

Banking & Finance

Sub-decree on the Establishment of Credit Guarantee Corporation of Cambodia

On 1 September 2020, the Sub-decree on the Establishment of Credit Guarantee Corporation of Cambodia ("**Sub-decree**") was issued. The Sub-decree established the Credit Guarantee Corporation of Cambodia ("**CGCC**"), which is mandated to provide professional credit guarantee in accordance with international standards. CGCC is set up to tackle the challenges faced by business entities in the credit market and to enhance financial inclusion. The seed up capital of CGCC is US\$ 200 million from the state budget.

CGCC is a public enterprise, autonomous in its own management and operation, with full legal capacity to own assets. CGCC shall be managed by a board of directors ("**Board**") with one Director- General handling its day-to-day operations. CGCC is a non-bank financial institution under the supervision of the Ministry of Economy and Finance ("**MEF**").

Functions of CGCC

CGCC has the following functions as set out in the Sub-decree to:

- provide credit guarantee services;
- make risk assessment and manage risk diversification in credit guarantees;
- cooperate with banking and financial institutions and development partners in order to provide credit guarantee services;
- manage operational income and expenditures and operate with sustainability;
- provide supporting services including capacity building, consulting, technical assistance and information to the credit guarantee sector; and
- ensure that the provision of credit guarantee is transparent and effective.

Framework to Provide Credit Guarantee

The Board of CGCC shall prepare a mechanism to determine the credit guarantee fees and a procedure on how to provide credit guarantee services, and submit the same to the Minister of MEF for approval.

Client Update: Cambodia

2020 OCTOBER

Banking & Finance

In particular, the credit guarantee fees must be appropriate, competitive and attractive. The annual plan on credit guarantee must be submitted to the Minister of MEF for approval, and the financial statement of CGCC must be approved by MEF.

In addition, CGCC must submit the board meeting minutes, business plan, reports on operation, financial reports and other documents as required by the MEF, to the Minister responsible for the Council of Ministers and the Minister of MEF.

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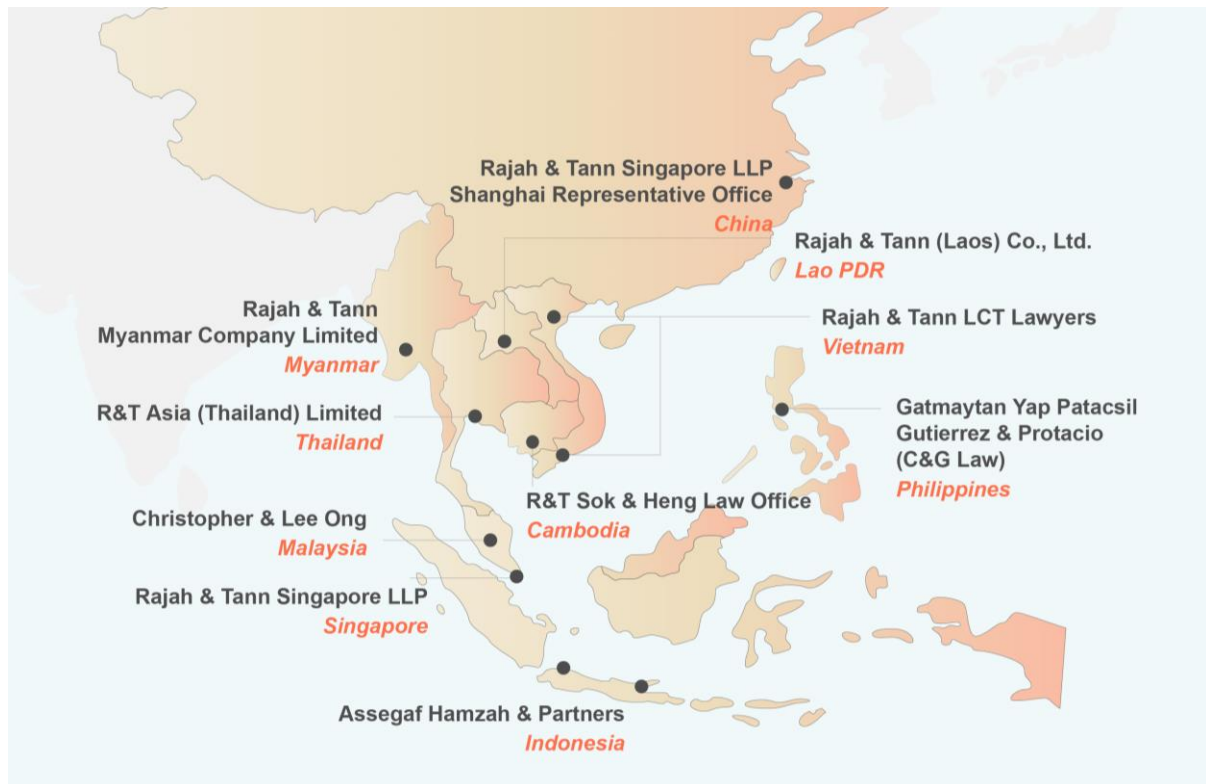
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Client Update: Cambodia

2020 OCTOBER

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