



Smart de-risking instruments could increase investment in solar and lead to USD 146 million in economic savings in Cambodia

First-of-a-kind report by South Pole, UNDP Cambodia, and Kamworks sheds light on derisking and accelerating renewable energy investments across Southeast Asia

28 October, 2019 – The development of solar power in Cambodia could be significantly scaled with the help of cost-effective de-risking instruments, such as more secure power purchase agreements and guarantees. If successfully deployed, these measures could lead to increased investment^[1] across four solar sub-sectors, economic savings of up to USD 146 million^[2], improved tariff affordability, access to electricity, and lower GHG emissions. Investments in just over 700MW of solar energy can directly abate 8.7 million tonnes of CO₂ in Cambodia by 2045.

These were the headline findings from the recent report by UNDP Cambodia, Kamworks and South Pole. The report, [Cambodia: Derisking Renewable Energy Investment \(DREI\)](#), provides the first in-depth analysis of investment risks and opportunities in all four sub-sectors for solar PV development in Cambodia – utility-scale PV, rooftop PV, solar-battery mini-grids and solar home systems – as well as instruments to de-risk investments in the respective sub-sectors. The findings are the result of a two-year research project led by South Pole, which draws on insights from domestic and international investors and project developers, government officials, and international development agency actors active in the on- and off-grid solar PV space in Cambodia and Southeast Asia. The Cambodian government – in particular the ministries of Environment, Mines and Energy, Economies and Finance, as well as the National Council for Sustainable Development – were instrumental in providing strategic guidance and inputs during the project.

The DREI report offers clear recommendations to Cambodian policy-makers and serves as an input to the national and sectoral energy development planning processes, which together will shape the forthcoming updates to the national Power Development Plan. The recommendations are furthermore transferable to other Southeast Asian countries, such as Laos and Myanmar, which are in a similar stage as Cambodia in terms of renewable energy development.

Yulia Dobrolyubova, Head of Climate Policy & Finance Asia Pacific, South Pole says: *“We can dramatically accelerate the speed and scale of private investments into renewable energy by helping governments create the right policies that make such investments profitable and at lower risks. The solutions are there. This is evident in the feasible regulatory measures in support of solar PV deployment we recommended for the Cambodian government, which were based on our in-depth knowledge of renewable energy markets in Southeast Asia and our detailed analysis of the Solar PV market in Cambodia.”*

H.E Say Samal, Chair of the National Council for Sustainable Development, Minister of Environment, says: *“One way to encourage and support investments in clean and renewable energy is by derisking them and creating a favorable and enabling environment for investors in this sector. In this regard, Cambodia’s DREI report has sought to adapt innovative solar power policies and financing solutions to the national context and craft a fully localised set of – cost-effective derisking measures – which serve as an input to national and sectoral energy development planning processes and help shape the forthcoming update to the Power Development Plan.”*

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Note to editors

- **[1]** The overall investment opportunity assumes the realization of 350 MW utility-scale PV, 350 MW rooftop PV (commercial, industrial and residential sector), 3 x 10 MW solar-batter MG building blocks, and 3 x 10 MW SHS building blocks.
- **[2]** Total economic savings assume the realization of 350 MW utility-scale PV, 175 MW rooftop PV (C&I only), 1 x 10 MW solar-batter MG building block, and 1 x 10 MW SHS building block.
- The analysis set out in the DREI report forms part of the United Nation Development Programme's (UNDP) support to the Kingdom of Cambodia to promote private sector investment in on- and off-grid solar PV renewable energy in the country. The results are based on UNDP's 'Derisking Renewable Energy Investment' methodology that aims to support policy decision-making by quantitatively identifying and comparing different public instrument portfolios and their impacts on enabling a renewable energy transformation. The selection of public instruments for renewable energy is highly dependent on national circumstances. Each country has its own particular renewable resources, objectives and constraints. Therefore, the methodology is designed to be applied flexibly and to be tailored to a specific renewable energy technology and national context. View [UNDP's DREI tool here](#).

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About South Pole

South Pole is a leading provider of global sustainability financing solutions and services, with over 300 experts in 18 global offices. The company's expertise covers project and technology finance, data and advisory on sustainability risks and opportunities, as well as the development of environmental commodities such as carbon and renewable energy credits. South Pole has mobilised climate-finance to over 700 projects in emission reduction, renewable energy, energy efficiency and sustainable land-use. For more information, visit www.southpole.com.

About UNDP Cambodia

The United Nations Development Programme (UNDP) partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in 177 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations. For more information, please visit www.undp.org.

About Kamworks

Kamworks is the leading solar energy company in Cambodia, providing solar technologies from large-scale utility systems, to PAYGO enabled solar home systems. For more information, please visit www.kamworks.com

About the key government bodies involved in the project

The National Council for Sustainable Development (NCSd) is a cross-sectoral and multidisciplinary body with the objective to strengthen national systems and capacities to support the coordination and implementation of Cambodia's climate change response, contributing to a greener, low carbon, climate-resilient, equitable, sustainable and knowledge-based society. www.ncsd.moe.gov.kh



The Ministry of Environment is mandated by the Royal Government of Cambodia to lead and manage the environmental protection, biodiversity conservation, rational and sustainable uses of natural resources and sustainable living for the long term and best interests of all Cambodians in the Kingdom of Cambodia now and for generations to come. www.moe.gov.kh

The Ministry of Mines and Energy (through General Department of Energy – GDE) is the main government agency responsible for policy formulation, strategic energy planning, development of technical standards for the power sector, as well as some energy data. www.mme.gov.kh

The Ministry of Economy and Finance (MEF) is responsible for the administration of economic policies and affairs in Cambodia including establishment of the country's uniform financial system, preparation and implementation of the national budget, distribution and redistribution of the total national revenues, inspection of the public's finances, and monitoring of the government's economic and financial policies. www.mef.gov.kh