Administrative

An Ordinary but Extraordinary City: Siem Reap Angkor, Cambodia

Despite its population of less than a quarter of a million, Siem Reap Angkor is a tremendous asset to Cambodia and the Khmer people. It is an extraordinary city because of its geographic position, rich history, arts, culture, and significant contribution to the country and its citizens. It is part of the Khmer identity. It is a source of national pride. It has played and will continue to play a significant role in the national economy by being the second international gateway, a prime tourist destination, a major agricultural production center, and a commercial center. It is a crucial connection point between the city, people, and the world. Thus, it offers a critical educational tool not only to foreigners but also to the local Cambodians.

Lara Croft: Tomb Raider, a Hollywood movie, was filmed in 2000 in Angkor. This movie starred Angelina Jolie and cost US\$100 million. It is where Jolie adopted her first child Maddox and with her celebrity status helped make Cambodia and Siem Reap known to the world.





H.E. Prak Sophoan, Governor of Siem Reap province

Greetings to all,

On behalf of all the people of Siem Reap, it gives me great pleasure to present this comprehensive **"Guide to Doing Business and Investing in Siem Reap"**. This is a practical guide that will help local and foreign investors to better appreciate the potentials of Siem Reap.

Siem Reap was at one point in time the seat of a powerful empire with its long history and strong culture. Most of this heritage remains till the present days and has made Siem Reap as an important cultural destination for tourists from all over the world. With so many ancient temples, ornated with hundreds of Apsara figures, the Angkor Wat complex is a World Heritage site for all humankind.

As this year marks the "Visit Siemreap Year", we recognize the transformative role of high-quality investment in driving Siem Reap's tourism diversification and economic expansion. Known as Cambodia's second economic pole, the Royal Government of Cambodia is keen to promote the development of the province. For that matter, my administration has painstakingly endeavored to beautify the provincial town to improve this historic city, through rehabilitating and constructing new infrastructure such as ring roads, expanding the sewage systems and clean water provision, embellishing river walks and pavements as well as establishing gardens, planting trees and flowers along the main streets. We have introduced the Smart City concept by improving the traffic management, public lighting, and cleaning public streets. We have introduced a 'green belt city strategy' to guarantee chemical-free vegetable supply to markets, hotels, guesthouses, and restaurants.

As we aspire to attract more tourists to visit our famous Angkor Wat temples, Siemreap offers more to the eyes than its world famed cultural heritage. The Guide is an excellent opportunity to highlight its strengths as an attractive investment destination - including its strategic geographical position, favorable investment climate, rich natural and cultural resources, competitive labor market, modern infrastructure development, and its supportive legal framework.

This Guide is an easy-to-use manual to demystify the essential investment rules and processes at the provincial level and I truly believe that this beautiful land of Siem Reap can make your investment a successful one.

A trip to Siem Reap is a great opportunity for you to have a good understanding of Khmer culture, its art, its traditional music and dance, its food and lifestyle. But foremost, I encourage you to explore all the business and investment opportunities that Siem Reap can offer. Sincerely,

Prak Sophoan Governor

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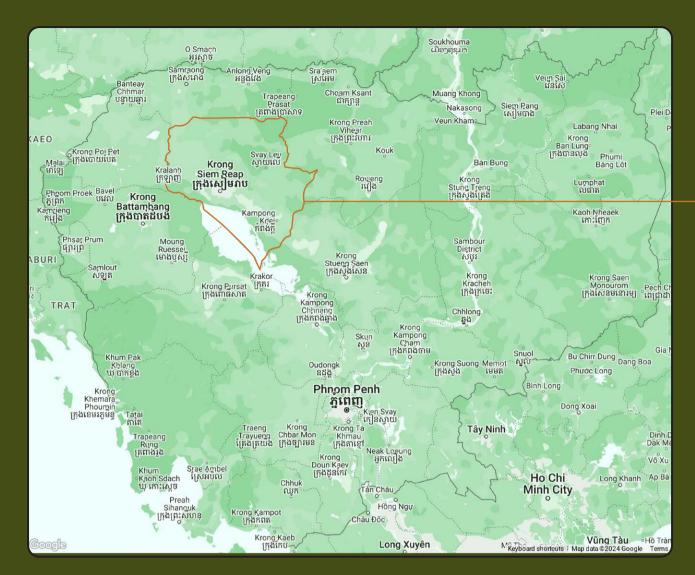
Cambodia

Acknowledgements

The Siem Reap Provincial Administration would like to express its gratitude to Samdech Moha Bovor Thipadei Hun Manet, Prime Minister of the Kingdom of Cambodia for his vision and support for this project to promote Siem Reap.

We thank the efforts and perseverance of H.E. Bandit Sapheacha SOK Siphana, Senior Minister in charge of Special Missions and Chairman of the Trade Policy Advisory Board for initiating this guide and help turn it into a reality with the support of many stakeholders, both public and private. All these contributions are truly appreciated.

Samdech Moha Borvor Thipadei HUN Manet, Prime Minister of the Royal Government of





Map of Cambodia

Economic Environment

Cambodia underwent a rapid transformation, driven by sustained political stability, high economic growth, macroeconomic stability, trade openness, and steady inflows of capital and foreign direct investment.

In the post-COVID-19 period, the economy rebounded with the return of tourist arrivals following the "reopening" of the country. Despite the effect of the COVID-19 pandemic, Siem Reap had 17,104 new establishments in 2022, representing 7.1% of the total of 753,670 new establishment nationwide.

Siem Reap province is an investment-friendly place located northwest of Cambodia. It is a province endowed with a young workforce, an abundance of cultural and natural resources, a good network of well-connected infrastructure, and a wealth of internationally reknown cultural and historical attractions.

Over the last two decades, Siem Reap has emerged as a vibrant and robust provincial player with many of the underlying business attributes. According to the 2022 Economic Census of Cambodia, Siem Reap's establishments account for \$2.2 billion or 4.4% of the total of \$50.68 billion annual economic activities for the whole country.

Siem Reap has a diversified business community with more than 50,000 establishments which include 207 foreign businesses and employing 136,000 people.

Although Siem Reap is dominated by the informal sector (46,000 unregistered establishments), there are 5,641 registered establishments with various ministries and agencies and 4,324 registered establishments with the Ministry of Commerce.

Nationality	Number of Companies	Staff Employed		Registrat of Enterp
Cambodian	50,507	133,251		Ministry o
Sub total	50,507	133,251	Registered Unregister	
Chinese	25	210		
South Korean	25	655	Ministries provincial Registered Unregister	
Vietnamese	41	158		
Other Asians	39	1,118		
North American and European	23	713		•
Others	54	758		
Sub total	207	3,612		Number o ments by
		136,863		Sole Propr



Non-Gov

Registration of Enterprises	50,714 enterprises
Ministry of Commerce	
Registered enterprises: Unregistered enterprises:	4,324 46,390
Ministries, agencies and provincial administration	50,714
Registered enterprises: Unregistered enterprises:	5,641 45,073
Number of Establish- ments by Ownership	50,714
Sole Proprietorship/ Physical Person without Registration:	47,115
Sole Proprietorship/ Physical Person with Registration:	2,204
Private Limited Company:	8
Private Limited Company:	7
Public Enterprise:	6
State Enterprise:	743
State Joint Venture:	174
Subsidiary of Foreign Companies:	13
Branch of Foreign Companies:	13
Representative Offices:	108
Cooperatives:	3
Non-Governmental Organizations:	313
Others:	1

SIEM REAP AS A TOURISM PROVINCE

Cambodia has achieved continuous economic growth in the past 20 years. To modernize and diversify its economy, the Government is promoting new poles of growth. The goal is to attract foreign direct investment, increase value creation and technical knowledge, raise productivity, and enhance access to new markets.

The Siem Reap provincial administrations in paying particular attention to support investment and incentivize local enterprises to develop quality products and services to support the growth of Siem Reap into an important economic pole.

Its workforce is young, enthusiastic, and educated. With over 40% of its population under the age of 18, Siem Reap presents a unique opportunity for untapped business potentials in the province. In addition to its abundant local workforce, Siem Reap provides an excellent platform for attracting top talents as well as an attractive location to attract expatriate staff where they can live next to Angkor Wat with all of the amenities and attractions.

Foremost Siem Reap is a world-class tourist attraction

2023).

In the Traveler Value Index 2023, tourists arrive in Siemreap with the image of Angkor, its nature, landscape, wildlife, countryside, and history, while they depart with the images of people and local lifestyles, a very positive image in general, and a much safer feeling than before their arrival. Travelers' behaviors and attitudes have also changed towards more responsible tourism with consumers are willing to pay on average 38% more to make their travels more sustainable.

In 2023, Siem Reap welcomed a total of 1.5 million local and international tourists with the top 10 foreign tourists coming from the United States, Europe, South Korea, China, Australia, Japan, Vietnam, and India.

Siem Reap City, the capital of Siem Reap Province, is renowned for its international tourism industry centered around the World Cultural Heritage Site of Angkor. Last year we celebrated the 31st Anniversary of Angkor Archaeological Park's Inscription on the World Heritage List of UNESCO (14 December 1992 – 14 December

The government is promoting Siemreap on the global tourism scene through:

• Promoting the richness and diversity of Cambodia to the general public and tourism professionals;

• Highlighting the diversity of Cambodia's assets offering unique tourism experiences: Khmer hospitality, Ecotourism Adventures, Food, Culture, Wellness, and

• Increasing the visibility, create new attractions and event/festival with media coverage.

Tourism Development Master Plan Siem Reap 2021-2035

Tourism attractions, facilities, and other amenities

Siem Reap has many tourism sites that attract local and international tourists, from the top of Phnom Bakheng Mountain to marvel the spectacular sunrises and sunsets, a swim at the West Baray, a cool dip at the Koulen waterfall, a boat sightseeing the immense expanse of the Tonle Sap Lake and its flooded forest, and the beautiful bird sanctuary and biosphere.

It is a multifaceted destination for backpackers, package tourists and 5-star travelers alike, who can enjoy a variety of attractions from museums, shadow puppets and apsara dancing, spas and exquisite handicraft shops, to silk farm, to elephant rides, hot air balloon or helicopter rides.

Angkor Wildlife and Aquarium: The Angkor Wildlife and Aquarium (AWA) houses over 3,000 animals, displaying the planet's ecosystems and the beauty of its global biodiversity, from vibrant marine life to captivating terrestrial creatures.

Exploring the Enchantment of Tonle Sap Lake

The Tonle Sap Lake, spanning over 2,500 square kilometers, is Southeast Asia's largest freshwater lake. It is a captivating destination that showcases the harmonious relationship between nature, tradition, and human existence. It is a UNESCO Biosphere Reserve that preserves its true natural wonder for visitors to experience, its dynamic ecosystem combined with the vibrancy of floating villages with the regular seasonal fluctuating waters.

The immense size of the lake offers a mesmerizing spectacle. During the rainy season, the lake expands, filling up to five times its original size, and reversing its flow to feed the Mekong River during the dry season. This natural phenomenon transforms Tonle Sap into a hub of biodiversity, where an abundance of plants, birds, fish, and other wildlife thrive.

The Floating Villages

nestled along the lake's shores are a true reflection of the ingenuity and adaptability of the local communities. These stilted or floating houses rise and fall with the changing water levels, providing a unique way of life that revolves around fishing, farming, and handicrafts.

Tourism annual activities

Throughout the years Siem Reap's cultural and historical richness are combined these annual festivities to transform the town into an enchanting destination for both national and international travelers to enjoy:

• Annual Angkor Sankranta: Every April, the city comes alive with cultural performances, traditional games and ancient rituals into a joyous atmosphere during this traditional Khmer New Year festivities.

• Angkor Equinox: In March and September, photographers, and enthusiasts from around the globe are drawn by the spectacle of light and shadows on the ancient stones with the breathtaking alignment of the sun with the iconic Angkor Wat temple.

• International Marathons: Two prestigious marathons, the Khmer Empire Marathon and the Half Marathon in April and the Angkor Wat International Half Marathon in December, offer marathon runners a unique excitement to discover the majestic landscapes surrounding the ancient temples.

• Water Festival: In November the Water Festival adds a splash of festivity to the joyous atmosphere of the city where the Siem reap river become a stage for boat races, lively music, and cultural performances.

Discover a fascinating journey of the intricate tapestry of nature, culture, and community in these four villages: (new F&B and resorts)

Chong Kneas: The closest village to Siem Reap, with both stilted and floating houses, is a popular tourist destination that offers boat tours.

Kampong Phluk: A group of three villages with mainly stilted houses and sustaining themselves on fishing and catching shrimp, is located just over 30km from Siem Reap.

Kampong Khleang: A permanent stilted village, located 50km further away from Siem Reap, offers a more genuine experience with fewer tourists.

Mechrey: A floating village located 25km southwest of Siem Reap living from fishing and eco-tourism.

• Handicraft: Throughout the centuries Siem Reap, being the location of the great Angkor complex and the royalties, is the heart of the arts and crafts movement, ranging from silk making and silk weaving, stone carving, basket weaving, and pottery This rich cultural and historical heritage retained its pivotal role in the safeguarding and production of traditional Khmer arts and culture dating back centuries. At Artisans d'Angkor and the Fair-Trade Village there are ample opportunities for tourists to shop locally produced traditional handicrafts and other souvenir goods made in Siem Reap carrying the Angkor Handicraft Association's Seal of Authenticity as well as roaming in artisan workshops where master carvers, weavers, jewelers, and ceramicists create these beautiful works of art.

• **Giant Puppet Parade:** In February, the streets of Siem Reap are transformed into a colorful and magical spectacle with the Giant Puppet Parade, which captivates the attention of foreign travelers and the locals alike.

Tourism accomodations

- 148 hotel services, with more than 7,900 rooms and employing more than 6,700 staff.
- 213 guesthouses, with more than 3750 rooms, and 1,238 employees.
- 120 restaurants, with more than 12,552 seats, and 1,975 employees.

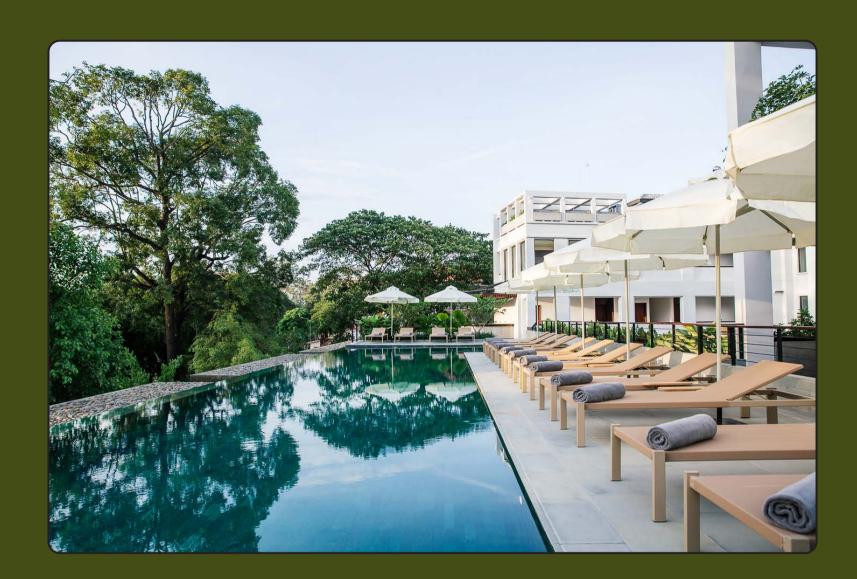
• 246 travel agencies, 38 spas, 11 karaoke businesses, 2 disco clubs, 26 beer gardens, and 5,117 tour guides (707 females).

Siem Reap boasts a rich and diverse tourism facilities and business amenities, both in town and its vicinities. The town is proud to have hundreds of low costs to 5-star luxury hotels, restaurants, bars, international standard golf courses, and more. The city bustles also with new shopping centers, a large and diverse service sector that supports the tourism industry. Around Phnom Kulen National Park, a few resorts around Bantey Srei District offer good accommodations with breathtaking views of the landscape and the surrounding areas.

Home Stays

Home stays with rural families has emerged as a transformative force to propel Siem Reap towards sustainable economic growth. Home stays inject a unique charm into Cambodia's tourism landscape, offering travelers an authentic and immersive experience away from conventional tourist hubs.

It offers a lifeline to rural families, allowing them to enter the tourism industry value chain. By inviting travelers into their homes, rural families can create a beautiful synergy and builds bridges between communities and visitors. Not only do they earn income through accommodation charges, but they can also capitalize on additional services such as showcasing local cuisine, cultural performances, and guided tours.



Treeline Urban Resort, Siem Reap



SIEM REAP: A THRIVING BUSINESS ENVIRONMENT

Maybank Photo

Adequate Soft Business Infrastructure

• Business services: There are many qualified audit, accountancy and law firms and business consultancy operating in Siem Reap who can support local and foreign investors alike.

• Mobile telecommunications: Cambodia boasts a highly competitive mobile telecommunications landscape, with affordable mobile services with fast speed and reliable internet connections.

• Accessibility of commercial banks: Many commercial banks and many microfinance institutions serve Siem Reap, more than any other province outside Phnom Penh. Commercial banks are the largest and most important players in the banking system, offering a wide range of financial products and services, such as savings accounts, loans, and credit cards. The digitalization of the banking sector is one of the most important trends in Cambodia's banking industry and Siem Reap has witnessed a significant rise in mobile payments and other digital banking services as more people moved from cash-based transactions to digital options.

The National Bank of Cambodia is leading the way with several innovations such as the Bakong system introduced in 2019, the first central bank backed payment system in the world using Blockchain technology, to allow electronic transactions interoperability across banks throughout the country and a few other ASEAN countries. The unique Khmer QR Code (KHQR) is accepted by more than 2 million merchants in Cambodia.

• Public Transportation: The cost of transport in Siem Reap is cheap. Tuktuks are commonly used. Thanks to Cambodia's digitalisation, people can download Grab or PassApp applications on their Apple or Android device to order their transport services.

Maybank Cambodia's first international bank

Maybank Cambodia is a subsidiary of Maybank Group with 30 years presence in the country. It is the largest market cap in Malaysia and a Top 5 Bank ASEAN with a comprehensive network spanning across the 10 ASEAN countries. Maybank opened its first provincial branch in Siem Reap.

Its solid financial foundation allows it to provide substantial funding and secure the necessary finan-cial instruments required to drive large-scale government projects. It has the capacity to mobilise the required capital and manage project funds efficiently, minimizing financial risks and ensuring project

Moreover, its access to Maybank Group's regional resources, expertise, and industry partnerships en-hances its ability to deliver innovative solutions and best practices and urther underscore its commit-ment to the economic growth and stability of the nation. With its expertise in financial solutions, industry knowledge, and commitment to the socio-economic advancement of Cambodia, the Bank is eager to collaborate with the Siem Reap administration in realising the full potential of the province.

A Reliable Physical Infrastructure

- The Siem Reap Administration has constructed in 2021 the following:
- 38 road construction projects at a cost of USD 149 million totaling more than 106 km
- 250 km of drainage and sewerage systems
- the installation of 200 CCTV cameras, 20 traffic signals, 5,300 street lights
- the planting of 3,125 trees.

Siem Reap offers a good infrastructure and road network across the province. With a projected increase of tourists to approximately 11 million by 2035, there is a big drive to develop the urban environment to meet future demands. The "Smart City" movement was initiated in line with the ASEAN Smart City Network (ASCN) framework which was launched at the 2018 ASEAN Summit. Since 2019, the Siem Reap Smart City Committee was established under the Siem Reap administration as the entity to steer the project.

• Energy: Over the past decade, Cambodia has made significant progress in expanding electricity coverage and increasing its energy-generating capacity. Siem Reap is well-served with reliable electricity due to its proximity to Thailand which can provide secure and inexpensive electricity supply over the next few years to match the growth of the province. In 2002, Cambodia and Thailand signed a power purchase agreement (PPA) that allowed Cambodia's EDC to import power from the Electricity Generating Authority of Thailand (EGAT) via a transmission line to Siem Reap.

• Water Supply: Siem Reap's water production has a steady, 24-hour supply of water. With the support of Japan, the construction of the new water treatment plant was completed in May 2023. The new facility of Chreav Clean Water Treatment Plant with a daily production capacity of 60,000 cubic meters of clean water has played a pivotal role in safeguarding the heritage sites within the Angkor Archaeological Park by mitigating the impact of groundwater extraction on the temples which are constructed atop sandy soil. The ADB is expanding piped water supply system distribution zone in Siem Reap as well as providing additional new and rehabilitated water supply infrastructure.

• A Well-Connected Province: Siem Reap has excellent transport infrastructure and is a trade hub on ASEAN Highway No 1, the overland route connecting Thailand to Phnom Penh and onward to Vietnam. With the completion of the upgrading of NR6 to Sisophon and of NR5 to Poipet, Siem Reap city is now less than 2.5 hours' drive from Thailand and only five hour's drive to Phnom Penh. The road network is continuously being upgraded with the Phnom Penh-Siem Reap-Poipet Expressway currently under consideration. Once completed it will connect with the Asian Highways Network and the Greater Mekong Subregion's main economic corridors. In line with its National Transport and Logistics Master Plan the Government hopes the improved road network will spur factories and businesses to relocate to the surrounds of Siem Reap and subsequently stimulate development and employment opportunities.

• A Brand International Airport as a New Gateway to the World: The Siem Reap Angkor International Airport (SAI) has recently begun its operation in October 2023. Located in Saut Nikom district, about 40km east of Siem Reap town and far away from the Angkor protected area, the SAI replaces the old airport, which is only a few kilometers away from the Angkor complex. Constructed in March 2020 with an investment of approximately \$1.1 billion by the Angkor International Airport Investment under a "Build-Operate-Transfer" model, the new airport can accommodate larger commercial planes on long-haul routes from the United States and Europe, facilitating direct flights for international tourists as well as expanding airfreight.

With a 3,600-meter-long runway and capable of handling between 7 million and 10 million passengers per year, was designed to initially handle 7 million passengers a year, it is designated as a 4E category airport. The airport is currently being serviced by Thai Air Asia, Bangkok Airways, Cambodia Angkor Air, Vietnam Airlines, Singapore Airlines, Lao Airlines, Air Asia, China Eastern, Korean Air, Rayani Air (Charter Flight).

SIEM REAP IS OPEN FOR BUSINESS

• It enjoys abundant natural, cultural and human resources.

The fiscal and non-fiscal incentives under the Law on Investment are favorable for both local and foreign investors.

There is a burgeoning middle class and growing expat community, as well as a foreignerfriendly attitude among the local population.

transactions.

New Business Prospects and Other Investment Opportunities

The Siem Reap provincial administration recognizes the importance of service, hospitality, security, and a clean city. We are working to improve the city's livability and its business environment, including ongoing road works, improvements in street lighting, and the river clean up. A water treatment plant, anti-flooding works, and new town water supply are underway with the assistance of investors and development partners.

On the private sector side, there are a wide variety of business opportunities and investment prospects in Siem Reap town and in the provincial area, particularly in clean water supply and waste management. As roads and electricity supply continue to improve, there are significant potentials for businesses to take advantage of Siem Reap competitive strengths. A number of development partners are assisting Siem Reap's private sector development in key sectors. There are many opportunities for the private sector to partner with the Siem Reap Administration to undertake various public works under a Public Private Participation scheme.

• Siem Reap offers investment opportunities in a diverse range of sectors. Traditionally, tour-ism, and agriculture have been major economic sectors in the country. There is increasing focus on high value-added electronics and electrical equipment and skill intensive sectors with the advent of the new airport.

• Operational and labour costs are competitive with over 50 per cent of the labor force are under 35 years old. Cambodia's literacy rate is rising quickly, reaching 84 per cent in 2021.

• The market is very open to foreign investment, with 100 per cent foreign-owned investment permitted in almost every sector.

• The legal framework has been bolstered and improved recently with a set of new laws on investment, consumer protection, competition, and taxation.

• Business is conducted in English, and US dollars are widely used and accepted in business

FLAGSHIP DEVELOPMENT PROJECTS

Potential SEZ near the new airport: Cambodia has secured great market access under the EU's EBA tariff preference as a LDC, the FTA with ASEAN's dialogue partners, the Cambodia-China FTA, the Cambodia-ROK FTA, the Cambodia-UAE comprehensive partnership, and the Regional Comprehensive Economic Partnership (RCEP). In term of national competitive development, Cambodia is still a factor and investment driven country. Technological catch-up by building industrial parks and SEZs are easy solutions for Cambodia to deliver rapid economic growth. The success of SEZ development is warranted if they are connected with the regional production network. The Siem Reap Angkor International Airport (SAI) which has recently begun its operation in October 2023 provides an air connectivity and can act as a new gateway for multinationals to invest in electrical and electronics manufacturing.

• Investment opportunites in logistics and supply chains: Siem Reap's geographic location is extremely beneficial for regional logistics bridging trade between the two largest GMS economies, Thailand, and Vietnam. With growing trade activities, there are increasing demand for logistics expertise, international and region- al logistics activities and warehouses and distribution centres. We welcome key investment opportunities in logistics consultants and companies that can bring know-how in logistics management and provide efficient and effective logistics services for regional in particular with trade activities with neighboring countries. Investment in agriculture warehouses, silos, and distribution centres especially along the main road corridor between Thailand and Vietnam.

MICE (Meetings, Incentives, Conferences and Exhibitions) Tourism Products Siem Reap is highly favorable for the development of tourism products based on events, conferences, and meetings that can attract more diverse national and international tourists and increase the tourists' length of stay. With adequate MICE facilities, Siem Reap can organize occasional events that including national, regional and international events or meetings and organizing special concerts that incorporate Khmer art and music at special occasions of the year as well as other Mega-MICE events.

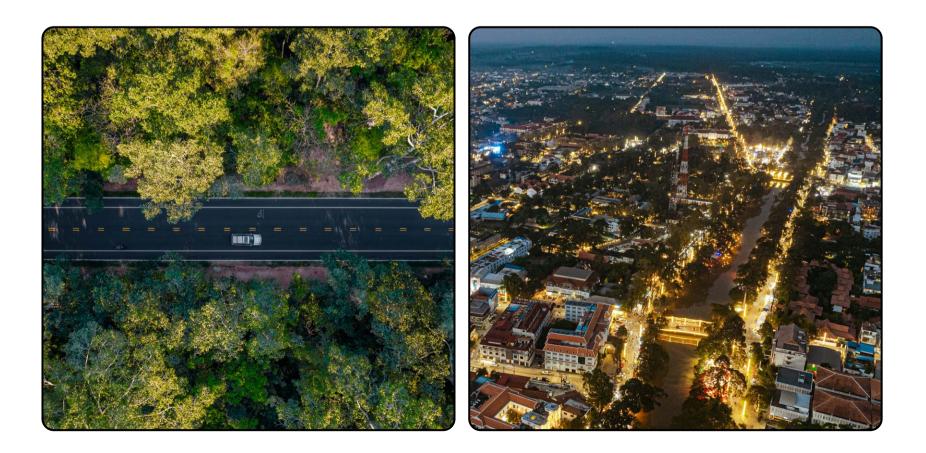
Urban Renewal and Infrastructure Projects

• Waste management and renewable energy: There are massive investment needs in the field of waste management and opportunities to convert waste-to-energy. The Siem Reap administration welcome potential investors to conduct the pre-feasibility and feasibility assessment.

• Siem Reap Smart City Project: The Siem Reap Smart City Roadmap was officially launched in October 2023 by Siem Reap Administration. The Siem Reap Smart City Project has 24 priority projects divided into 5 categories: Data Management; Smart Tourism; Smart Mobility; Smart Security and Safety; and Smart Waste Management. Interested investors can contact the Siem Reap Administration for more details on the implementation of these projects. www.

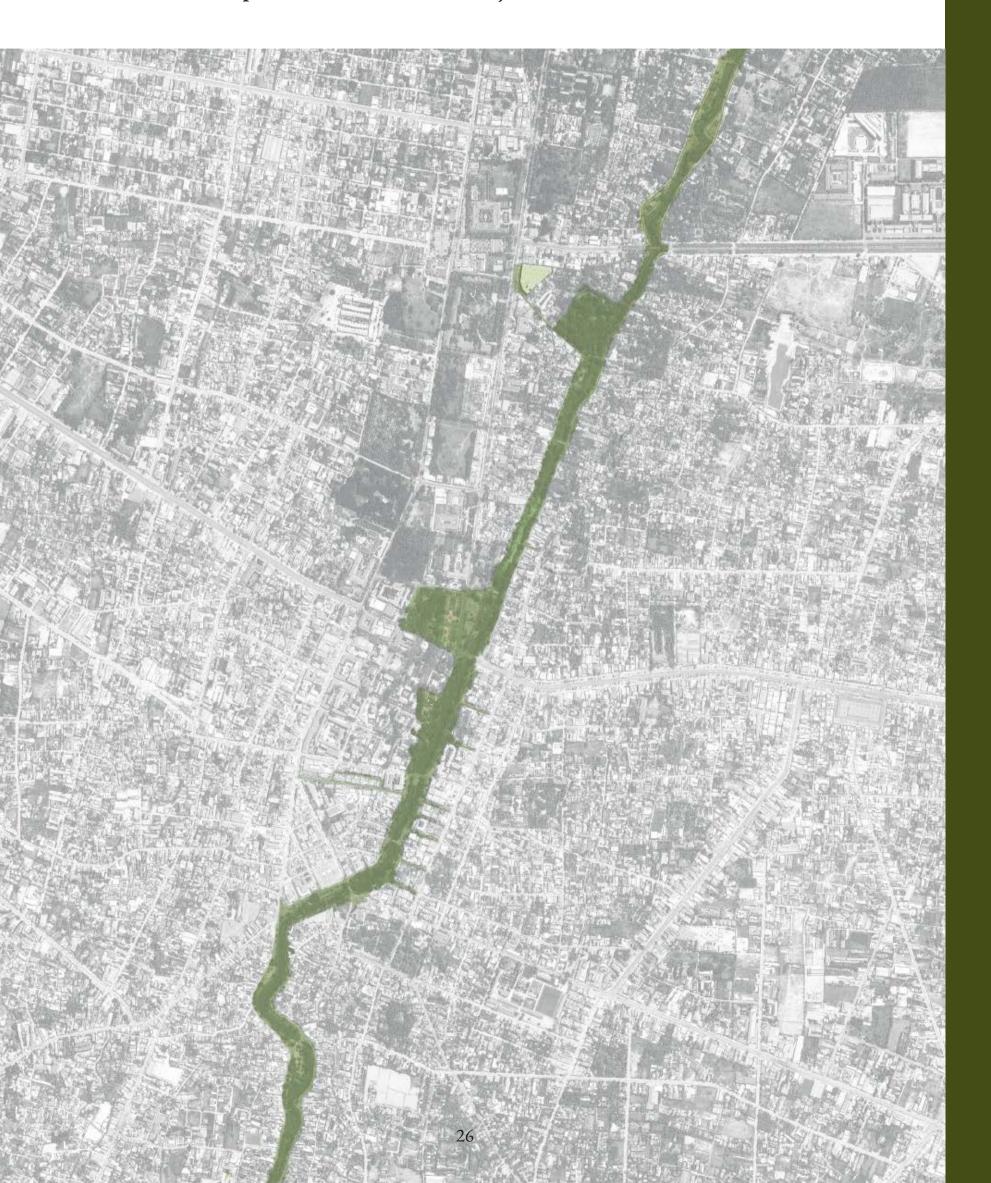
Proposed high-speed train from SR airport to city gains momentum

The Ministry of Public Works and Transport (MPWT) is keen on accelerating the implementation plan for the urban light rail transit (ULRT) connecting Siem Reap-Angkor International Airport (SAI) to the heart of the capital of Siem Reap province.

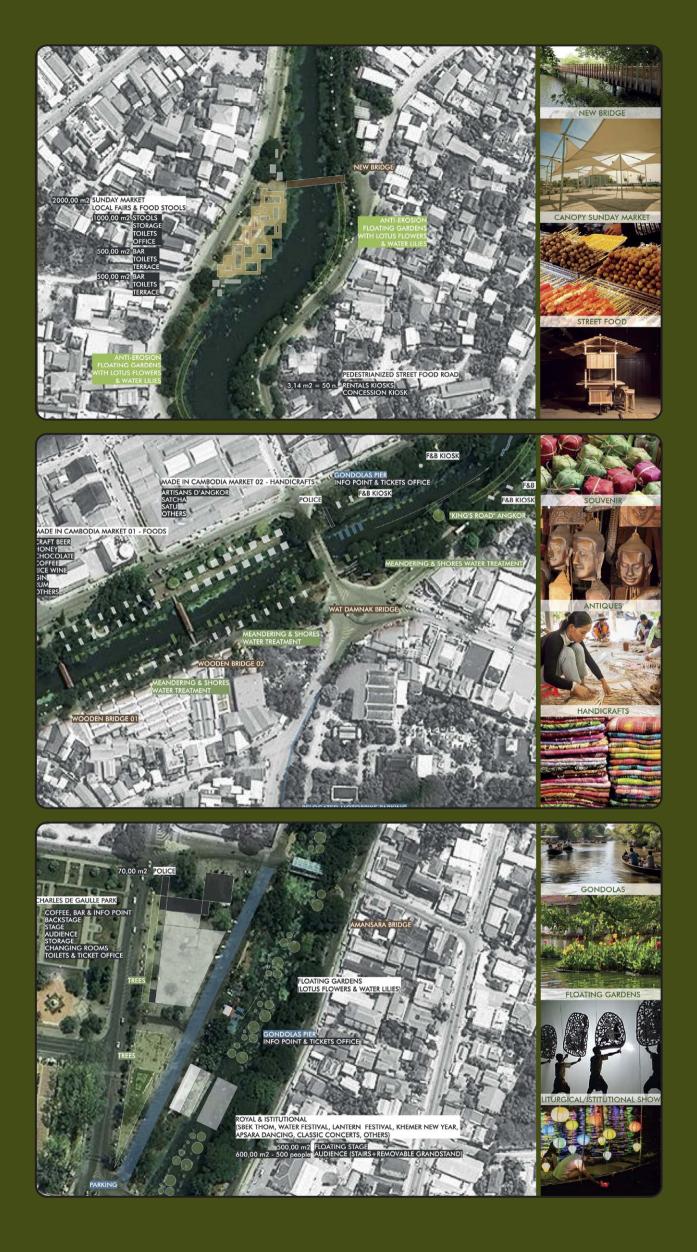


Nhean Chamrong / Khmer Times

Siem Reap River Revitalization Project



Design: Sochivita, Aion & Forum24



Wat Bo Urban Revitalization Project





Design: HKA



HKA + PARTNERS

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Nature Preservation Initiative

The Song Saa Reserve

The Song Saa Reserve is a mixed-use development featuring a combination of resort, hospitality, residential, art and culture, solar farm, and environmental and education projects, covering 233 hectares of former farmland in the Banteay Srei district, Siem Reap province. In design and operation, the Song Saa Reserve will provide an alternative to nearby Siem Reap City, offering lifestyle and state-of-the-art hospitality and resident options that appeal to the ethical, wellness, and environmentally and socially conscious investor, resident, and guest. A distinguishing feature of the project will be the dedication of 40 percent of the property to rainforest and waterway restoration activities through the 1-million tree rainforest restoration programme and the Boeung Chhouk Lake and wetland restoration strategy.

One-Million Trees Programme from the Song Saa Foundation, is seeking to reverse the trend of forest loss in Cambodia by pioneering the largest rainforest restoration project in the lower Mekong. The project, which will unfold over the next twenty years, seeks to return 40 percent of the reserve to natural forest cover, with the target of planting 1 million trees over the next five years. The foundation also highly aims for a program called the Restoration of Boeung Chhouk as well as working towards contributing to the achievement of the UN's Sustainable Development Goals – global goals that work towards an end to poverty, the protection of the planet, and the attainment of peace and prosperity for all.



Photo: Songsaa Reserve



Investment opportunities in the Tourism sector

The sector has been rebounding quickly since the reopen of its borders in November 2021, presenting more opportunities for investors to fill in gaps, and explore untapped locations and potentials such as sustainable tourism and ecotourism. The main needs for this sector are to diversify its offerings, to enable tourists to stay longer and spend more, and to promote Cambodia as a destination in its own right rather than as a satellite destination of its neighbours.

In 2019, Cambodia's average hotel occupancy rate was 70 per cent indicating there is still room for growth. Local officials are very keen to encourage tourists to stay longer in Siem Reap. To this end, we will assist in the broadening of our province's attractiveness. For example, we hope to make more use of the Tonle Sap Lake, including as a resort for tourists. There are opportunities for entertainment facilities for tourists, such as an amusement park, medium-to- high end restaurants in potential tourist destinations. Construction has begun of an international standard convention hall. The government also hopes to improve the port on Tonle Sap Lake. Siem Reap is repositioning itself as a standalone destination (niche tourism opportunities including golf, medical tourism, and weekend getaways from regional source markets) rather than an "add-on" to trips to neighboring countries.

Other investment opportunities exist in developing retirement home for expatriate retirees from the United States, France, and Japan.

• Consulting works to support home stays: The success of home stays hinges on the preparedness of rural families to provide a seamless and enriching experience for visitors. Initiatives led by tourism organizations can equip families with comprehensive training programs the necessary skills ranging from hospitality, customer service, and effective communication. From maintaining cleanliness to mastering the art of hosting and guiding tours, these skills transform homes into inviting retreats, fostering a positive and memorable experience for tourists. Strategically leveraging digital platforms and robust marketing campaigns can maximize the potential of home stays. Collaborations with international travel agencies, tour operators, and online booking platforms can amplify visibility and attract a diverse pool of potential visitors.





Investment opportunities in Industry and the Services Sector

The tourism sector has supported the growth of a strong and diverse services and industry sector. Today, Siem Reap is proud to have over 50,000 private enterprises operating in the province, including many rice mills, brick and tile manufacturers, handicraft production facilities, wood processing, furniture manufacturing, horticulture, ice factories, sauce producers, and property developers, restaurants and professional services.

Supported by inexpensive labor, sound infrastructure, proximity to Thailand and a supportive busi-ness environment, we have seen the rise of light manufacturing:

Pactics is a leading manufacturer of travel and lifestyle products for top brands worldwide, having its head offices in Breda, the Netherlands and production facilities in Cambodia and China. Currently, Pactics employs around 500 employees worldwide. Through the expansion plans, the number of employees in Siem Reap will increase to approximately 1000, from which 800 will be women. Meaning a large positive contribution to SDG 8 and SDG 5. By building its factory in Siem Reap from the factory congested Phnom Penh, Pactics has prevented further rural-urban migration and keep harmony in the local community with their employees staying close to their families.

• Investment opportunites in digital tech and innovation: Cambodia's digital boom is transforming lives. Siem Reap are at the forefront of this technological revolution, Thanks to the high adoption rate of mobile phone in the country and widespread access to internet, many innovative solutions have been introduced. The Cambodia Digital Economy and Society Policy Framework 2021-2035 outlines the vision of developing a vibrant digital economy and society, fostering new growth, and promoting social well-being. The goal of digital transformation is to achieve a digital economy and society by extensively leveraging digital technologies among economic agents and across all economic activities,

We welcome key investment and business opportunities in developing digital technologies and digital services in various sectors emerging, notably in inner and intra-city transportation applications, booking platforms and digital payment apps, Cambodia also fosters inclusive digitalization by introducing technological innovation in more rural sectors such as agriculture and manufacturing. Foreign investors could enter into JV with local Khmer startups to deliver multifunctional Business-to-Consumer platforms for everyday consumers.

as well.

Agriculture is one of the pillars of the Government's Pentagonal development strategy. The sector is experiencing rapid transformation due to a combination of increased yields, more productive use of labour due to mechanization, and the expansion of farmland. Siem Reap agricultural development has benefited from its geographical location. Most of the population is concentrated in lowlands where freshwater is abundant. Thanks to heavy rainfall during the monsoon season, Siem Reap enjoys favourable climate conditions and rich low-lying land, which is optimal for crop cultivation. SiemReap has a mixture of lowlands and upland areas spread over 12 districts. Lowland agriculture is found closer to the Tonle Sap Lake and upland agriculture away from the Lake.

Siem Reap province has around 195,000 hectares of rice cultivation each year, producing 413,000 tons of paddy rice. Around 7,000 hectares are dedicated to other crops such as cassava, sweet potato, soybean, mung bean and sugar cane. Fruits such as mango and jackfruit are grown widely. There are particularly good opportunities in fruit and vegetable growing to support the large tourist market, with local supply currently limited. Local officials also see opportunities in commercial livestock raising. Fishing is also an important part of the province's economy due to the proximity of the Tonle Sap Lake. Around 25,000 tons of fish are caught yearly. Fish products like fresh fish, dry fish, and our famous prohok (fishpaste) are supplied locally and are also exported, especially to Thailand. Local crocodile farms also serve export markets.

• Investment opportunities in education and skills-based training:

Although there are adequate hospitality, and hotel management skills. Skills shortage is often cited as the biggest challenge for investors in Cambodia, with the need for qualifications and training increasing every year. There are many opportunities for foreign companies to provide affordable English language training and specialized technical skills training services to equip workers with the requisite skills for employment to transition the provincial economy from a labour-based to a knowledge-based economy. There is also potential in digital training and distance learning

• Investment opportunities in agriculture and agri-businesses

The Agriculture Development Strategy 2019-2023 recognize agriculture as a key enabler to drive the country's economic growth, job creation, and social advancement. This can be achieved by focusing on moving up the agricultural value chain through producing agricultural commodities with added value, products diversification, targeting new export destinations, and improving product quality.

A snapshot of the Agricultural Sector

- Large and productive arable land with low population density
- Road infrastructure is steadily improving that links rural areas with urban markets.
- Extensive under-utilised capacity to add value (i.e. organic produces, preserving and processing)
- Limited direct competition within Cambodia
- Limited amounts of pesticides and/or chemical fertilisers being used in agriculture and horticul-ture, making conversion to organic farming relatively possible.
- Strong willingness among local hotels and restaurants to support locally grown produce.
- Strong willingness among donors and funding agencies to support the sector.

Agriculture supply chain: There is a strong market for agricultural inputs and machinery as well as investment opportunities in mid-downstream supply chain activities, i.e. import advanced or second-hand machinery, equipment and tools used in agricultural production, fertilisers, insecticides and seeds, and opportunities in contract farming. Investors can supply capital, technology, market access while local farmers, who have limited access to capital and market exposure, and need technological knowledge, can supply ample labour and arable land.

Market for local produce and fruits: The supply of safe and high-quality food to increasingly demanding consumers in the region and globally is assured by organized and efficient value chains. Smallholders and SMEs have thus to be integrated into value chains that are able to add value, assure safety and quality, and manage the logistics needed to take food from the field to the table. The increased tourism and a burgeoning middle-class in Siem Reap has created a new demand by hotels and restaurants for local produce and fruits. Local farmers are not producing enough vegetables to meet local demand and are struggling to adapt the rapidly growing consumer trends for healthy and natural products.

Siem Reap Province is a net importer of fresh fruits and vegetables mainly from Thailand and Vietnam. Vegetables supplied to local hotels and restaurants are mostly imported from outside the province and often outside the country. As hotels and restaurants have been unable to access enough quality produce locally on a regular basis, this situation has led to the development of efficient supply chains based on products imported from other provinces and neighboring countries such as Vietnam and Thailand, thus creating competition for local products and strongly influencing fluctuations in vegetable prices. There is a clear need for enterprising entrepreneurs to develop a farmers' market in Siem Reap to respond to the growing demand by hotels and restaurants.

KimChang's chili farm stands out with its modern facilities, showcasing a commitment to innovation and efficiency, ensuring the quality of his harvest but also serves as an example for other aspiring farmers in the region.

KimChang 's profound belief in the potential of agriculture to uplift rural communities and his en-trepreneurship spirit is reshaping rural landscapes in Siem Reap.

Tax incentives for the agricultural sector:

Article 24 of the LOI, investment activities in the production of cold chains and packaging activities in support of industries and agro-industries, are also entitled to a six-year income tax exemption. Tax incentives for agricultural enterprises producing rice, corn, soybeans, pepper, cassava, cashew nuts and rubber for domestic supply and export.

Transforming agriculture for export: A success story

In the Svay Leu district of Siem Reap, a young Cambodian named KimChang has transformed a thriving small-scale chili farm into a global export project. Kim successfully exports his top-quality chilies to markets in Korea and Malaysia. By exporting his chilies to Korea and Malaysia, he not only promotes Cambodian agricultural products but also contributes to the overall economic growth of the country.

Kim's success serves as an inspiration for other farmers, proving that with dedication and modern farming practices, one can thrive on the global stage.

The Sub-decree on the Implementation of the Law on Investment issued on 26 June 2023 contains some important services that support agriculture, entitling them to a nine-year income tax exemption. These services include plant protection services, phytosanitary services, services for agricultural crop mapping, and laboratory services for soil testing, biopesticide testing, pesticide formulation testing, pesticide residue testing, and seed quality testing.

Domestic supplies of paddy rice or milled rice: zero per cent.
Export of milled rice: zero per cent.

• Supply of milled rice or milled rice production services to rice exporters (subject to specific conditions): zero per cent.

• Input VAT related to rice farming, paddy rice purchase, and export of milled rice is creditable or refundable.

• Input VAT related to import of production inputs and equipment to produce milled rice for export is borne by the government (subject to specific conditions).

• The zero-rate VAT applies also to the following goods and services: Domestic supplies of specific agricultural products, including all types of fertilisers, plant seeds, animal medicine, animal food, animal species and agricultural machinery and tools.

Additional tax incentives are provided to enterprises in the business of rice farming, paddy rice purchase, and the export of milled rice as follows:

INCENTIVES FOR DOING BUSINESS THE LAW ON INVESTMENT

All investors who have successfully registered their investment project as a QIP under the LOI can benefit from the following guarantees and protections:

• No price control protection: no price fixing of products or services in investment projects.

• No restrictions on foreign exchange and remitting fund abroad: Foreigners are also allowed to hold foreign currency freely and there are no restrictions on foreign exchange operations, transfers, capital flows and international settlements, as long as they are performed through authorized financial institutions.

• Intellectual property: Investors are protected in accordance with the laws and regulations related to the intellectual property rights.

• No discrimination: There is no discrimination between foreign and domestic investors. There is no requirement of local equity participation when setting up a business.

• Protection against nationalization or expropriation: The State shall not undertake any nationalization actions which may affect the assets of the investors in Cambodia. The State will not undertake any expropriation, except for the purpose of public interest and such expropriation will have to meet the following conditions: non- discriminatory, fairly compensated, and compliant with laws and procedures.

• Repatriation of foreign currency: Investors are entitled to freely purchase foreign currencies and to repatriate those foreign currencies to settle financial obligations associated with their investment through authorized intermediary banks.

• Work permits: Work permits are issued by the Ministry of Labor and Vocational Training. Most work permits are valid for one year (until 31 December of the year of issuance) and can be renewed before 31 May. Work permit applications can be made through a specialized agency or online. All workers are required to have an employment card and have a right to access the National Social Security Fund (NSSF).

• Foreign employees: Investors can employ foreign employees with qualifications, skills, and expertise not available among the Cambodian workforce. The investors must obtain approval on foreign employee quotas from the Ministry of Labor and Vocational Training.

- Temporary long-term stay permits are available for foreign employees and their spouses and minor children during the valid period of the employment contract.
- Companies can hire foreign employees subject to visa and work permit administrative procedures. Foreign employees must not exceed 10 per cent of the total number of Cambodian employees. However, employers can seek approval to go beyond this quota.
- Administrative procedures for foreign employees can be managed through the Foreign Worker Centralized Management System, administered by the Ministry of Labor and Vocational Training.
- In addition, foreign investors with registered QIP can also:
 - Hire foreign employees to manage or operate an investment project if it is not possible to find qualified Cambodian employees to manage or operate the investment project.
 - Obtain a temporary long-term stay permit for oneself, spouse and minor children during the period when the investment project is operating.
 - Request temporary long-term stay permits for foreign employees, their spouses and minor children during the period of employment contracts.
 - Obtain a work permit and employment book for oneself and foreign employees.

• **Right to use land:** Investors have the right to use State private land through economic land concessions or perpetual leases or leases for a fixed duration in accordance with the laws and regulations in force.

• **Property ownership:** Cambodia generally restricts foreign ownership of land. Private land ownership can only be registered to Cambodian citizens or legal entities. Cambodian law distinguishes Cambodian companies from foreign companies according to the following criteria:

Note: It is advised to contact an independent law firm, registered real estate agency or expert before pursuing these options or otherwise acquiring land or property in Cambodia.

• Cambodian companies: entities with a registered office in Cambodia with 51 per cent ownership by Cambodian national(s) or legal entities.

• Foreign companies: legal entities formed under the law of a foreign country, with a place of business and business activities in Cambodia.

• Ways foreigners can buy or acquire land or property: Despite the general restriction against foreign ownership of land, the law recently allowed foreigners to own up to 70 per cent of private residential units, through strata titles. This type of property title is currently restricted to condominiums, and more recently, office buildings since foreign nationals are not allowed to own landed properties in the country. Foreigners can also sign long-term leases. The downside of such leases is that the land remains under the ownership of a Cambodian citizen and the (foreign) lessee does not have the right to resell the property for capital appreciation. However, perpetual leases can be assigned, sub-leased, mortgaged or transferred through succession.

• Designated Khmer Nominee: This refers to the nomination of a Cambodian citizen to be the legal owner of purchased land. Through a trust agreement, the nominee agrees to hold the property in the name of the foreign entity.

• Licensed trust company: It is possible to set up a licensed trust company to buy land and provide usage of ownership rights and assets to foreigners, who act similarly to freehold owners.

• Land holding company (LHC): A land holding company can be formed by a foreigner through a joint venture with a Cambodian citizen. By law the foreigner can hold a minority stake of up to 49 per cent while the Cambodian partner holds 51 per cent. Control of the LHC may be fully granted to the minority stakeholder through the company bylaws, special power of attorney or other legal instruments.

STEPS TO SET UP BUSINESS UNDER THE LAW ON INVESTMENT

Key areas of opportunity for investors

The Law on Investment (LOI), promulgated in October 2021, identifies more than 18 sectors and activities where investment incentives apply. These incentives include income tax exemptions, deductions of capital expenditure through a special depreciation mechanism, and exemptions for export custom duties. Eligible investment projects can also receive exemption of customs duties, special tax, and value-added tax for the import of construction material, construction equipment, production inputs, and production equipment, among other items.

While the Law on Investment, which came into effect in October 2021, places priority on more than 18 key sectors, the following sectors are particularly interesting for investors.

- supply chains.

Investment projects eligible for incentives The new LOI provides generous incentives for a wide range of sectors and investment activities:

- High-tech industries involving innovation or research and development.
- Innovative or highly competitive new industries or manufacturing with high-added value.
- Industries supplying regional and global production chains.
- Industries supporting agriculture, tourism, manufacturing, regional and global production, and
- Electrical and electronic industries.
- Spare parts, assembly, and installation industries.
- Mechanical and machinery industries.
- Agriculture, agro-industry, agro-processing industry, and food processing industries serving the do-mestic market or export.
- Small and medium-sized enterprises in priority sectors, small and medium-sized enterprise cluster developments, industrial parks, and science, technology, and innovation parks.
- Tourism and tourism-related activities.
- Investment in special economic zones
- Digital industries.
 - Education, vocational training, and productivity promotion.
 - Health.
 - Physical infrastructure.
 - Logistics.
 - Environmental management and protection, biodiversity conservation and circular
 - Green energy and technology development, contributing to climate change adaptation and mitigation.
 - Other sectors and investment activities not listed by the LOI but deemed by the Royal Government of Cambodia to have potential for socio-economic development.

Commencing an investment project: Investors, both local and foreign, can commence the investment process by registering their business either as a company, a partnership sole or proprietorship. The registration process may need to be conducted through multiple ministries or by using an online registration platform. Before registering a business, it is important to check whether your business qualifies as a Qualified Investment Project (QIP). If so, it will be entitled to incentives under the Law on Investment (LOI) and its Sub-decree. You must obtain a registration certificate through the Provincial-Municipal Investment Sub-committees (PMIS) to access the incentives of QIPs.

Competitive incentives: The basic incentives are designed to promote and attract investment activities in at least 18 specific sectors and investment activities, while additional incentives are strategically offered to promote backward linkages and encourage additional investments by existing investors in research and development, human capacity building and the welfare of the Cambodian employees. QIP are entitled to generous incentives such as: income tax exemptions for up to nine years or special depreciation entitlements; export tax exemptions; full import duty tax exemptions (for construction material, construction equipment, production equipment and production input); value-added tax exemptions for the purchase of locally made production, training, employee welfare facilities and services, and machinery upgrading.

Efficient registration process: The Siem Reap Provincial Administration recognized the importance of streamlining procedures to promote investments. If your investment capital exceeds USD 5 million, submit your investment project application to the CDC. This can be done either in-person at the CDC's One-Stop Service or on the online platform. If the investment capital is less than USD 5 million, the investment project should be submitted to the PMIS through a provincial or municipal One Window Service facility.

Generally, you must go through three main ministries to register your business, namely the MoC for reservation of a company's name and business registration, the GDT for Certificate of Tax Registration, and the MoLVT for a notice for enterprise opening. New business should apply for the business operating licences applicable for their respective sector, which are provided by the relevant authorities.

The Government has also developed an online business registration portal that allows investors to register businesses at the MoC, the GDT and MoLVT using a single online platform available at https://www.camdx.gov.kh.

Approval or denial of registration: The Provincial-Municipal Investment Sub-Committee will issue the registration certificate to the applicant within 20 working days, if the proposed investment project conforms to the registration procedures. It has the right to postpone or refuse the investment registration for projects of high sensitivity, which require prior consultation from the Government.

APPENDIX: CONTACT INFORMATION FOR INVESTORS

Contacts for business registration

Registering for Qualified Investment Project status The Council for the Development of Cambodia Cambodian Investment Board (CIB) One-Stop Service

Address: Government Palace, Sisowath Quay, Wat Phnom, Phnom Penh Email: helpdesk@cdc.gov.kh | info@cdc.gov.kh Tel: +855 99 799 579

Provincial Investment Sub-committees

Provincial One Window Service Unit at provincial administrations The online platform for Qualified Investment Project Registration (QIP Online) https://qip.cdc.gov.kh/home-page

Reservation of a company's name and business registration

Ministry of Commerce

Department of Business Registration 3rd Floor, Lot 19-61 MOC Road (113B Road) Phum Teuk Thla, Khan Sen Sok Phnom Penh. Hotline: +855 96 9 632 363, 88 6 083 082 Website: www.businessregistration.moc. gov.kh

Certificate of Tax Registration

General Department of Taxation Address: Corner Russian Federation and Mao Tse Tong Blvd. Sangkat Toek Laak I, Khan Tuol Kork, Phnom Penh Tel: +855 23 266 668 Email: gdt@tax.gov.kh Website: www.tax.gov.kh

Announcement on opening all forms of enterprises Ministry of Labour and Vocational Training Address: Russian Federation Blvd (110), Phnom Penh Tel: +855 23 999 989, +855 12 999 489 Email: support. services@mlvt.gov.kh Website: https://lacms.mlvt.gov.kh

Registration Cambodia Data eXchange (CamDX) Online Business Registration, a Single Portal Address: Ministry of Economy and Finance St.92, Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia Hotline: +855 81 888 296 Email: camdx@mef.gov.kh Website: www.camdx.gov.kh

ROYAL GOVERNMENT AGENCIES AND PROVINCIAL DEPARTMENTS

Council for the Development of Cambodia (CDC)

Government Palace, Sisowath Quay, Sangkat Wat Phnom, Phnom Penh Tel: +855 99 799 579; +855 98 799 579 Email: helpdesk@cdc.gov.kh, info@cdc.gov.kh Website: https://cdc.gov.kh/

Provincial Department of Ministry of Interior Email: info@interior.gov.kh Website: www.interior.gov.kh

Provincial Department of Economy and Finance Email: admin@mef.gov.kh Website: www.mef.gov.kh

Provincial Department of Land Management, Urban Planning and Construction Email: mlmupc.cabinet@gmail.com Website: www.mlmupc.gov.kh

Provincial Department of Industry, Science, Technology & Innovation

Email: Info@misti.gov.kh Website: www.misti.gov.kh

Ministry of Public Works and Email: info@mpwt.gov.kh Website: www.mpwt.gov.kh

Provincial Department of He Email: webmaster@moh.gov.kh Website: www.moh.gov.kh

Provincial Department of M Email: info@mme.gov.kh Website: www.mme.gov.kh

Provincial Department of To Email: info@tourismcambodia. Website: https://tourismcambo

Provincial Department of La and Vocational Training Email: info@mlvt.gov.kh Website: www.mlvt.gov.kh

Provincial Department of Co Email: cabinet.info@moc.gov.kl Website: www.moc.gov.kh

Provincial Department of En Website: www.moe.gov.kh

Provincial Department of Po and Telecommunications Email: info@mptc.gov.kh Website: mptc.gov.kh

Provincial Department of Ag and Fisheries Email: info@maff.gov.kh Website: www.maff.gov.kh

	Provincial Department of General Department of Taxation
1 77	Email: gdt@tax.gov.kh
nd Transport	Website: www.tax.gov.kh
	INDUSTRY ASSOCIATIONS
lealth	Cambodia Chamber of Commerce (CCC)
h	Email: info@ccc.org.kh
	Website: www.ccc.org.kh
lines and Energy	Cambodia Women Entrepreneurs Association (CWEA)
	Email: info@cweacambodia.org
	Website: www.cweacambodia.org
ourism	0
a.org	Young Entrepreneurs Association of Cambodia
odia.org/	(YEAC)
0	Email: secretariat@yeacambodia.org
abour	Website: www.yeacambodia.orgg
	International Business Chamber (IBC)
	Email: info@ibccambodia.com
	Website: www.ibccambodia.com
Commerce	
kh	Cambodia Association of Financial Technology (CAFT)
	Email: admin@caftkh.org
nvironment	Website: www.caftkh.org
ost	Textile, Apparel, Footwear & Travel Goods Associa- tion in Cambodia (TAFTAC)
	Email: info@taftac-cambodia.org
	Website: www.taftac-cambodia.org
	Cambodia Logistics Association (CLA)
griculture, Forestry	Email: secretary@cla.org.kh
<i>σ</i>	Website: www.cla.org.kh
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