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Summary

Over the past decades Cambodia has seen sustained and rapid economic growth. The economy grew at an average annual rate of 7.6 percent between 1995 and 2019, driven largely by tourism, manufacturing exports, real estate, and construction, making it one of the fastest-growing economies in the world. The Cambodian economy has undergone substantial structural transformations and has achieved considerable progress in poverty alleviation. Nevertheless, the COVID-19 pandemic has imposed significant challenges, potentially resulting in long-term economic scarring. The primary challenges that lie ahead include the necessity of sustaining inclusive growth, diversifying export destinations, and effectively navigating the economic headwinds associated with the deceleration of growth in China and other export markets.

Macroeconomic situation

After a long period of sustained economic growth, the COVID pandemic brought the first economic contraction in a quarter century. By 2022, GDP was 14 percent below the pre-pandemic trend. Growth has since recovered and was above 5 per cent in both 2022 and 2023 (see table 1) and is expected to remain in the 5-6 per cent range in 2024, according to UN DESA and IMF.¹ Growth in recent years has primarily been driven by industrialization, a notable increase in foreign direct investment, construction, and a significant rise in exports, particularly within the labor-intensive manufacturing sector. In 2024, garment and agricultural export are strong, and the tourism industry is recovering. Conversely, the real estate and construction sectors are undergoing a period of correction following years of rapid growth.

Inflation peaked at 5.1 per cent in 2022 but moderated to 2.1 per cent in 2023 and dropped further to an estimated 0.6 per cent in 2024, driven by lower international commodity prices and weak domestic demand growth.

In the 10 years leading up to the COVID pandemic the current account deficit ranged between 6 and 9 per cent, dropping to almost 30 per cent in 2021, before rebounding to a surplus in 2023. The balance is expected to return to a deficit of around 1¼ percent of GDP in 2024² as import growth is expected to outpace robust exports. International reserves improved and coverage remains broadly adequate as close to 8 months of import cover².

With lower economic, increased social spending during the pandemic and rising tax exceptions, tax revenue has been falling. The government balance stood at a deficit of 2.2 per cent of GDP in 2023, which is likely to widen in 2024, before declining in the medium term. While a moderate increase in the debt to GDP ratio from its current level of 78 per cent is expected in coming years, the IMF assesses the risk of debt distress to be low².

In the decade prior to the pandemic the national poverty rate was almost halved dropping to 17.8 per cent in 2019. This improvement is primarily attributed to an increase in labour earnings, particularly wages. A corresponding increase in productivity has been observed as labour is moving from the agricultural sector to manufacturing and services. The COVID pandemic affected the economy severely, likely reversing some of the poverty reduction achievements.

¹ IMF, IMF Staff Completes 2024 Article IV Mission to Cambodia, September 30, 2024

² World Bank, World Development Indicators Database, accessed 24 Sep 2024.

Table 1. Selected macroeconomic data for Cambodia 2018-2024

Indicator	2018	2019	2020	2021	2022	2023	2024
GDP growth rate (per cent, constant price)	7.5	7.1	-3.1	3.0	5.2	5.4	5.8
Inflation rate (%)	2.5	1.9	2.9	2.9	5.3	2.1	0.6
Government revenue (billions of national currency)	23,593.2	29,461.2	25,334.1	23,842.0	27,916.0	27,594.9	29,000.5
Government expenditure (billions of national currency)	22,924.1	26,201.4	28,936.9	31,648.9	27,514.9	31,590.3	33,395.2
Government balance (billions of national currency)	669.1	3,259.8	-3,602.8	-7,806.9	401.2	-3,995.4	-4,394.7
Government balance (per cent of GDP)	0.5	2.2	-2.5	-5.2	0.2	-2.2	-2.3
Net ODA received (millions of US dollars)	783.4	967.5	1,374.9	1,368.3	1549.05		
Balance of Payments (millions of US dollars)							
Current Account	-2,895.6	-2,934.8	-881.2	-10,892.9	-7,582.0	552.3	
Goods, Credit (Exports)	12,962.7	14,986.1	18,522.2	19,520.9	23,178.9	23,564.4	
Goods, Debit (Imports)	18,806.5	22,241.6	21,066.0	30,726.2	32,005.2	26,550.6	
Balance on Goods	-5,843.8	-7,255.5	-2,543.8	-11,205.3	-8,826.3	-2,986.2	
Services, Credit (Exports)	5,451.2	6,086.3	1,767.4	657.3	2,317.9	4,188.2	
Services, Debit (Imports)	3,056.3	3,273.9	2,024.7	2,089.7	2,753.6	2,870.1	
Balance on Services	2,395.0	2,812.3	-257.2	-1,432.4	-435.7	1,318.3	
Balance on Goods and Services	-3,448.8	-4,443.1	-2,801.0	-12,637.7	-9,262.0	-1,668.2	
Balance on Income	-1,327.8	-1,645.1	-1,108.9	-1,489.5	-1,551.0	-953.4	
Balance on Current Transfers	1,881.0	3,153.4	3,028.7	3,234.3	3,230.9	3,173.9	
Capital Account	325.8	355.1	259.0	204.2	209.3	139.5	
Financial Account	-2,118.4	-3,702.0	-2,380.2	-11,974.3	-6,460.7	-675.2	
Direct investment (net)	-3,088.7	-3,561.2	-3,497.6	-3,391.0	-3,428.3	-3,807.4	
Portfolio investment (net)	42.2	12.5	96.0	51.2	126.1	350.0	
Financial derivatives (other than reserves) and employee stock options	
Other investment (net)	-516.5	-2,821.0	384.9	-8,717.8	-3,504.3	2,941.6	
Reserve assets	1,444.6	2,667.7	636.6	83.4	345.9	-159.4	
Reserves (months of imports)	7.4	8.1	10.3	7.0	5.8	7.8	

Source: WESP, 2025 edition; IMF, World Economic Outlook Database, October 2025 edition; OECD, OECD.Stat, accessed 22 January 2025; IMF, BoP Data Reports, accessed 22 January 2025; World Bank, World Development Indicators Database, accessed 22 January 2025.

LDC Criteria and Supplementary Indicators

Cambodia has made rapid and consistent progress on LDC criteria over the past decade and has met all three criteria since 2021 Triennial Review. Income per capita has continued to grow and is now \$1,983

compared to the graduation threshold of \$1,306 established at 2024 Triennial Review. The human asset index, at 77.53, is well above the graduation threshold of 66 although the country still lags in the prevalence of stunting and the lower secondary completion rate (see Annex). Similarly, the EVI is 22.15, which is well below the graduation threshold of 32. The main remaining vulnerabilities are the share of agriculture, forestry, fisheries in GDP and remoteness and landlockedness.

Table 2: Indicators for LDC Identification, Cambodia, 2020 to 2024

Year	GNI per capita (threshold \$1,306)	HAI (66 or above)	EVI (32 or below)
2020	1,522	72.06	19.63
2021	1,683	72.66	20.30
2022	1,781	73.24	21.35
2023	1,839	73.78	21.80
2024	1,885	77.16	22.33
2025	1,983	77.53	22.15

Source: CDP Secretariat, Time series estimates (LDC criteria) dataset (2002-2025), available at <https://bit.ly/LDC-data>

Note 1: For GNI per capita, Year refers to the year of a (actual or hypothetical) review. The data reflects the latest three-year average available for a review, i.e., the value for 2025 refers to the 2021-2023 average. Data differ from previous official triennial review data due to data revisions.

Note 2: For EVI and HAI, Year refers to the year of a (actual or hypothetical) review. The timeliness of source data varies by indicator; generally, criteria capture data up to two years prior to a review. See the 'read me' in the source.

Note 3: Data differ from previous official triennial review data due to data revisions, changes in data sources, methodological changes and most notable, changes in composition of the composite indices HAI and EVI. Minor differences can also occur due to rounding.

Cambodia has made significant advancements in enhancing health outcomes, early childhood development, and primary education, particularly in rural regions. Between 2000 and 2021, there have been notable improvements in life expectancy at birth, as well as reductions in under-five and infant mortality rates. However, despite these achievements, human capital indicators remain comparatively low when evaluated against other lower middle-income countries.

Table 3: Selected Supplementary Graduation Indicators for Cambodia, 2018-2022

Indicator	2018	2019	2020	2021	2022
Mean years of schooling	4.5	4.7	5.0	5.2	5.2
Proportion of population covered by at least one social protection benefit		6.2			20.8
Access to at least basic drinking water (% of population)	74.4	75.3	76.3	77.1	78.0

Source: CDP Secretariat, Supplementary graduation indicators (SGI) dataset (2000-2025), available at <https://bit.ly/LDC-data>

Productive Capacity

Cambodia's PCI has evolved a lot over the last two decades with performance consistently improving both in composite index and category levels scores. The country's performance on overall PCI (35.9 in 2022) has been diverging from the LDCs' average performance (30.9) and converging towards the average score of ODCs (46.8). If the trend continues, Cambodia will soon catch up with ODCs. This aligns with Cambodia's progress towards meeting the graduation threshold although there are slight gaps in Transport Infrastructure, Institutions, Private Sector, and Structural Transformation in comparison with ODCs.

Overall, Cambodia's performance in almost all the categories of the PCI and the composite PCI is far better than LDCs' average and fast approaching that of ODCs. However, the country needs continued support to maintain its overall progress including in a post-graduation environment.

Table 4: Productive Capacity Index, Cambodia, 2022

	PCI	Human capital	Natural capital	Energy	Transport	ICT	Institutions	Private sector	Structural Change
Cambodia	35.9	38.1	38.3	44.5	12.4	41.0	38.2	46.0	47.7
Other developing countries	46.8	44.3	38.4	61.2	34.1	49.6	51.1	50.9	53.2
LDCs	30.9	27.9	49.8	26.3	19.7	25.2	38.3	37.8	41

Source: UNCTADstat

Data gap

Cambodia has a Statistical Performance Indicator score of 65, which is comparable to neighboring Myanmar (69) and Lao PDR (61), but below that of more developed countries in the region such as Thailand (81) and Viet Nam (72). The country scores comparatively well on data sources (80) and data use (80), but not as well on data infrastructure (55) and data sources (44).

Smooth transition

Further structural reforms are essential to diversify the engines of growth and enhance productivity. Improving skills and education is crucial for capitalizing on the demographic dividend, promoting the adoption of technology, and supporting the transition to industries that are more resilient to climate change and characterized by higher productivity. The government's initiatives aimed at encouraging quality investments in higher-value-added sectors and increasing the capture of the agricultural value chain are noteworthy. However, additional measures to enhance inclusion, promote digitalization, and strengthen climate change resilience will be necessary to ensure inclusive and sustainable development.

As Cambodia nears graduation from least developed country status, it is imperative to further strengthen policy frameworks and improve public financial management practices. Enhancing fiscal transparency will also be essential for sustaining economic growth and stability.

A country consultation meeting was held on 3 December, 2024, where the Government highlighted that graduation is an important milestone for Cambodia and a testament to the socio-economic progress made by the country over the past decades. It reaffirmed its commitment to Graduation. Graduation is seen as an opportunity to bring enhanced credibility and potential for increased FDI that could help diversify and transform the economy. The delegation also emphasized the vulnerabilities the country is facing such as lack of economic diversification, limited human capital development, and challenges to technology adoption and productivity improvements. Loss of international support measures, preferential market access, preferential tariffs and other benefits of LDC status were also mentioned. The country is taking a proactive approach to examine the challenges and opportunities that graduation will bring and will work with the UNCT to develop a STS by 2027. The Government also highlighted the need for capacity building support for enhanced monitoring, reporting and evaluation and sectoral analysis of graduation impacts and responses.

Annex 1. Data for LDC criteria and supplementary indicators (SGIs)

LDC criteria data

The data table below shows the latest available data and corresponding year for the country based on the 2025 retrospective review.

The calculations of all composite indices and indicators are based on the refinements of the LDC criteria adopted by the Committee for Development Policy (CDP) at its 25th Plenary session in February 2023.

For more detailed information on indicators and data sources, see the '*Time series estimates (LDC criteria) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

Indicator	Latest available data	Year latest available data refer to	LDC average*
GNI - Gross national income (GNI) per capita in US dollar, using Atlas conversion (3-year average)	1,982.87	2023	1,388.26
HAI - Human assets index	77.53	2023	59.42
U5M - Under-5 mortality rate (per 1,000 live birth)	23.70	2022	59.20
STU - Prevalence of stunting	22.30	2022	29.28
MMR - Maternal mortality ratio (per 100,000 live birth)	217.98	2020	381.86
LSEC - Lower secondary education completion rate	57.29	2023	42.60
ALR - Adult literacy rate	83.78	2022	64.26
GPIC - Gender parity index for lower secondary education completion	1.16	2023	1.00
EVI - Economic and environmental vulnerability index	22.15	2023	39.84
AFF - Share of agriculture, forestry and fishing in GDP (% of GDP)	17.88	2023	24.59
REM - Remoteness and landlockedness (location index)	44.07	2023	57.61
XCON - Merchandise export concentration (Theil index)	5.92	2023	7.76
XIN - Instability of exports of goods and services (20-year regression)	10.14	2023	12.39
LECZ - Share of population living in low elevated coastal zones (percentage of population)	2.00	2015	7.94
DRY - Share of population living in drylands (percentage of population)	0.00	2023	33.99
AIN - Instability of agricultural production (20-year regression)	5.73	2022	6.06
VIC - Victims of disasters (per 100,000 population) (15-year average)	0.21	2023	3.34

Source: Time series estimates (LDC criteria) dataset (2000-2025) available on the [LDC Data](#) website.

Supplementary graduation indicators (SGIs)

The supplementary graduation indicators (SGIs) complement the official LDC criteria. They provide quantitative, internationally comparable data for vulnerabilities and other factors that are not fully captured by the LDC criteria but that might be relevant for graduation from the LDC category.

For more detailed information on indicators and data sources, see the '*Supplementary graduation indicators (SGI) dataset (2000-2025)*' available on the [LDC Data](#) website.

All data are current as of 22 January 2025.

	Indicator	Latest available data	Year latest available data refer to	LDC average*
ECONOMIC VULNERABILITY	EC01 - GDP growth rate (%)	5.00	2023	3.51
	EC02 - GDP growth volatility	4.73	2023	5.29
	EC03 - External debt (% of GNI)	80.39	2022	55.98
	EC04 - Total debt servicing (% of exports and primary income)	8.71	2023	12.22
	EC05 - Personal Remittances, received (% of GDP)	6.57	2023	6.76
	EC06 - ODA received as percentage of GNI	4.02	2022	10.85
	EC07 - Tourism receipts as share of exports	5.37	2020	13.14
	EC08 - Current account balance (% of GDP)	1.30	2023	-4.46
	EC09 - Standard deviation of net barter terms of trade over 20 years	14.56	2021	15.11
	EC10 - Cereal import dependency	-0.03	2022	0.41
	EC11 - Tax revenue as share of GDP	11.99	2021	13.21
	EC12 - Gross domestic savings (% of GDP)	33.60	2023	7.22
	EC13 - Adjusted net savings (% of GNI)	17.34	2021	3.43
	EC14 - Share of employment in agriculture	36.01	2023	47.82
	EC15 - Productive capacities index	35.91	2022	30.75
	EC16 - Percentage of individuals using the internet	56.73	2022	34.20
	EC17 - Renewable electricity capacity per capita	0.13	2023	0.07
	EC18 - Percentage of population with access to electricity	92.30	2022	54.31
ENVIRONMENTAL VULNERABILITY	EV01 - Environmental Performance Index	31.00	2024	36.42
	EV02 - Global Adaptation Index	40.33	2022	37.81
	EV03 - INFORM Climate Change Risk Index	5.20	2022	5.79
	EV04 - Economic loss from natural disaster (% of GDP)	0.00	2021	0.03
	EV05 - Annual mean levels of fine particulate matter (e.g. PM2.5) in cities (population weighted)	17.80	2019	27.87
	EV06 - Access to at least basic sanitation (% of population)	76.72	2022	41.15
	EV07 - Access to at least basic drinking water (% of population)	78.01	2022	68.27
	EV08 - Freshwater withdrawal as a proportion of available freshwater resources	1.04	2021	15.81
	EV09 - Proportion of water basins experiencing high surface water extent changes	27.00	2020	28.66
	EV10 - Red list index, showing trends in overall extinction risks of species	0.79	2024	0.86
	EV11 - Change in forest cover (percentage)	-2.68	2020	-0.54
	EV12 - Domestic material consumption per capita	24.39	2022	14.84

	Indicator	Latest available data	Year latest available data refer to	LDC average*
HUMAN ASSETS	HA01 - Human development index	0.60	2022	0.51
	HA02 - Multidimensional poverty index	0.07	2022	0.27
	HA03 - Proportion of population covered by at least one social protection benefit	20.80	2022	12.35
	HA04 - Prevalence of undernourishment	4.60	2023	21.56
	HA05 - Mortality from CVD, cancer, diabetes or CRD between exact ages 30 and 70 (%)	22.50	2019	24.93
	HA06 - Diphtheria tetanus toxoid and pertussis (DTP3) immunization coverage among 1-year-olds (%)	85.00	2023	76.57
	HA07 - Gross secondary school enrolment rate	60.06	2023	47.14
	HA08 - Mean years of schooling	5.20	2022	4.78
	HA09 - Learning-adjusted (expected) years of school	6.84	2020	4.87
	HA10 - Total fertility rate (live birth per woman)	2.55	2024	3.97
	HA11 - Dependency ratio, i.e. the ratio of youth (Age 0-14) and elderly (age 65+) to population of age 15-64	56.14	2024	75.09
	HA12 - Labor force participation rate, female (% of female population ages 15+) (modeled ILO estimate)	69.46	2023	53.45
INCOME	IN01 - Gross national disposable income (GNDI) per capita, market exchange rates	2,557.25	2023	1,373.28
	IN02 - GDP per capita, market exchange rates	2,457.78	2023	1,334.95
	IN03 - Gross national income (GNI per capita) at purchasing power parity conversion factors	7,260.00	2023	3,757.73
	IN04 - Gini coefficient of disposable income	35.70	2012	41.45
	IN05 - Percentage of population below international poverty line (\$2.15)	n/a	n/a	31.47
OTHER	OT01 - Battle deaths per 100,000, 20-year average	0.01	2023	2.79
	OT02 - Population of concern to UNHCR as percentage of total population	0.43	2024	3.33
	OT03 - Stock of persons internally displaced by conflict as percent of total population	0.00	2023	2.42
	OT04 - Intentional homicides (per 100,000 people)	1.84	2011	6.79
	OT05 - Voice and accountability, capturing perceptions of citizens' participation in selecting governments as well as of freedom of expression, association, and media	-1.29	2023	-0.72
	OT06 - Government effectiveness, capturing perceptions of the quality of public services and policies	-0.31	2023	-1.03
	OT07 - Women empowerment index, providing information on women's civil liberties, civil society participation, and political participation	0.52	2023	0.61

Source: Supplementary graduation indicators (SGI) dataset (2000-2025) available on the [LDC Data](#) website.

Notes:

* As not all countries and/or indicators have complete coverage LDC averages are calculated using the latest available data for each country and indicator.

n/a denotes that no data are available.

Annex 2. Visualization of LDC criteria and SGIs

The following figures show the evolution of LDC criteria scores, LDC indicator values and SGI indicators value over the 2000 to 2025 period. The blue line shows the values for the country, abbreviated by its three-letter ISO code. The red and green lines show the simple country average value for least developed countries (LDC) and other developing countries (ODC), respectively. The shaded areas depict the interquartile range to indicate within-group heterogeneity. The group composition of LDCs and ODCs is based on the current list of LDCs and the classification of countries into developing and developed regions by the United Nations Statistics Division. Hence, all former LDCs are included in the ODC group. For details on the composition, see the 'Read-me' tab in the '*Time series estimates (LDC criteria) dataset (2002-2025)*' available on the [LDC Data](#) website.

For all details on the data, see *Time series estimates of the least developed country criteria (2002-2025)* and *Supplementary graduation indicators (SGI) dataset (2000-2025)*, both available on the [LDC Data](#) website.

The figures omit several SGIs with insufficient data for a time-series consideration.

Some indicator names in the figures are shortened versions of the indicator names as contained in annex 1.

Missing data has been linearly interpolated, but not extrapolated. Hence, changes in the lines and shaded areas for LDCs and ODCs can be influenced by changes in data availability over time.

To increase visibility, the following transformation of the data have been undertaken, please refer to annex 1 for the names of the indicators:

- Three-year averages for EC01, EC03, EC04, EC05, EC06, EC07, EC08, EC010, EC011, EC012, EC013, EC018, EV04, EV05, HA06, IN01, IN02, IN03.
- Logarithmic transformation for GNI, VIC, IN01, IN02, IN03, OT01, EC17, EV08.
- Maximum value set to 1: GPIC
- All indicators have been normalized between 0 and 100 using the 'max-min' method, using 5 per cent and 95 per cent quantiles as lower and upper bounds.
- For each figure, the x axis ranges from 2000 to 2025, and the y axis ranges from 0 to 100

All data are current as of 22 January 2025.





