

SUSTAINABLE FINANCING IN THE NORTHERN PLAINS OF CAMBODIA



Client: UNDP, 2024



Sectors: Forestry, Agriculture, Biodiversity



Service: Sustainable Financing, Carbon Markets, Investment

Funding for Protected Area (PA) management has historically been within the purview of the public sector and of philanthropic entities, but the amount of funding has not been sufficient. This assignment provided recommendations on different financing options for PAs in the Northern Plains landscape of Cambodia. It was based on an initial examination of 25 financial mechanisms and a more detailed assessment, outlining the business case and proposed roadmap for five promising financing options.

Results

- *Payment for Ecological Services.* Given the public good nature of ecological services, voluntary schemes are unlikely to evolve in the absence of regulation. There is the need for Prakas for the watershed PES scheme in Phnom Kulen National Park, and Cambodia more generally. The Prakas needs to provide clarity on issues around governance, fund management and fee structure.
- *REDD+.* Continue to support the nested framework which will help Cambodia access multiple carbon markets and payment schemes. The Royal Government of Cambodia has already proposed all the necessary elements: regulatory framework (Prakas and Sub decree); institutional support; technical MRV (positive list, Forest Reference Emissions Level allocation) and database. One of the priority regions being proposed for REDD+ expansion in Cambodia is the Northern Plains.
- *Sustainable Agriculture.* Recognising the vulnerability of farming communities and their role in the future of the forests in the Northern Plains, there is a need to expand sustainable and deforestation free agriculture. The business case for more progressive practices, such as deforestation free rice (IBIS), regenerative agriculture (AMRU), as well as Non Timber Forest Products, cardamom and bamboo, are promising and need further policy, market and financial support to scale up.
- *Blended finance for investment.* It is recommended to seek closer collaboration with blended financing facilities, such as the Cambodia Climate Finance Facility, the Dutch Fund for Climate and Development and others. This requires identifying possible business pipeline in the Northern Plains landscape and supporting investment cases. Key value chains include rice, cashew, bamboo and there also remains possibilities to invest into eco-tourism and managing entities for carbon and other ecological services.