



ENHANCING ENTREPRENEURIAL ECOSYSTEM AND INVESTMENTS

3Ei INITIATIVE

CAMBODIA'S ENTREPRENEURIAL
ECOSYSTEM STRENGTHENING

2022 CAMESCO | CONFERENCE

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3Ei INITIATIVE

Background of Cambodia Entrepreneurial Ecosystem

Over the past decade, the world has entered a new phase called the 4th Industrial Revolution. To prepare and flourish in the 4th Industrial Revolution, one of the key priorities of the Royal Government of Cambodia, is deepening the digitization of its economy and fostering entrepreneurship and start-ups.

The Cambodian economy is set to experience significant growth in 2023, driven in part by its promising start-up landscape. With the rise of tech start-ups and the emergence of multiple supporting actors in the ecosystem, the entrepreneurial environment is nascent yet demonstrates strong potential. Recognizing the importance of fostering this growth, the Royal Government of Cambodia has prioritized the establishment of ecosystems for entrepreneurship and start-ups under Pillar V of the Digital Economy and Society framework. This focus is crucial as SMEs contributing 58% to GDP and generating 70% of employment, they are essential for innovation, market expansion, and providing necessary products and services.





Challenges

SMEs, early and growth-oriented enterprises and start-ups (collectively referred to as Small and Growing Businesses or SGBs) face a multitude of challenges at various levels, which also impact system and support actors such as investors, ecosystem builders, and entrepreneur support organizations (ESOs).

One significant challenge is the insufficient facilitation and support for start-ups and growth-based businesses, resulting in a fragmented ecosystem.

The ecosystem actors and support organizations often possess inadequate technical skills and knowledge, impeding their ability to effectively nurture businesses.

Financial access remains a critical obstacle, limiting the growth potential of these enterprises.

There is an inadequate understanding of the needs of impact investors, which further complicates the efforts to bridge the gap between businesses and their potential financial backers. Addressing these challenges is essential to creating a thriving ecosystem that fosters the growth and success of small and growing businesses.

¹ *Small and growing businesses (SGBs) are defined by ANDE as commercially viable businesses with five to 250 employees that have significant potential and ambition for growth. Typically, SGBs seek growth capital from USD \$20,000 to \$2 million.*

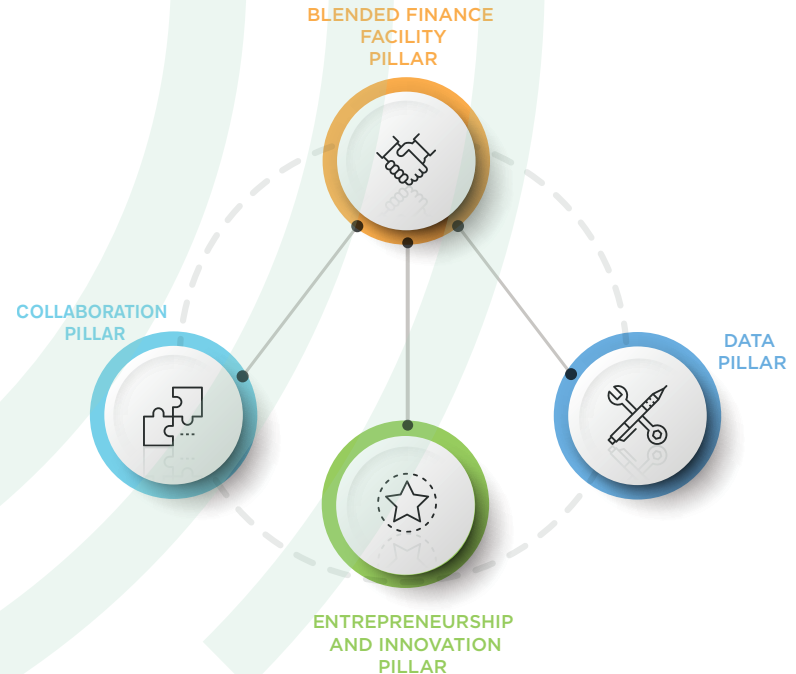
Solution: Enhancing Entrepreneurial Ecosystem and Investments

The 3Ei initiative employs a strategic approach, organizing its four pillars in a manner that effectively interconnects its objectives.

- Coordination Pillar: focuses on enhancing connections and collaborations among system actors
- Entrepreneurship and Innovation Pillar: aims to strengthen mentorship in entrepreneurship and innovation.
- Data Pillar: on the other hand, seeks to strengthen data and foster investments.
- These three pillars contribute to the overarching goal of Blended Finance Facility Pillar which is to establish a blended finance service facility.

This approach is expected to strengthen the entrepreneurial ecosystem and mobilize investments for SGBs, further bolstering their development and success.

STRENGTHENING ENTREPRENEURIAL ECOSYSTEM AND MOBILIZING INVESTMENTS IN SMALL AND GROWING BUSINESSES



The 3Ei Initiative Brands

The 3Ei initiative has been designed with sustainable mechanisms built into the various interventions of the pillars, to ensure that brand services continue post-initiative. Each brand will come with its own communications and technical knowledge materials including flyers, brochures, operational handbooks, etc. Swisscontact is supporting Khmer Enterprises (KE) to pilot test the brand including the promotion. The six brands will serve the 4 pillars of the 3Ei initiative. More brands maybe developed as demanded by the ecosystem stakeholders.



INVESTORS (DONORS) AND IMPLEMENTORS

CO-FINANCED BY



Khmer Enterprise (KE) is established under the Ministry of Economy and Finance to implement the support programs and directly work with partners and beneficiaries. It aims to mobilize, invest and manage resources, from all legitimate sources, to support the development of a vibrant entrepreneurial ecosystem and to provide financial and non-financial support to related entrepreneurial ecosystem builders.



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development
and Cooperation SDC

The Swiss Agency for Development and Cooperation (SDC) is Switzerland's international cooperation agency within the Federal Department of Foreign Affairs (FDFA). SDC is responsible for overall coordination of Swiss international development activities, as well as humanitarian aid.



Korea International Cooperation Agency (KOICA) is a government aid agency of the Republic of Korea (ROK), founded in 1991. KOICA implements Korea's grant and technical cooperation of the ROK, supporting the socio-economic development of many developing countries.

CO-IMPLEMENTED BY



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Swisscontact is a leading organization in the implementation of international development projects, promoting inclusive economic, social and ecological development to make an effective contribution towards sustainable and widespread prosperity in developing and emerging economies.

COLLABORATION PILLAR

Collaboration Pillar aims to strengthen the entrepreneurial ecosystems by deepening trust-based relationship among the system's actors. This will help to strengthen an enabling environment for entrepreneurial networks to form high quality connections to support entrepreneurship and engages in joint activities with like-minded partners and organizations to strengthen the exchange of knowledge and foster best practices in this field that will help to make the overall system stronger.

Under collaboration pillar, the initiative will scale up the three brands: **Give a Day**, **Ecosystem Builders Network (EBN)**, and **Cambodia Ecosystem Strengthening Conference (CAMESCO)** and institutionalize the three collaboration platforms.



1.1 Give a Day



Give a Day aims to create a space for key stakeholders in the ecosystem to systematically dive deep into key issues of the entrepreneurial ecosystem via monthly meetings. The initiative's purpose is to foster connections and trust among Entrepreneurs Support Organizations (ESOs), allowing them to better understand each other's work and differentiate their programs. This process can lead to demand-driven discussions, presentations, and collaborations, which may also integrate peer exchange workshops. Consequently, this enhanced trust will result in improved services for entrepreneurs. In addition, Give a Day is one of the instruments to collect key insights to produce call-for-action items for the entrepreneurial ecosystem.



1.2 Ecosystem Builder Network (EBN)



The Ecosystem Builders Network (EBN) organizes quarterly meetings that is focused on development partners, ecosystem builders and government agencies to catalyze the efforts to bring about meaningful change to build an entrepreneurial ecosystem.. These gatherings provide a platform for EBN members to learn about each other's programs, identify market gaps, and explore opportunities. Consequently, this facilitates the design of targeted programs in filling market gaps and enhances collaboration between system's actors.



For better coordination and collaboration, an entrepreneurial ecosystem roadmap for Cambodia needs to be developed. It is envisaged that a Technical Working Group will be formed to develop the roadmap of ecosystem and investment. The roadmap will help to prioritize short- and long-term actions in supporting to strengthen Cambodia's entrepreneurial ecosystem. This in turn will help the Government and the DPs to design programs accordingly.

1.3 Cambodia Ecosystem Strengthening Conference (CAMESCO)



CAMESCO, an annual event for the Cambodia Entrepreneurial Ecosystem, aims to provide a year-round summary of Cambodia entrepreneurial ecosystem initiative and its current status, discuss regional and global initiatives, attract investors, and network with national and regional organizations. While Give a Day unites ecosystem actors monthly and EBN gathers facilitating organizations quarterly, CAMESCO serves to connect stakeholders, regional and international experts in the field, regional and international investors, and organizations seeking opportunities in Cambodia as well as fostering global knowledge exchange with local actors.



ENTREPRENEURSHIP AND INNOVATION PILLAR

STRENGTHEN ENTREPRENEURSHIP AND INNOVATION

Entrepreneurship and Innovation Pillar aims to strengthen Entrepreneurs Support Organizations (ESOs) capacity to deliver quality services to entrepreneurs through an Entrepreneur in Residence (EIR) program and Masterclasses for incubator and accelerator excellence.

Strengthen Entrepreneurship and Innovation (SEI) partners with international experts whose first-hand experiences bring new ideas and perspectives to the local ESOs via the collaboration with the Entrepreneurs-In-Residence (EIRs) Program of Swiss EP program and the collaboration with Competence Center of Social Innovation of University of St. Gallen for the Masterclass.

Entrepreneurship and Innovation Pillar works closely with the local ESOs to improve programs, strengthen their performance and deliver services of high value to their entrepreneurs through strategic and practices as well as valuable international connections. SGBs will benefit from improved program, flow of information, support structure international connections, and access to finance.



2.1 Entrepreneurs-in-Residence (EIR)

Entrepreneur-In-Residence (EIRs) initiative aims to bring international mentors to strengthen capacity of ESOs to improve quality of services to start-ups and businesses. EIRs will come in a short-term support, one-on-one, with local ESOs to improve their business model, management capacities, communication and mentoring networks as well as programs and services to entrepreneurs, and thus their overall performance.

EIRs also dispatch as international mentors to support local start-ups via the ESO partners. The goal would be, that these international EIR mentors share their skills, experience, successes, failures, approaches, ideas, new information, innovation, and networks in filling local skill gaps. The support is provided in the form of mentoring/coaching to the entrepreneurs along with the local mentors (ESOs).



2.2 Masterclass

In collaboration with Competence Center for Social Innovation of University of St. Gallen, Masterclass aims to improve the quality of incubators and accelerators and their curriculums to better support startups.



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02



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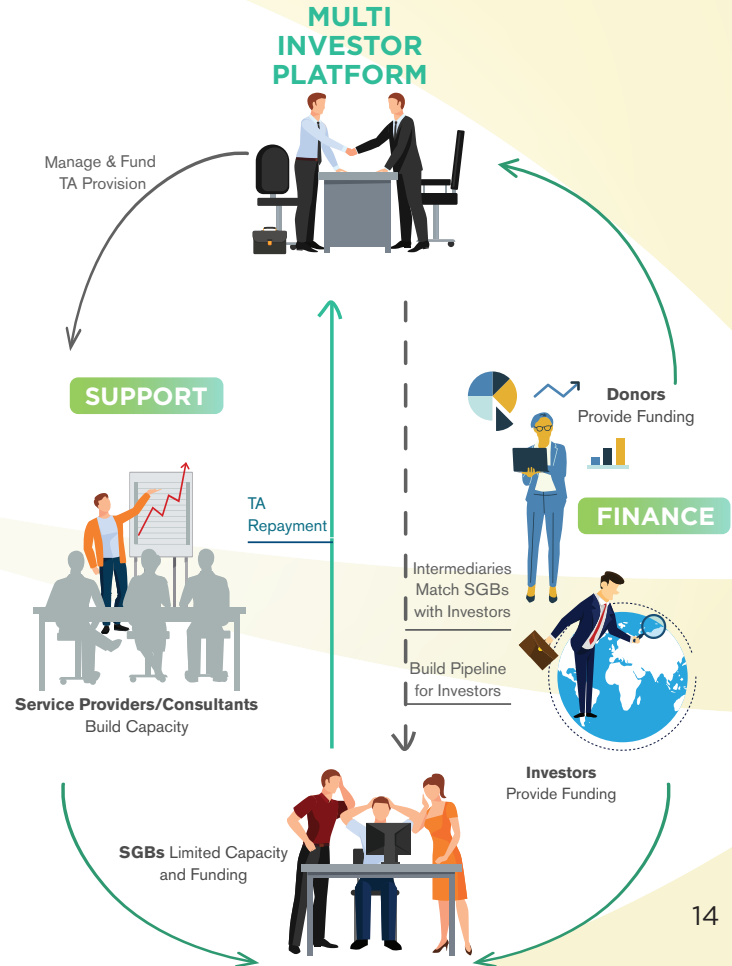


BLENDED FINANCE FACILITY PILLAR

ENTREPRENEUR INVESTMENT SUPPORT

Blended Finance Facility Pillar aim to address financial and non-financial challenges faced by small and growing businesses (SGBs), through the establishment of **Entrepreneur Investment Support** that serves as multi-investor and multi-sector standalone facility where businesses can access various forms of technical assistance (TA) support through a pool of vetted consultants. This helps to build an investable pipeline for investors and helped to mitigate risk within investors' portfolios.

This innovative technical assistance (TA) facility employs a TA discounted reimbursable grant, allowing SGBs to access necessary TA despite cash constraints, and repay it as their business grows or receives investments. TA repayments are recycled to help other SGBs.



PRODUCT AND SERVICE OFFERS

INVESTMENT READINESS

- Short-term consultancy or medium-run coaching support to companies seeking investments from investor partners and other investors.
- Repayable grant requires a small down payment, then company repays a small portion of value after successful fundraising and the remaining value over several years.

MATCHMAKING SERVICE

- Short-term consultancy or medium-run coaching tailored support based on the needs of SGBs to connecting them with the right type of capital providers. This will support to build an investable pipeline for investors.
- Repayable grant requires a small down payment, then company repays a small portion of value after successful fundraising and the remaining value over several years.

POST-INVESTMENT

- Short- to medium-term consultancies to companies who have received investments from investor partners.
- Repayable grant requires a small down payment, then company repays the remaining value over several years.

PRO BONO NETWORKING

- Facilitation of linkage between SGBs on a path to investment readiness and strategic partners who offer free or deeply discounted services.



DATA PILLAR

DATA FOR INVESTMENTS

Data Pillar focuses on tracking business performance, identifying gaps and opportunities to enhance support structures, and allocating resources effectively. Data Pillar aims to develop a startup benchmark index and an investment index to reduce perceived risks in the Cambodian market, ultimately attracting new investors to provide a comprehensive view of the ecosystem's evolution over time. In addition, Data Pillar also aims to update Social Network Analysis (SNA) regularly to generate a picture over time of how ecosystem is evolving that helps to shape analysis and the prioritization of solutions over time to strengthen entrepreneurial ecosystem.



4.1 INVESTMENT INDEX, START-UP BENCHMARK

Data for Investment (D4I) aims to conduct a comprehensive study on start-up performance and timeline metrics, to develop a start-up benchmark index in comparison to regional benchmarks. These indexes will provide guidance, identify gaps, and reveal opportunities to strengthen Cambodia's start-up ecosystem. Concurrently, 3Ei will also study investment performance, encompassing innovation, investment environment, workforce skills, and more, while establishing benchmark indexes based on regional and global standards. These indexes will showcase the progress and trends within the Cambodian ecosystem.

4.2 SOCIAL NETWORK ANALYSIS

In 2019, Social Network Analysis (SNA) in Phnom Penh study helped observe relationships between actors and the movement of resources like information, funding, and talent within the system. It was suggested that repeating the exercise every few years could depict the ecosystem's evolution over time, allowing for better analysis and prioritization of solutions to strengthen the entrepreneurial ecosystem. As part of D4I, two SNAs are planned to assess Cambodia's entrepreneurial ecosystem.



EXPECTED OUTCOME OF 3Ei INITIATIVE

The overall goal of the 3Ei Initiative is for the private sector to actively contribute to Cambodia's socio-economic development and attain the goals of the SDGs. The achievement of this overall goal will be driven by two outcomes. Outcome 1: Enhanced coordination, and collaboration within the entrepreneurial ecosystem; and Outcome 2: Increased business performance and investments in the ecosystem.

3Ei Initiative Contributes to the Development Impact

ADDRESSED
BY PROJECT
DIRECTLY

05
GENDER
EQUALITY



08
DECENT WORK
AND ECONOMIC
GROWTH



17
PARTNERSHIPS
FOR THE GOALS



TO BE
ADDRESSED
BASED ON
PARTNERSHIP
WITH SGBS

02
ZERO HUNGER



03
GOOD HEALTH
& WELL-BEING



06
CLEAN WATER
AND SANITATION



07
AFFORDABLE
AND CLEAN ENERGY



12
RESPONSIBLE
CONSUMPTION AND
PRODUCTION



Strategic Partnerships

The Sasakawa Peace Foundation (SPF) is a private foundation established in 1986 in Tokyo Japan. SPF promotes innovative solutions and approaches to address a wide range of issues facing the world today. Empowerment of women is one of the priority areas of the foundation and the Gender Investment and Innovation Program of SPF works towards promoting economic empowerment of women and gender equality in Southeast Asia.



The Global Steering Group for Impact Investment (GSG) is an independent global steering group catalyzing impact investment and enterprise to benefit people and the planet. The GSG was established in August 2015 as the successor to and incorporating the work of the Social Impact Investment Taskforce established under the UK's presidency of the G8. The GSG currently has 33 member countries plus the EU, as well as active observers from leading network organizations.



3Ei Initiative is actively seeking strategic partners in the regional and global networks such as Aspen Network of Development Entrepreneurs (ANDE) , Asia Venture Philanthropy Network (AVPN) , Convergence, etc to foster connection in the regional and global network in strengthening and promoting Cambodia's entrepreneurial ecosystem.

PARTICIPANTS

Organization participated in at least one Give a Day since 2022. A total of 73 organizations participated in the Give a Day and a total of 30 organizations participated in at least one EBN meeting. The organizations are listed below.



