



IFC: investing in frontier markets

IFC: One of the Largest & Most Experienced Emerging Market Investors

- Global reach and expertise
 - World's largest debt/equity investor in private sector in the developing world
 - Over 3000 staff (50% in the field offices) in more than 80 countries/territories
 - Relationship with market leaders in key industries
 - In-house industry, government, financial, environmental expertise
 - Provided more than US\$ 1 bn advisory services past 20 years
- Established track record
 - US\$ 64 bn invested in over 3700 companies across all sectors in 140 developing countries
 - US\$ 25 bn of current portfolio (total projects >US\$ 50 bn); US\$ 27 bn syndicated
 - AAA credit rating; no loss years since inception in 1956
- Part of the World Bank Group
 - Global development institution with mandate to reduce poverty
 - 180+ countries as shareholders

IFC in Cambodia

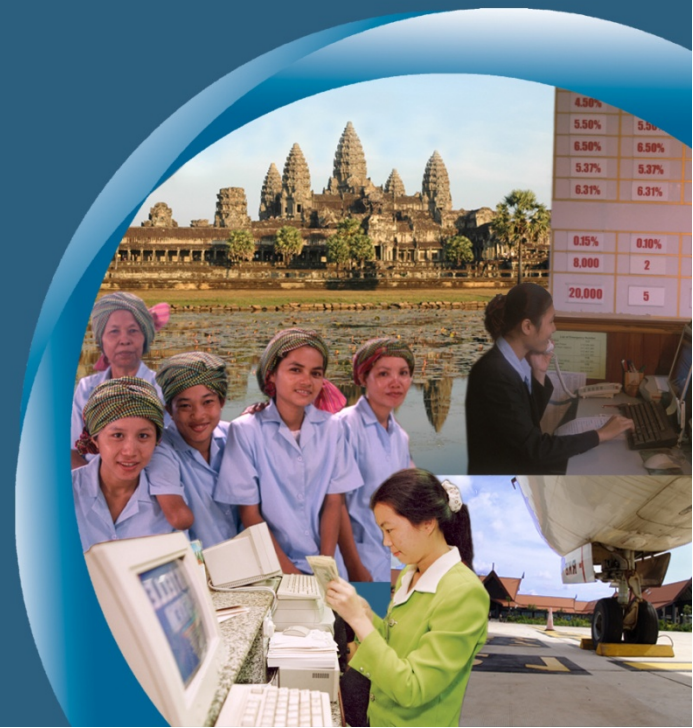
IFC, the private sector arm of the World Bank Group, promotes growth in the developing world by financing private-sector investments and providing advice to governments and businesses. IFC has been operating in Cambodia since 1998.

IFC investment: equity or loans to private companies that demonstrate good corporate practices, create jobs, and contribute to economic growth.

IFC has committed over \$40 million in investments in Cambodia across three key sectors: infrastructure, financial markets and agribusiness. Investments in airports and microfinance aim, respectively, to assist high-impact areas of tourism and micro-small-medium enterprises (MSMEs).

IFC's Advisory Services: are provided mainly through IFC's multi-donor Mekong Private Sector Development Facility and target poverty reduction.

Interrelated programs seek to improve the business environment, develop the financial sector, promote social and environmental sustainability and add value to firms.

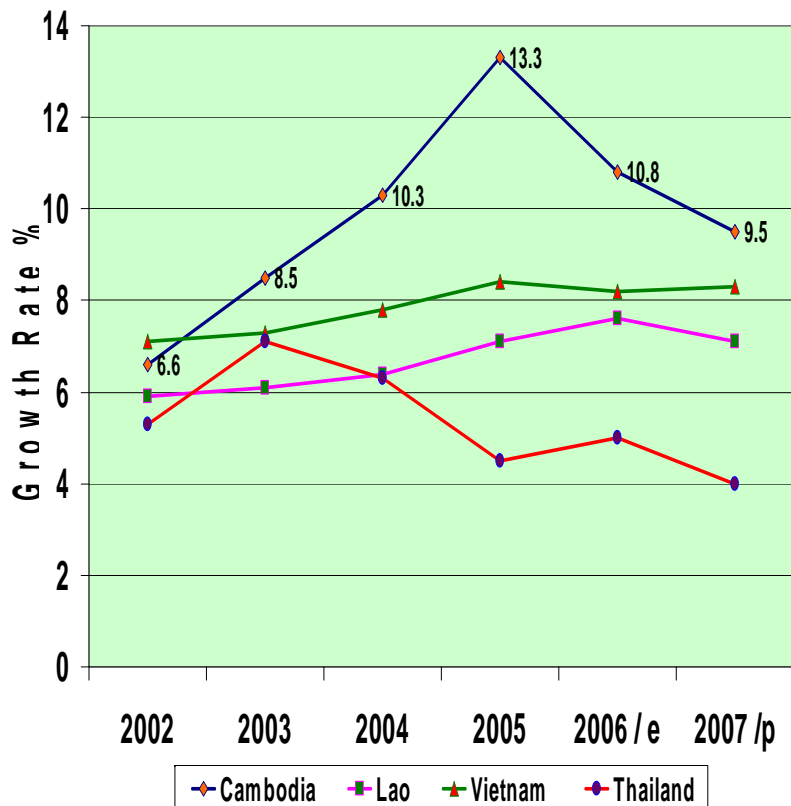


Cambodia: An Overview

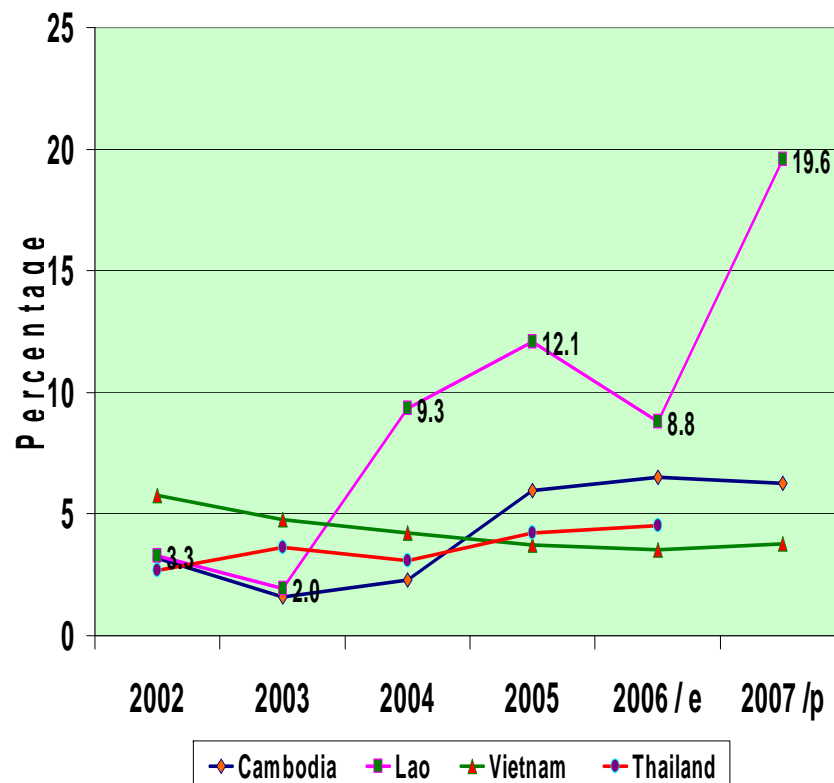
- Strategically located in a dynamic region
- Young population (60% under 20), and growing middle class
- LCD status results in preferential trade with EC & Japan, and US
- Low cost labor
- 100% foreign ownership of companies
- Up to 99 years land concessions for agribusiness
- Good investment incentives (tax holiday, duty exemption)
- No repatriation restrictions
- No Foreign exchange controls
- No price controls
- 20% flat corporate income tax
- 4 tariff bands, 16.4% avg.

Snapshot of Cambodian economy in comparison

GDP Growth Has Been Strong

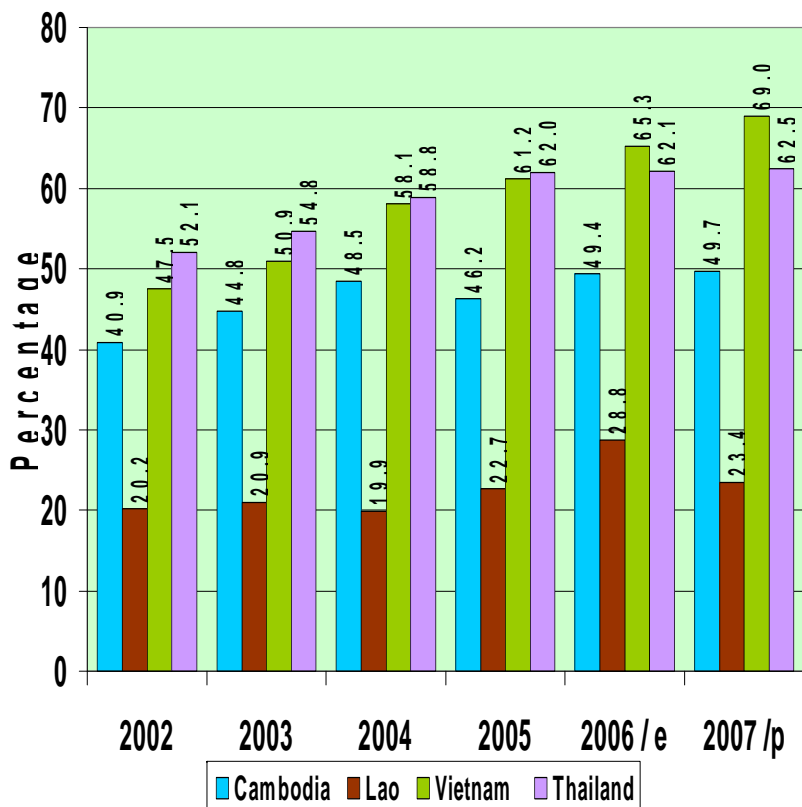


FDI in Flow as a Share of GDP

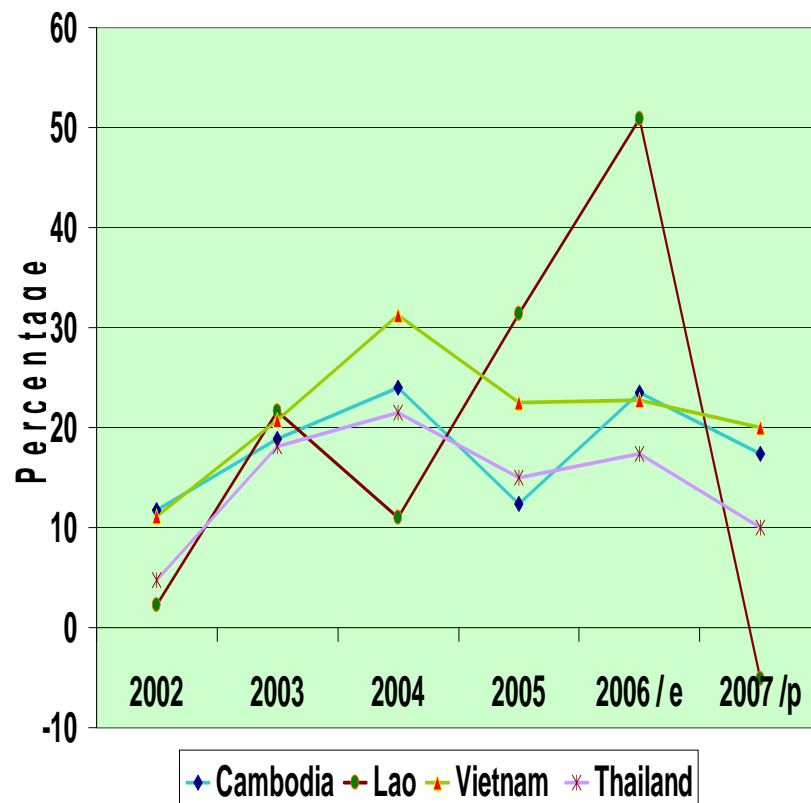


Snapshot of Cambodian economy in comparison

Export of Goods as a Share of GDP

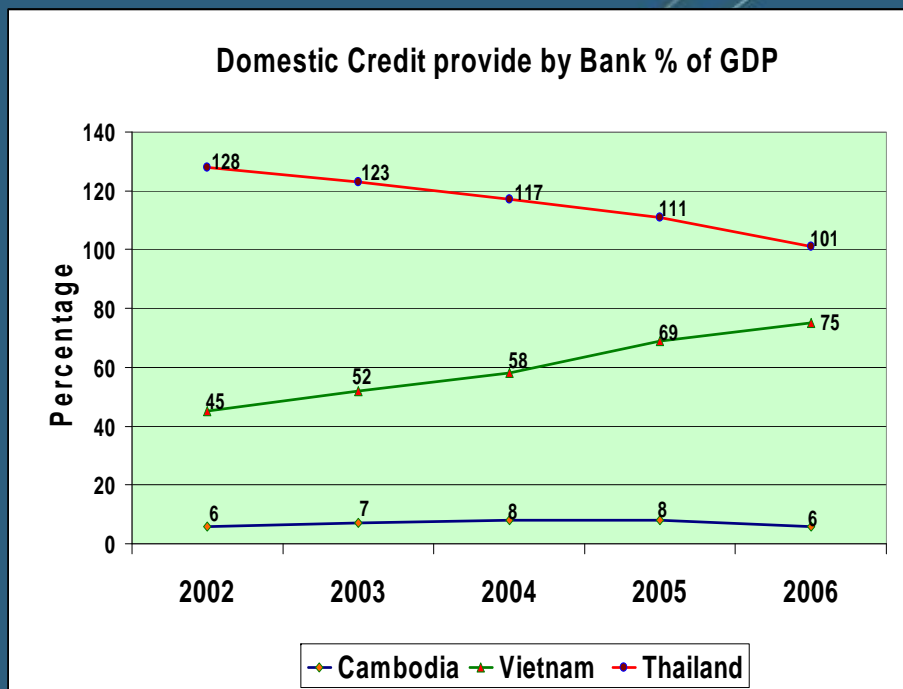


Export of Goods Growth

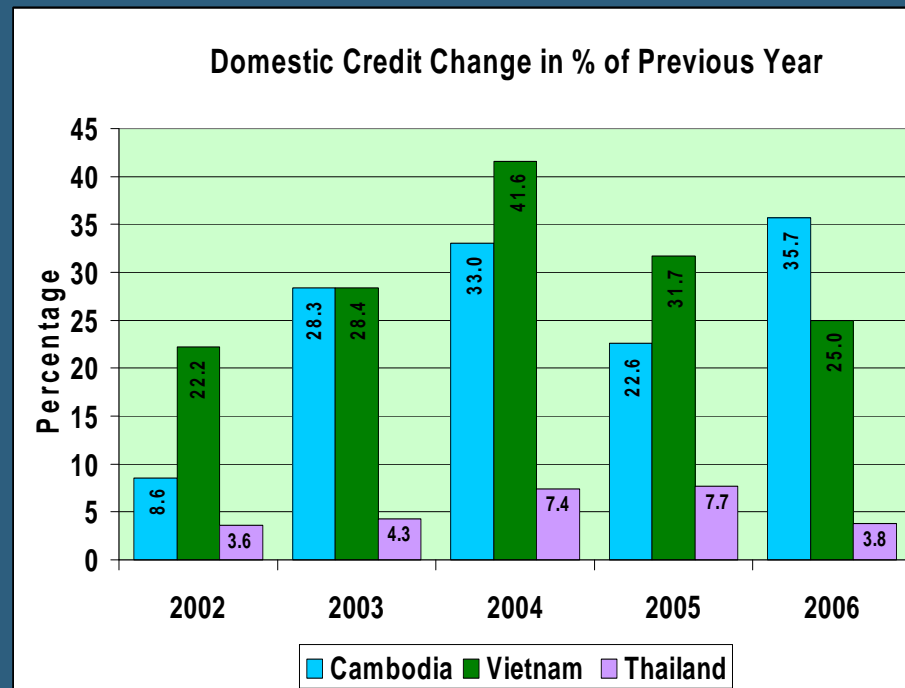


Snapshot of Cambodian economy in comparison

Domestic lending still low



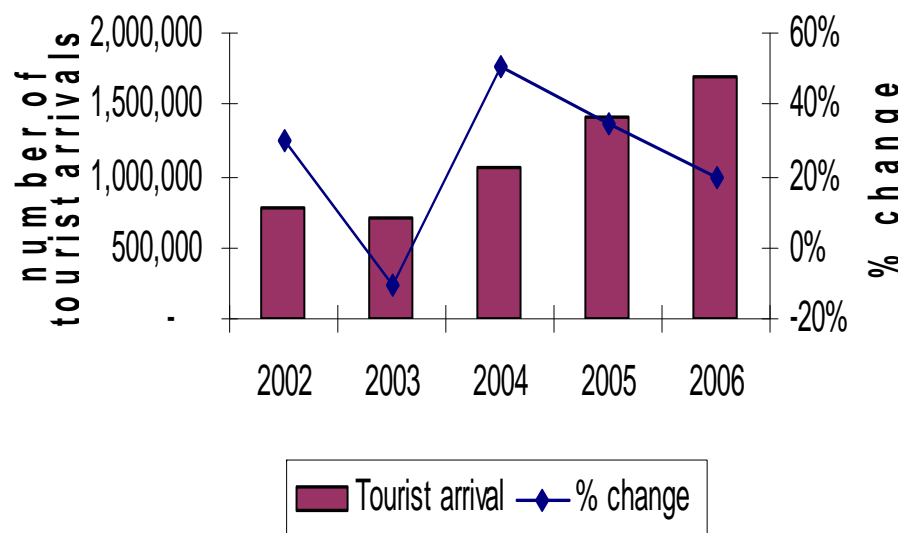
But growing very fast!



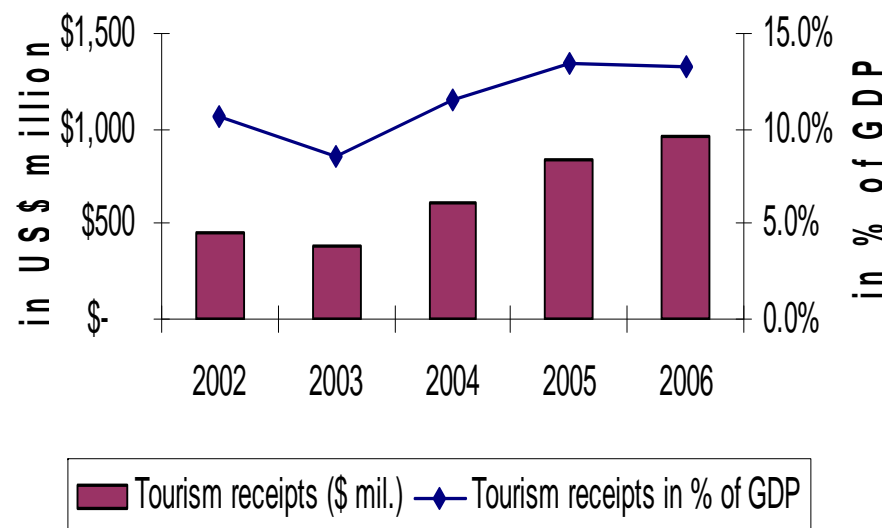
Sources: World Bank, EAP Update 2007 and WDI

Tourism growing

Tourist arrivals



Tourism receipts



Source: MOT (2006)

But Cambodia still has key challenges....

- Narrow economic base
- Emerging from history of conflict – HR challenges
- Poor infrastructure
- Corruption
- Access to finance – agriculture and SMEs

Government efforts to improve business environment

- Commercial Arbitration Law passed in 2006
- Concession Law passed in early 2007
- Trade facilitation improved (risk based inspection, Acycuda, & trade info gateway)
- SEZs introduced (to address infrastructures and access to land issues)
- Engages in dialogue with the private sector thru the Cambodia Private Sector Forum

IFC advisory services are helping to improve the business environment

- Government-Private Sector Forum
- Provincial Business Environment Scorecard
- Advice on simplifying regulations governing business start-up and operations
- Alternative dispute resolution
- Research, publications and advocacy