Ex-Ante Evaluation(for Japanese ODA Loan)
Southeast Asia Division II, Southeast Asia and Pacific Department
Japan International Cooperation Agency

１．Name of the Program

(1) Country: Kingdom of Cambodia (Cambodia)
(2) Program: Emergency Support Loan for Enhancing Economic Resilience and Stable Energy Supply
(3) Program Site / Target Area: Throughout the country

Loan Agreement: October 28, 2026

２．Background and Necessity of the Program

(1) Current State and Issues of the Impact of the Middle East Situation and the Priority of the Program in Cambodia

The conflict in the Middle East, which escalated at the beginning of 2026, delivered a devastating blow to merchant vessel traffic in the Strait of Hormuz—a crucial bottleneck for maritime transport—reducing volume by approximately 98% year-on-year and driving up global logistics costs and inflationary pressures. While the Cambodian economy has maintained steady growth driven by foreign-invested manufacturing exports, its industrial structure remains vulnerable to international supply and demand fluctuations due to high dependency on imported energy and raw materials. In particular, regarding petroleum products, Cambodia lacks commercial oil refining facilities and thus relies almost 100% on imports from neighboring countries for gasoline, diesel fuel, and Liquefied Petroleum Gas (hereinafter referred to as “LPG”), with over 80% sourced from Thailand, Vietnam, and Singapore (National Institute of Statistics, Ministry of Planning, 2024). Under this structure, fuel imports from Thailand came to a complete halt following border tensions in 2025. Furthermore, amid the Middle East situation in 2026, Vietnam implemented temporary fuel export restrictions to avoid domestic shortages, severely straining Cambodia’s energy supply and demand. As of April 2026, local procurement prices surged by 45% for gasoline, 115% for diesel, and 95% for LPG (Ministry of Commerce, 2026), directly impacting logistics costs and deteriorating the business environment for manufacturing, thereby exerting a direct and severe impact on the manufacturing sector that drives the country's growth and its supply chains.

This series of external shocks has severely affected Cambodia’s macroeconomic and fiscal status. Furthermore, border tensions led to the return of approximately 1 million migrant workers, and the loss of remittances—

equivalent to 5% of GDP—triggered sluggish consumption and rising unemployment (World Bank, 2026). In addition, soaring fuel and raw material prices expanded the trade deficit from the fourth quarter of 2025 onward. Inflation reached 7.2% in May 2026 (Asian Development Bank (ADB), 2026), and real GDP growth is projected to decelerate from 6.0% in 2024 to 5.3% in 2025, slowing further to 3.0% in 2026 (International Moneraty Fund (IMF), 2026). Decreased tax revenue due to economic stagnation, combined with emergency fiscal expenditures, is expected to result in a fiscal deficit of ▲4.9% of GDP in 2026 (ADB, 2026).

Under these circumstances, the Ministry of Economy and Finance (hereinafter referred to as “MEF”) of Cambodia formulated a Comprehensive Intervention Program totaling approximately USD 1,244 million as an emergency response in July 2026, consisting of three packages: social protection, skills/vocational training, and energy management, transition, and transformation. In implementing this program, the Royal Government of Cambodia (hereinafter referred to as “RGC”) secured approximately 12% (USD 153 million) from the national budget and other domestic resources, leaving the remaining USD 1,091 million as an external financing need. In the IMF fiscal risk assessment, while Cambodia's public debt is evaluated as low risk, macroeconomic risk is rated as high (MEF, 2026), making prompt external financing indispensable to cope with external shocks.

The Emergency Support Loan for Enhancing Economic Resilience and Stable Energy Supply (hereinafter referred to as “the Program”) aims to mitigate the adverse macroeconomic effects of these Middle East and logistics shocks by providing rapid fiscal support in coordination with international financial institutions, thereby filling the fiscal gap, stabilizing the local economy, and underpinning structural transformation. Thus, it is positioned as a highly urgent program for the RGC. Furthermore, approximately 400 Japanese companies operate in Cambodia, mainly in manufacturing, forming a regional production network ("Thailand Plus One" system) where parts move across borders with neighboring countries. In addition, as Japan diversifies its textile import sources, Cambodia emerged as the third-largest supplier in 2025, following China and Vietnam. Securing Cambodia's macroeconomic stability and energy security through the Program will directly contribute to the business continuity of these Japanese companies and the enhancement of Japan's supply chain resilience.

(2) Japan’s and JICA’s Cooperation Policy for the Impact of the Middle East

Situation

The "Country Assistance Policy for the Kingdom of Cambodia" (April 2024) identifies "Industrial Promotion" and "Improvement of Quality of Life" as priority areas. The JICA Country Analysis Paper for Cambodia (January 2025) also highlights reinforcing vulnerable supply chains and sustaining livelihoods as urgent issues. The Program aligns with these policies and analysis, falling under JICA Global Agendas for "Economic Development" and "Social Security," as well as the Cluster Strategy for "Industrial Development." Furthermore, the Program operationalizes emergency support—specifically "Emergency Response: Fiscal support to Asian governments for material procurement and supply chain maintenance"—under the "Partnership on Wide Energy and Resources Resilience Asia" (hereinafter referred to as “POWERR Asia”) announced by the Japanese Government in April 2026, contributing to maintaining the Mekong regional supply chain and stabilizing the economy.

In addition, energy transition measures supported by the Program are inextricably linked to immediate crisis response from the perspective of stable energy supply during emergencies, alongside decarbonization investments. Substituting fuel demand with renewable energy and electricity structurally depresses demand for fossil fuels, including petroleum products with supply uncertainties, and enhances supply buffer capacity during supply-demand crunches. In the medium to long term, this reduces import dependency on petroleum products, contributing to macroeconomic stability by reducing trade deficits and fiscal burdens. Under "POWERR Asia" and the "Asia Zero Emission Community (AZEC) 2.0," the Program aims to strengthen the foundation of Japanese supply chains while proactively realizing the "Clean Energy Transition Roadmap towards Carbon Neutral Society" supported by JICA. Furthermore, through synergies with existing JICA-supported infrastructure, such as Sihanoukville Port and the Southern Economic Corridor, it contributes to realizing a "Free and Open Indo-Pacific (FOIP)."

(3) Other Donors’ Activities

To mitigate fiscal damage from external shocks, the ADB applied the Countercyclical Support Facility (CSF) and approved the USD 250 million Rapid Intervention for Stabilization of the Economy (hereinafter referred to as “RISE”) Program at the end of July 2026. The Program will be implemented as co-financing (parallel) for the RISE Program. The Asian Infrastructure Investment Bank (AIIB) also plans to co-finance the RISE Program with USD 250 million. The

World Bank plans to mobilize approximately USD 270 million by applying the Contingent Emergency Response Component (CERC) under existing projects, targeting community participation programs and skills and vocational training within the Comprehensive Intervention Program.

３．Program Description

(1) Program Description

1) Program Objective: The objective of the Program is to support the government's measures for economic stabilization and energy transition to enhance supply chain resilience and mitigate socio-economic impacts in response to soaring energy and raw material prices as well as supply chain disruptions caused by the situation in the Middle East and other factors, by providing budget support, thereby contributing to the socio-economic stabilization and development efforts of the Kingdom of Cambodia.

2) Program Components: To stabilize the economy and society against the impacts of Middle East situation, the Program will fiscally support the execution of policy measures, particularly regarding economic insulation and energy transition, through ADB's RISE Program co-financing framework.

Pillar	Main Policy Measures Targeted by RISE Program
Economic Insulation	Temporary fuel price suppression measures for stable energy supply in response to the Middle East crisis.
Social Protection*	Cash transfers and debt relief measures for poor and vulnerable groups, support for agricultural livelihoods and production enhancement
Energy Transition**	Renewable energy promotion (EV charging facilities, solar power, promotion of HEV/PHEV/EV vehicles, design and deployment of EV transition scheme/charging facilities for three-wheelers and two-wheelers, introduction of solar power quotas) Enhancement of emergency energy response (formulation of fuel supply management plan, introduction of fuel consumption quota management system, design and implementation of strategic fuel and gas reserve policy)

* Social protection measures are covered by the overall co-financing framework with ADB and others, whereas JICA loan proceeds are primarily focused on promote "Economic Insulation" and "Energy Transition" measures.

** Among “Energy Transition” measures, vehicle electrification, deployment of charging facilities, and promotion of solar power adoption/quota systems directly

accelerate plans established under the Clean Energy Transition Roadmap towards Carbon Neutral Society supported by JICA.

3) Program Beneficiaries (Target Group): The population of Cambodia (approx. 17.28 million people (National Institute of Statistics, Ministry of Planning, Cambodia, 2024))

(2) Estimated Program Cost

109,500 million Yen (Japanese ODA loan: 30,000 million Yen)

(3) Schedule

Retroactive financing with an effective date of April 1, 2026, will be applied, covering eligible fiscal expenditures incurred by the RGC on or after this date. Loan disbursement will take place promptly after the signing of the Loan Agreement (scheduled for October 2026), and Program completion is defined as the completion of loan disbursement (scheduled for December 2026).

(4) Program Implementation Structure

1) Borrower: The Royal Government of Cambodia (RGC)

2) Executing Agency: Ministry of Economy and Finance (MEF)

(5) Collaboration and Sharing of Roles with Other Donors

1) Japan’s Activity: Under the Japanese ODA Loan project "Phnom Penh City Transmission and Distribution System Expansion Project (Phase 2 and Phase 3)," efforts are underway to enhance the reliability and stability of the power supply, including in areas where Japanese manufacturing bases are concentrated. The Program will support policy measures such as fuel price suppression and emergency fuel priority allocation mechanisms to prevent grid failure and power supply disruptions even under external shocks, maximizing the effects of the existing loan project and pushing forward medium-to-long-term power sector reforms. Additional development policy loan to further promote energy transition measures is also under consideration. In terms of logistics, in coordination with the " The Project for Strengthening Facilitation Capacity for Logistics Improvement" and other technical assistance, the Program will prevent logistics cost spikes and protect supply chains. Furthermore, coordination with technical assistance for the central bank will help stabilize economic management foundations, creating synergistic effects.

2) Other Donors’Activity: In alignment with ADB’s Design and Monitoring Framework (DMF) for the RISE Program, parallel co-financing will be executed without preparing a policy matrix. Program outcomes will be

monitored jointly using shared performance indicators set by ADB.

(6) Environmental and Social Consideration

1) Category: C

2) Reason for Categorization: The Program has been deemed to have minimal negative impact on the environment under the JICA Guidelines for Environmental and Social Considerations (announced January 2022).

(7) Cross-Sectoral Issues

1) Climate Change and Biodiversity: The RISE Program is consistent with Cambodia's Nationally Determined Contribution (NDC) under the Paris Agreement and supports decarbonization efforts through energy transition. It contributes to SDG Goal 13 (Climate Action).

(8) Gender Category: ■ GI (S) (Gender Informed (Significant))

<Details of Activities/Reason for Categorization> To address gender-based challenges—such as the significant impact of rising fuel prices and livelihood pressures on women and female heads of households, including increased unpaid care work and time poverty—support prioritizing female heads of households will be implemented under social protection measures within the overall co-financing framework of the RISE Program, and its outcomes and progress will be tracked through indicators such as the number of female-headed household beneficiaries. Note that the Program is a general budget support program co-financed with the ADB, and JICA shares the overall outcome framework of the RISE Program.

(9) Other Important Issues

The Program is an emergency financial support based on the request from the RGC in light of the Middle East situation, and contributes to "POWERR Asia." Upon providing the Japanese ODA loan, external communication will also be conducted regarding the strong economic ties between Cambodia and Japan.

4. Targeted Outcomes

(1) Quantitative Effects

1) Outcomes (Operation and Effect Indicators): Shared key indicators aligned with ADB's Design and Monitoring Framework are set.

Indicator	Baseline (June 2026)	Target (December 2027)
Inflation Rate	7.2% (May 2026)	3.0–4.0%
Social Expenditure Execution Amount*	0	USD 2.0 billion
Number of female heads of households among agricultural production support beneficiaries (target: 26,000 households)	0	9,000 households
Number of converted electric three-wheelers	0	63,000 units

* According to ADB and MEF estimates, without external funding mobilization, the FY2026 social expenditure budget would have been cut by 20%. This indicator measures the maintenance and securing of social spending levels through this support.

(2) Qualitative Effects

Enhancement of energy crisis resilience through the formulation of emergency fuel supply management plans and strategic fuel/gas reserve plans; improvement of investment environment; diversification of energy sources; promotion of energy efficiency; and business continuity of Japanese companies operating in Cambodia alongside supply chain stability.

(3) Internal Rate of Return

Not calculated as this is a program loan.

５. External Factors and Risk Control

(1) Preconditions: None.

(2) External Factors: None.

６. Lessons Learned from Past Programs

Ex-post evaluations of past emergency financial support ODA loans (e.g., Philippines "Emergency Financial Support Loan" (evaluated in FY2011), Indonesia "Climate Change Program Loan (II) (Economic Stimulus Support)" (evaluated in FY2011), Vietnam "Eighth Poverty Reduction Support Credit (Economic Stimulus Support)" (evaluated in FY2014)) highlight that if a primary objective of emergency financial support is prompt fund provision to encourage rapid crisis response, the timing of disbursement is crucial. Thus, procedures leading to disbursement should be simplified as much as possible, maintaining an agile and flexible mechanism.

Based on these lessons, the Program prioritizes rapid fund provision. By establishing and interlocking a joint progress monitoring mechanism with ADB,

prompt disbursement is harmonized with accelerating policy reforms by the Cambodian government.

7. Evaluation Results

This Program aligns with Cambodia's development issues and Japan's cooperation policies, contributing to preventing supply chain disruptions, ensuring business continuity for Japanese enterprises, and stabilizing the local economy and society through fiscal support. Furthermore, it contributes to SDG Goal 1 (No Poverty), Goal 7 (Affordable and Clean Energy), Goal 8 (Decent Work and Economic Growth), Goal 10 (Reduced Inequalities), Goal 13 (Climate Action), and Goal 17 (Partnerships for the Goals). Therefore, the necessity of JICA's support for the Program is extremely high.

8. Plan for Future Evaluation

(1) Indicators to be Used

As indicated in Sections 4.

(2) Future Evaluation Schedule

Ex-post evaluation: 2 years after the program completion

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