

GENDER LENS INVESTING

Landscape Study in Cambodia



March 2024

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IMPRINT

This Study is a product of the Sasakawa Peace Foundation (SPF) and Swisscontact, commissioned by SPF and written with Swisscontact in collaboration with BDTruS. Khmer Enterprise (KE), the Swiss Agency for Development and Cooperation (SDC), and the Korea International Cooperation Agency (KOICA) under the 3Ei initiative, entered into a strategic partnership to support this study.

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ACKNOWLEDGMENT

We would like to extend our heartfelt gratitude and appreciation to all the individuals and organizations who contributed to the Gender Lens Investing (GLI) Landscape Study. Their invaluable support and collaboration have been instrumental in the success of this study.

First and foremost, we would like to acknowledge the government agencies, including the Ministry of Economy and Finance (MEF), the Ministry of Industry, Science, Technology, and Innovation (MISTI), Khmer Enterprise (KE), the Ministry of Commerce (MoC), the Ministry of Post and Telecommunications (MPTC), the Ministry of Women's Affairs of Cambodia (MoWA), the Securities and Exchange Regulator of Cambodia (SERC), the National Bank of Cambodia (NBC), Techo Startup Center (TSC), SME Bank, and Credit Guarantee Corporation of Cambodia (CGCC). Their guidance and expertise have been essential in shaping the direction of our study.

We are also deeply thankful to our development partners and international non-governmental organizations, such as the Swiss Agency for Development and Cooperation (SDC), United States Agency for International Development (USAID), the Delegation of European Union to Cambodia (EU), Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW), Japan International Cooperation Agency (JICA), the International Finance Corporation (IFC), the Feed the Future Cambodia (Harvest III), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Pact via WE Act, United Nations Development Programme (UNDP), and United Nations Industrial Development Organization (UNIDO).

Furthermore, we extend our gratitude to the entrepreneur support organizations (ESOs) and business associations, including the Cambodia Japan Cooperation Center (CJCC), Energy Lab, Impact Hub Phnom Penh, Platform Impact, SHE Investments, Mekong Inclusive Ventures (MIV), Mission Alliance, Sevea Consulting, Institute of Technology of Cambodia (ITC) of GIC Incubation Center, Enterprise Vision (EV), National University of management (NUM) Social Innovation Lab, Paragon University Innovation Lab/Hub, Global Entrepreneurship Network (GEN) Cambodia, The Asia Foundation, iDE Cambodia, Lady Savings Group, Cambodia Partnership for Sustainable Agriculture (CPSA), Cambodia Women Entrepreneurs Association (CWEA), Young Entrepreneurs Association of Cambodia (YEAC), and Federation of Associations for SMEs of Cambodia (FASMEC).

We also express our gratitude to the financial institutions and investors, including AMK, Wing Bank, BRED Bank, Sathapana Bank, ADB Frontier, Incofin Investment Management, Insitor Partners, Mekong Strategic Capital, Nexus for Development, OBOR Capital, Alterfin, SNV's Dutch Fund for Climate and Development (DFCD), Good Return, Amara Capital, Emerging Market Investment Advisors (EMIA), Choice Accelerator, and Innovation and Development Investors Association (IDI) and ID Capital PLC (IDC).

Lastly, we would like to thank the regional ESOs and investors, including Villgro Philippines, Emerging Market Entrepreneurs (EME), Aspen Network of Development Entrepreneurs (ANDE), Asia Venture Philanthropy Network (AVNP), Beacon Fund, Impact Investment Exchange (IIX), Women's World Banking, Sweef Capital, and Sarona Fund. Their regional perspective and investment expertise have enriched our study and contributed to its depth and breadth.

Thank you!

ABOUT THE STUDY

The Gender Lens Investing (GLI) Landscape Study in Cambodia represents a collaborative effort between the Sasakawa Peace Foundation (SPF) and Swisscontact. This study seeks to understand the challenges and opportunities associated with GLI, pinpoint key actors, identify any existing gaps in the financial landscape, and shed light on both the advantages of systematically incorporating gender considerations as well as the challenges in incorporating GLI into investment practices in Cambodia. Therefore, this report focuses primarily on the economic perspective of GLI. The goal is to formulate a comprehensive strategy with actionable recommendations that not only underscores the benefits but also addresses any associated costs or risks.

The overarching aim of the study is to understand the GLI Landscape and offer recommendations to foster the development of a robust GLI ecosystem, actively contributing to Women's Economic Empowerment and Gender Equality, in alignment with the Sustainable Development Goals (SDGs).

SASAKAWA PEACE FOUNDATION

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. Promotion of inclusive society including empowerment of women is one of the priority areas of the foundation. SPF's Gender Investment and Innovation Program works towards promoting the economic empowerment of women and gender equality in Southeast Asia. This is achieved through investments through the Asia Women's Impact Fund (AWIF) and technical assistance programs to make finance and entrepreneurship work for women. SPF is currently implementing programs for gender-smart entrepreneurship support in the region and successfully piloted the 'Cnai Accelerator program' in Cambodia to provide a level playing field for all genders.



SWISSCONTACT

Swisscontact - the Swiss Foundation for Technical Cooperation - is an independent, non-profit foundation based in Zürich, founded in 1959 by leading figures from the Swiss private sector and Swiss universities. It is exclusively involved in international development, active in more than 39 countries, implementing 117 programs with more than 1,000 staff members. Swisscontact has been present throughout South-East Asia for more than 30 years.



Swisscontact has been operating in Cambodia since 2013, establishing its office in the country in April 2016. In Cambodia, Swisscontact operates in three working areas—Skill Development, Sustainable Agriculture, Trade, and Entrepreneurial Ecosystem. Swisscontact currently implements the SDC-funded Skills Development Program (SDP) and leads the implementation of the following projects: Senior Expert Contact (SEC), Innovation for Sustainable Agriculture (ISA), Improving Small Package E-Trade for SMEs (SeT4SME), and Enhancing Entrepreneurial Ecosystem and Investments (3Ei).

FOREWORD

In 2017, the Sasakawa Peace Foundation (SPF) embarked on a journey to empower women in Asia, recognizing the pivotal role of Gender Lens Investing (GLI) in advancing economic development, inclusivity, and sustainability across the region. In support of this endeavor, Swisscontact Cambodia entered into a strategic partnership under the 3Ei initiative to build a more inclusive entrepreneurial ecosystem for Cambodia. Today, we are proud to present the findings of the Gender Lens Investing Landscape Study in Cambodia, a significant step towards nurturing a more sustainable future for all.

This report represents the culmination of our commitment to promoting GLI and our dedication to understanding and shaping the entrepreneurial ecosystem in Cambodia. Through this comprehensive study, we aim to provide a panoramic view of the GLI landscape within the country, with a specific focus on identifying the challenges, opportunities, and strategic entry points that can fuel the growth of GLI and foster a vibrant entrepreneurial ecosystem. The results and findings of this study will be integrated into the Cambodia's Entrepreneurial Ecosystem Roadmap, which is currently being designed within the 3Ei initiative.


Cambodia, like many nations, faces its unique set of circumstances, opportunities, and hurdles on the path to GLI integration. We believe that by shedding light on these aspects, we can empower a wide array of stakeholders, including micro, small and medium enterprises (MSMEs), entrepreneur support organizations (ESOs), development partners (DPs)/international non-governmental organizations (INGOs), financial institutions (FIs), and investors. The insights contained in this report are intended to be a guiding beacon for all those who are invested in the betterment of Cambodia's entrepreneurial landscape.

Our target audience extends beyond the borders of Cambodia, encompassing stakeholders from across Southeast Asia who share a common interest in advancing the mission of GLI. By sharing our findings, we hope to foster collaboration and knowledge sharing within the region, ensuring that GLI continues to be a catalyst for positive change.

As you embark on your journey through this report, we encourage you to consider the information, analysis, and recommendations presented herein. This report is a testament to the collaborative efforts of researchers, experts, and practitioners who have contributed their knowledge and insights. We are immensely grateful for their dedication and commitment to advancing GLI in Cambodia.

It is our sincere hope that the "Gender Lens Investing Landscape Study in Cambodia" report will serve as a valuable resource and source of inspiration for those committed to promoting gender equality, economic growth, and sustainable development in the country. Together, we can build a brighter, more inclusive future for all.

With warm regards,



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EXECUTIVE SUMMARY

This report explores Gender Lens Investing (GLI) landscape in Cambodia, emphasizing its role in advancing women's economic empowerment and gender equality aligned with the Sustainable Development Goals (SDGs). Informed by literature review, surveys, and stakeholder consultations across Phnom Penh, Siem Reap and Battambang, primary objective is to comprehend the challenges, spotlight opportunities, and identify key stakeholders and financial needs within Cambodia's GLI ecosystem.

In Cambodia, women are the backbone of the economy and society, with women-owned enterprises comprising 69.2% of all businesses, primarily micro-enterprises, employing up to 10 people with limited access to finance and investment opportunities poses a significant impediment to scaling or expanding these enterprises.

GLI integrates gender perspectives into financial analyses, aiming to generate favorable outcomes for women and girls, while securing investment outcomes. Globally, GLI is experiencing rapid growth, exemplified by initiatives like the 2X Challenge, which has mobilized US\$27.7 billion, potentially linking Cambodian enterprises to the global market. This report defines enterprises meeting one of the criteria as 'GLI Enterprises': (1) women-led enterprises share of women in senior management or board (30%), (2) women-owned enterprises (more than 51%), (3) enterprises that promote women in the workforce (more than 30% of staff are women), (4) promote women along their supply chains, and (5) offer products and/or services that improve the lives of women and girls. The study sample size is 200 MSMEs and 68 ecosystem actors.

The Royal Government of Cambodia is committed to nurturing a vibrant entrepreneurial ecosystem and promoting gender equality through policies emphasizing women's economic empowerment and entrepreneurship. However, despite sectoral policies addressing gender inclusion, there is a conspicuous absence of specific regulations or incentives targeting women-led businesses and gender-focused initiatives, underscoring the necessity for more strategic frameworks to effectively enhance women's entrepreneurship.

The report's actionable recommendations aim to be integrated into Cambodia's Entrepreneurial Ecosystem Roadmap, encompassing provision of technical assistance and trainings, enhanced data collection, integration of GLI into business-related policies, creation of coordination platforms, provision of financial products for GLI enterprises through innovative finance, promotion of successful cases and role models, and enhancement of mentorship programs.



KEY FINDINGS ON MARKET ACTORS

- ◆ Among the entrepreneur support organizations (ESOs) interviewed, only 18% apply gender lens into programs; while 54% of the investment firms have either incorporated or are in the process of integrating the gender lens (2X criteria and GESI) in their work.
- ◆ Although the majority of ESOs do not have gender strategies or gender tools for implementation, the interviewed ESOs mentioned that gender is mainstreamed into their programs by providing equal opportunities for both women and men or prioritizing women during the application and selection process.
- ◆ The investment firms applying gender lens are regional or global investment firms operating in multiple countries.
- ◆ Development partners and international non-governmental organizations apply the gender lens to set key performance indicators (KPIs) on gender for any projects they work with. Their requirements primarily include the number of women beneficiaries and social and economic benefits for women, among others.
- ◆ Financial institutions actively promotes GLI, offering tailored financial products and non-financial services to support women entrepreneurs, backed by partnerships with development funds and international organizations.

KEY FINDINGS ON ENTERPRISES

Impact and awareness of GLI

- ◆ Most enterprises are not aware of the concept of GLI. However, around 90% of the interviewed enterprises could be considered GLI enterprises based on the criteria used.
- ◆ Women-owned or women-led enterprises tend to have more women employees, customers as well as women in the value chain.
- ◆ No significant difference exists between women-owned and men-owned enterprises in terms of who makes decisions.
- ◆ Only 36% of interviewed enterprises reported having strategies or policies supporting female employees. However, some enterprises, mainly micro and small enterprises, provide a friendly environment for female workers through verbal communication and practices rather than written policies, while some mentioned the benefits for employees in the employment contracts.
- ◆ All enterprises that have gender-inclusive practices agreed that their businesses play important roles in helping women improve decision making capacity, improving their economic situation, and providing wider benefits to women and society.

Financial insights

- ◆ Among the enterprises interviewed, 48% obtained loans from financial institutions (FIs) within the last two years. 77% of large, 53% of medium, 68% of small, 39% of micro, and 11% of startups obtained loans.
- ◆ Higher percentage of men-owned enterprises (50%) obtained loans compared to women-owned enterprises (46%). The average loan amount received by women-owned enterprises over the past two years was US\$240,000, which was lower than that of men-owned enterprises (US\$284,500).
- ◆ However, the average loan amounts accessed by micro-women.
- ◆ Main purpose of loan cited is for working capital.
- ◆ Additionally, only 4% of enterprises received investments during the same period.
- ◆ In terms of financial needs by business registration status and gender of business owners, men-owned enterprises that are registered (US\$447,625) need almost three times the capital than that of registered women-owned enterprises (US\$165,882). However, unregistered women-owned enterprises (US\$25,523) need slightly higher capital than unregistered men-owned enterprises (US\$19,125).
- ◆ Looking primarily at the average capital needs for micro size enterprises, most of which are women-owned receives the least amount of support, therefore has the most drastic financial needs. Micro women-owned enterprise alone face a US\$5.5 billion financial needs compared to micro-men-owned-enterprises facing US\$2.1 billion financial needs.
- ◆ **Men-owned enterprises demand more capital than women-owned enterprises, however, the latter exhibit higher financial needs: US\$6.4 billion for women-owned enterprises compared to US\$4.1 billion for men-owned enterprises.**

Non-financial insights

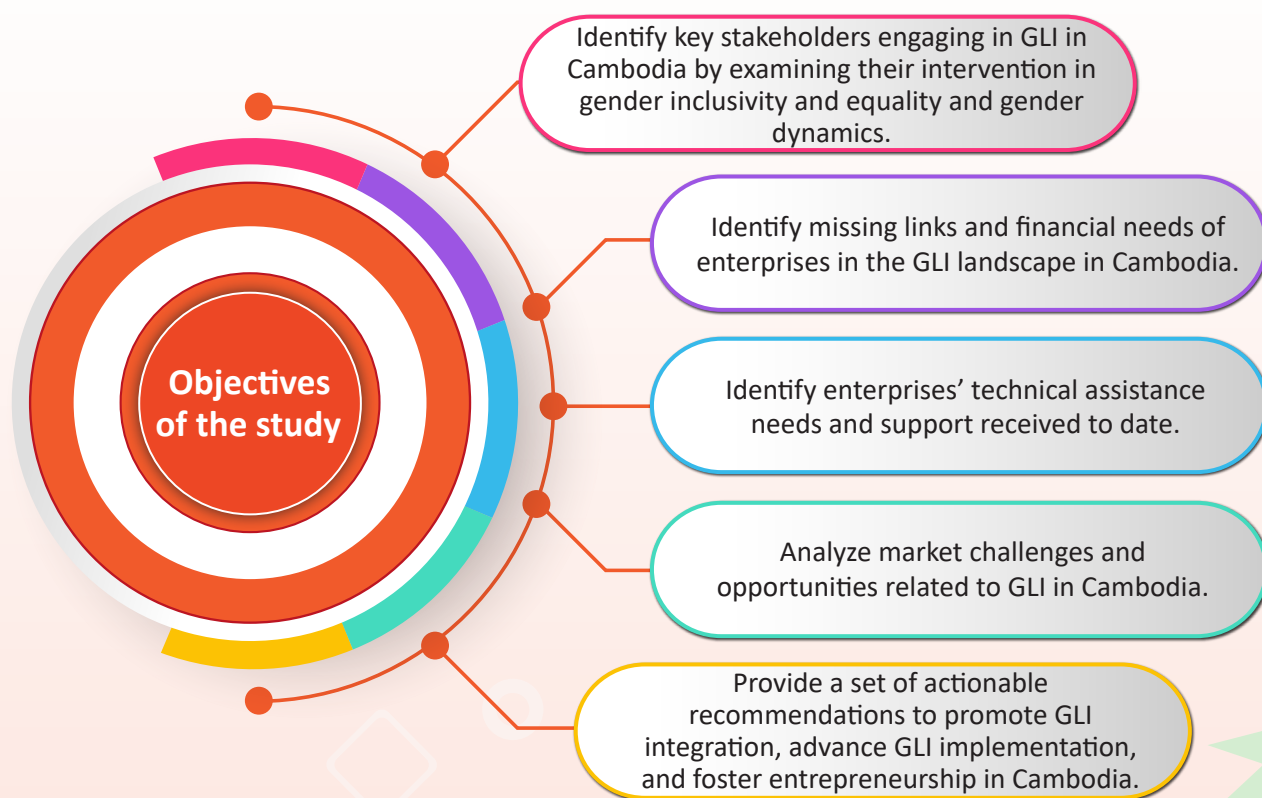
- ◆ More than half of all interviewed enterprises (56%) obtained non-financial support or technical assistance from government agencies, DPs/INGOs, business associations, and ESOs.
- ◆ Out of the 56% that reported to have received technical assistance, 68% were women-owned enterprises and 32% were men-owned enterprises.
- ◆ There is significant difference between the needs of women-owned and men-owned enterprises, with women-owned enterprises consistently reporting higher demand for support on financial facilitation, skills, and market access.
- ◆ Similarly, micro and small enterprises also consistently express a higher need for assistance on financial facilitation, skills, and market access.

CHALLENGES

- ❖ Lack of GLI awareness remains the key underlying cause for the various challenges in adopting GLI as reported by 53% of the total interviewed women-owned enterprises and 50% of the total interviewed men-owned enterprises. 21% of women-owned and 13% of men-owned enterprises reported gender stereotypes and social norms as another key underlying cause. Micro-enterprises, endure significant financial disparities due to constraints like limited collateral, registration complexities, and diminished profits, especially affecting micro-women-owned enterprises, which encounter nearly triple the financial needs of micro-men-owned enterprises.
- ❖ Many ESOs still do not integrate a gender lens into their programs or investment strategies and decisions. Common reasons include lack of awareness of GLI concept, lack of success stories on GLI enterprises, lack of gender expertise, lack of access to gender tools, and limited financial resources to adopt GLI.
- ❖ Financial institutions and investors in Cambodia encounter challenges in promoting GLI due to limited awareness and understanding of GLI concepts and criteria. Investment firms face hurdles such as limited visibility of GLI enterprises, lack of investment readiness among women-owned enterprises, and insufficient data for informed decision-making to facilitate GLI.



OBJECTIVES OF THE STUDY



METHODOLOGY OF THE STUDY

The study analyzed qualitative and quantitative data gained from the literature review, surveys, focus group discussions (FGDs), key informant interviews (KIIs), a consultation workshop, and written inputs from relevant stakeholders. Data and information from the surveys and interviews were triangulated with each other and with secondary data.

Research Processes

1



Literature Review: Relevant existing policies and regulations were reviewed to understand the current enabling environment and assess the government's commitment and outlook on GLI. Other related documents, studies, research, and information from relevant sources were also reviewed to examine the opportunities, challenges, gaps, and needs for GLI in Cambodia. The literature review commenced in August 2023.

2



Survey Development: Seven sets of questionnaires were developed for relevant stakeholders in the ecosystem including (1) government agencies, (2) development partners (DPs) and international non-governmental organizations (INGOs), (3) incubators or accelerators, (4) business associations, (5) micro, small and medium enterprises (MSMEs) and large enterprises, (6) financial institutions (FIs), and (7) investors. A structured questionnaire was developed for enterprises while questionnaires for other stakeholders were in the form of open-ended questions for in-depth interviews. The survey was developed in August 2023.

3



Survey Pilot & Testing: Before starting data collection, training was conducted for enumerators to understand the purposes of the study and the questions being posed. The questionnaire tool was tested with a small sample of respondents for further refinement. The survey was piloted and tested in August 2023.

4



Data Collection: The surveys and key informant interviews (KIIs) were conducted in a hybrid format – in-person and online surveys. The surveys were collected via the Kobo Toolbox and conducted by trained and qualified enumerators interviewing enterprises face-to-face, by telephone, or via Zoom. KIIs with both local and regional stakeholders were carried out online (primarily via Zoom) or in-person based on their availability. In total, there were 200 surveys conducted with enterprises in five sectors (service, manufacturing, agriculture, ICT, and handicraft) in Phnom Penh, Siem Reap, and Battambang; and 68 in-depth interviews with both local and regional ecosystem actors. Three focus group discussions (FGDs) were also carried out with 22 enterprises in Siem Reap and Battambang. The data was collected from September to December 2023.

5



Data Quality Management and Analysis: The survey data were consolidated, cleaned, and analyzed. The results were interpreted and visualized by structure or themes. The combination of descriptive (to identify what happened), diagnostic (to understand the causes), predictive (to identify future trends), and prescriptive (providing solutions based on past and present information and data) analytics were used based on the themes and objectives of the study. Moreover, cross-sectional analysis by gender, business size, and location was also used. For the KIIs, data was organized, reviewed, and analyzed by thematic. Data from the surveys and KIIs were triangulated with each other, and with secondary data to ensure data quality.

6



Consultation Workshop: The consultation workshop was organized in November 2023, to get more insights and inputs on GLI and practical suggestions that could be adopted as the next steps toward the development of GLI in Cambodia. The workshop was attended by more than 50 key stakeholders including relevant government agencies, investment firms, entrepreneur support organizations (ESOs), enterprises, and DPs and INGOs who share their inputs through Focus Group Discussions.

7



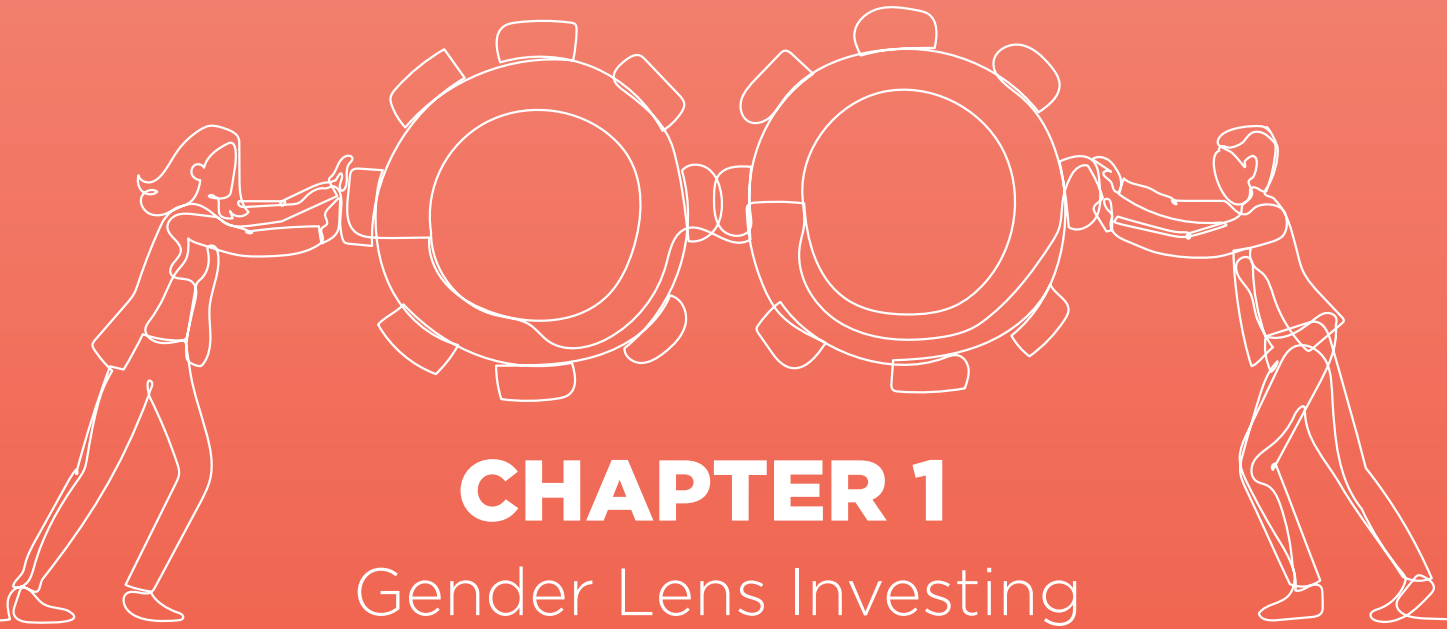
Report Development: In addition to the results of the interviews and literature review, this report was developed with written input from selected stakeholders. The report provides an overview of the research findings and offers key insights and a comprehensive analysis of the gender lens landscape in Cambodia including stakeholders engaging in GLI, challenges and opportunities for GLI implementation, and missing links and financial needs for investing with a gender perspective, including case studies. In addition, the report presents tailored recommendations and the next steps that should be taken to effectively integrate the gender lens concept into Cambodia's entrepreneurial ecosystem roadmap.



Research Scope and Limitations

- 1. Sampling Bias:** The surveys applied non-probability sampling methods with a mix of convenient sampling and snowball sampling. The sampling methods limit the access of the survey to a wider audience and the obtained information might be skewed toward those within the existing networks.
- 2. Limited Sample Size:** A list of 350 enterprises was compiled from the directories of business associations, along with networks of the implementors in the three (3) locations (Battambang, Phnom Penh, and Siem Reap). Of these, 200 enterprises (57%) were interviewed, while the remaining enterprises were omitted because they did not meet study eligibility (they were foreign enterprises, closed their businesses, and/or declined the invitation to interview given their time constraint and unwillingness to engage). Among the selected sample size of 200 enterprises,¹ there were 102 micro, 50 small, 17 medium, and 13 large enterprises, however, the sample size for medium and large enterprises was quite limited as some potential large and medium enterprises scaled down the business size during the Covid-19 pandemic and declined to engage in the survey. In addition, the study intended to focus more on MSMEs given their prevalence in the private sector. Moreover, there is also a limited sample size for ICT and handicraft sectors. Therefore, the analysis of these samples might not be representative of the overall population.
- 3. Incomplete Data:** As some questions in the surveys involve sensitive information (for example, financial information), there are cases of respondents objecting to answering those questions resulting in missing data.
- 4. Covid-19 Impacts:** Due to the post-pandemic economic downturn, many enterprises on the contact list have gone bankrupt or closed, which resulted in the difficulty and challenge of finding operating enterprises to interview.
- 5. Social Focus:** There is increasing recognition of the importance of gender equality in achieving social and economic development. Adopting gender inclusiveness and improving diversity in businesses have significantly positive impacts on the welfare of people, especially women and girls. However, this study examines only the impact of GLI on economic aspects as it aims to quantify the market size and opportunities for investing in GLI enterprises in Cambodia. The perspective of impact on social aspect was not included in the scope of the study given the limited time and resources.

¹ With the total population (establishments) of 753,670 and 95% confidence level and 7% margin of error.



CHAPTER 1

Gender Lens Investing



1.1 DEFINING GENDER LENS INVESTING – THE ‘INTENTIONALITY’ OF INCORPORATING A GENDER PERSPECTIVE.

First coined in 2009, the term “gender lens investing” (GLI) means deliberately incorporating a gender perspective into a financial analysis to improve a decision’s outcomes (Veris Wealth Partner, 2018). GLI is an investment approach to intentionally integrate factors related to gender in decision-making and to facilitate favorable outcomes for women and girls while securing investment outcomes. The approach became increasingly popular in the mid-2010s, and different terms have been used by organizations. Instead of GLI, some organizations refer to this approach as gender smart investing or gender finance. The core objective remains the same: the ‘intentionality’ of incorporating gender perspective to facilitate better social and financial outcomes as a result.

In this study, GLI is defined as investing in the enterprises that include following components. Any enterprise that meets one of these is classified as 'GLI Enterprises'.

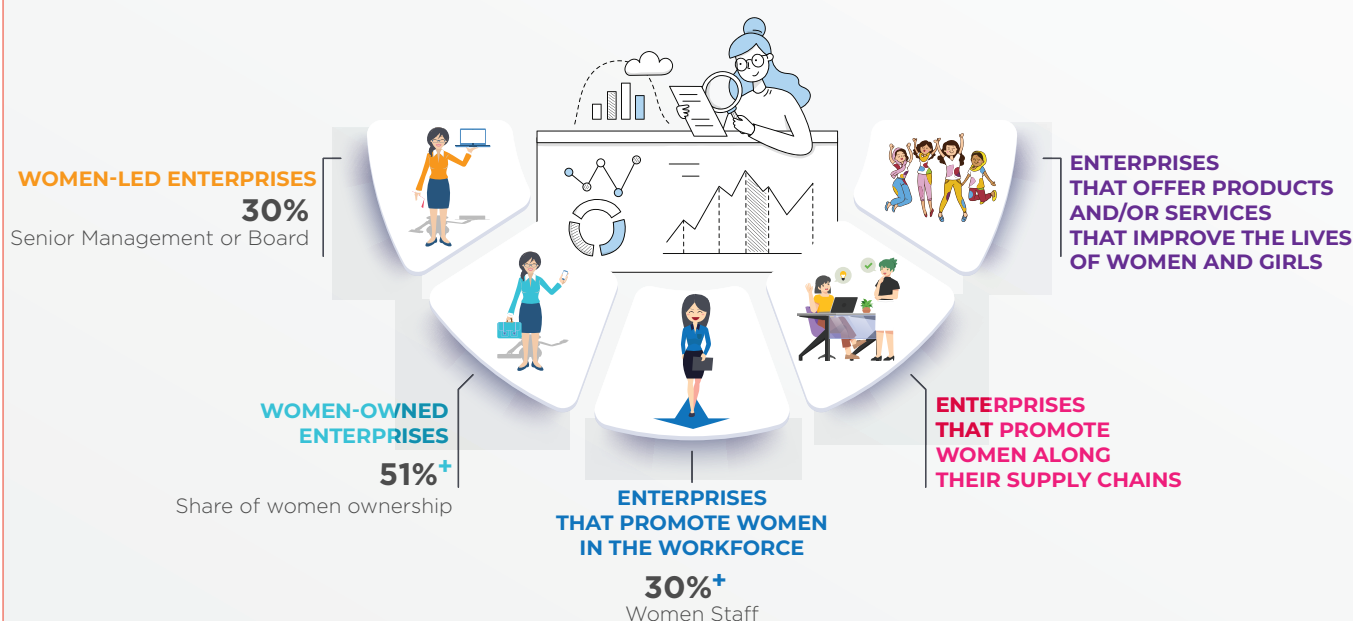


Figure 1 GLI Enterprise criteria used in this study adapted from 2X criteria

One of the most widely adopted frameworks for implementing this objective is the 2X Challenge, launched by the Development Finance Institutions (DFIs) of the G7 countries in 2018. In recent years, the 2X criteria have become a global standard for GLI. This standard, being market-friendly, attracted investor attention, leading to successful market formation, and has successfully mobilized US\$27.7 billion. Although GLI is not well known in Cambodia yet, applying GLI principles could integrate Cambodian enterprises into the pipelines of the 2X movement, connecting them to the global market.



Furthermore, some organizations also expanded their definitions of incorporating a gender lens within their investment process by incorporating gender factors intentionally from pre-investment activities (e.g. sourcing, due diligence, and selection) to post-deal execution (e.g. impact metrics, strategic advisory, and exiting). They also build a strategy that explores and manages the relationship with an investee in line with the investor's mandate and intentions concerning:

- ◆ Their vision or mission is to address gender issues
- ◆ Their organizational structure, culture, internal policies, and workplace environment
- ◆ Their use of data and metrics for gender-equitable management of performance and to incentivize behavioral change accountability; and
- ◆ How their financial and human resources signify an overall commitment to gender equality.



“Gender lens Investing (GLI) is an investment approach to investments made with an intentional approach to looking at gender factors in investments, to get to better business, social, environmental, and investment outcomes. That might mean mitigating risk, seeing opportunities, or both.”

The Sasakawa Peace Foundation, 2020



“Gender Lens Investing (GLI) is the deliberate incorporation of gender factors into investment analysis and decisions to improve social and business outcomes.”

Value for Women, 2020

1.2 SIGNIFICANCE OF GENDER LENS INVESTING

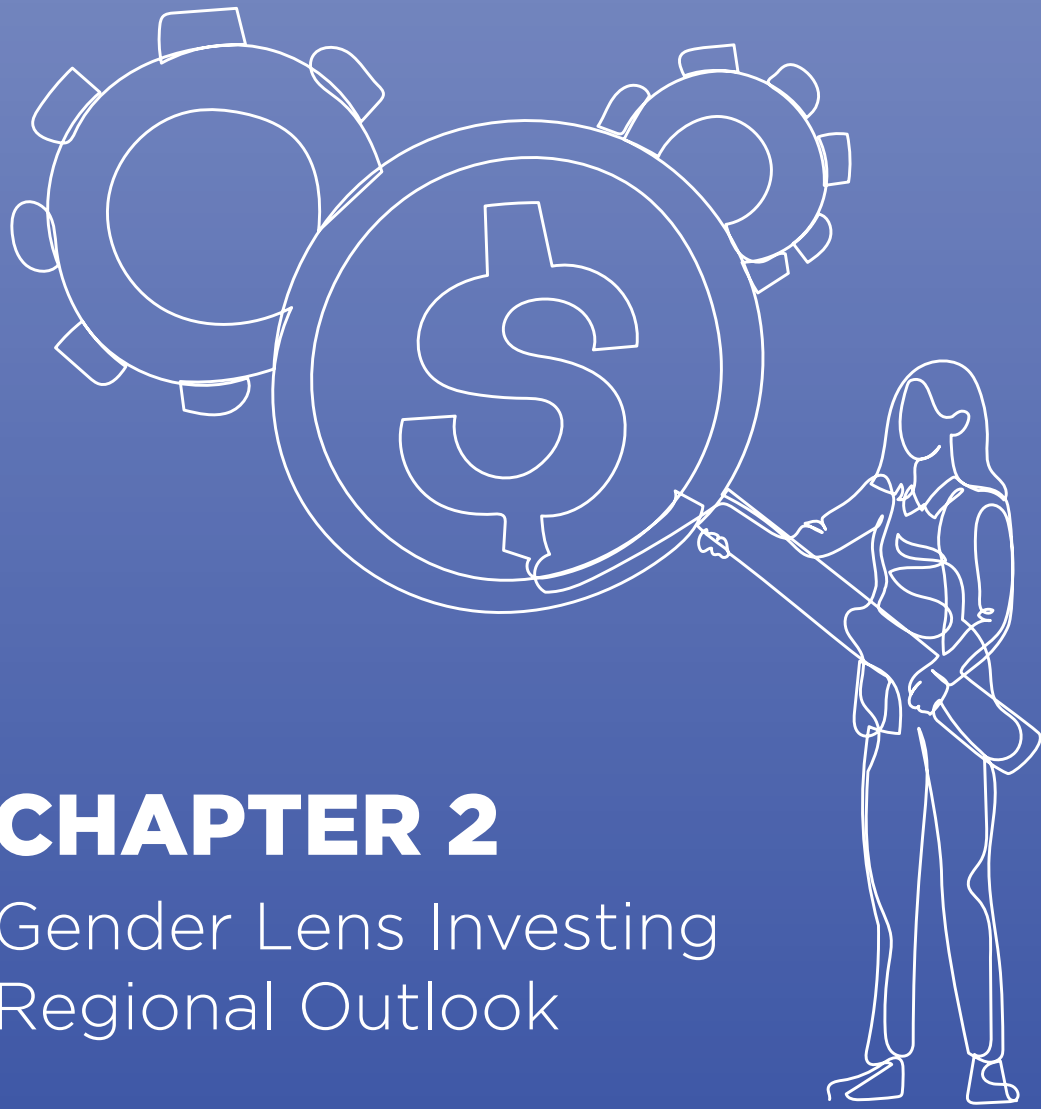
GLI is essential for accelerated social and economic development across the region. According to IFC's research report, only 20% of invested companies in developing markets are comprised of gender-diverse teams, and 70% of the total enterprises are mainly led by men (IFC, 2019). In the investment field, less than 5% of leadership or management positions are women. These statistics indicate the disparity between men and women in business fields and the lack of active involvement from women in decision-making and leadership positions in business.

Therefore, the integration of a gender lens into investment processes could be crucial as a tool to help bridge the gender inequality within the ecosystem by incentivizing and encouraging women to participate more in business decision-making and entrepreneurial activities. In other words, GLI could improve gender equality and women's economic empowerment within the workplace and across the entrepreneurial ecosystem.

From the economic perspective, GLI encourages enterprises to incorporate women into their teams and thus, establish a gender-diverse team which in turn could result in the increase in the overall productivity and profitability within the organization. Enterprises with gender-diverse teams could outperform other less-diverse enterprises by 15% in terms of financial profits (Hunt et al., 2015). This is especially true as having both men and women in the team enables the company to utilize their respective talents and skills, sharing and discussing ideas from different perspectives, and making the best decisions for the enterprise. Moreover, if women were to be given equal rights and power as men in the economy, the annual global GDP would surge (Manyika et al., 2015).

This clearly illustrates the extensive impact of women's inclusion and gender lens integration into economic activities and clearly outlines the importance and benefits of investing in gender.





CHAPTER 2

Gender Lens Investing
Regional Outlook



2.1 THE RISE OF GENDER LENS INVESTING

Micro, small, and medium enterprises (MSMEs) have been considered a driving force for global economic growth, especially in emerging and developing countries. According to the World Bank (2022), “formal SMEs contribute up to 40% of gross domestic product (GDP)” in emerging countries, and account for approximately 90% of businesses and over 50% of employment worldwide. In emerging markets, “most formal jobs are generated by SMEs, which create 7 out of 10 jobs” (World Bank, n.d). More importantly, MSMEs make a key contribution to the creation of jobs, especially among early and growth-oriented enterprises, start-ups, and smaller firms that seek innovation. Women-owned SMEs account for approximately 30%–37% of all SMEs in emerging economies (Sirivunnabood, 2021).

According to the United Nations (UN), women make up a disproportionate percentage of workers in the informal sector (United Nations Women, n.d.) resulting in lower income and savings, thereby elevating the risk of poverty. GLI seeks to mitigate this disparity. It is worth noting that if women have equal opportunities and roles as men in the workforce, the global GDP could grow by US\$28 trillion annually or 26% by 2025. (McKinsey Global Institute, 2015).

GLI saw rapid growth, globally, in the late 2010s. The total Assets Under Management (AUM), referring to the total value of assets held and managed by an investment fund or financial institution accounted for US\$7.7 billion in 2020. This was an increase of 61% from 2018, with at least 192 GLI vehicles aiming to expand financial access for women-led and women-owned enterprises, promote gender equality, and contribute to regional economic growth.

Asia has the second-largest number of public markets and the third-largest number of private market investment vehicles (SPF, 2020). This substantial growth underscores the evolving GLI landscape, extending beyond assessing women’s representation in top corporate positions, emphasizing how capital markets value women and girls (Veris Wealth Partners, 2018), gender inclusiveness, and diversity (SPF, 2020).

Similarly, GLI has been growing in East and Southeast Asia over the past few years with 33 GLI vehicles (23 private markets and 10 public markets) raising total GLI capital from US\$719 million in 2018 to US\$1.3 billion in 2019, mainly driven by private market investment vehicles which raised US\$815 million in 2019. In Asia, GLI vehicles invest in various stages of businesses, starting from seed to growth stages across sectors. The most popular sectors for GLI vehicles are healthcare, consumer products and services, education, and food. The majority of the investment funds (88%) invested in SDGs (related to SDG 5 for gender equality) (SPF 2020). However, “only 50% of the investment vehicles in Asia have a gender-balanced investment committee, with only 38% of them having gender-balanced partnership teams; and with only 25% having both” (SPF, 2020).

Figure 2 below illustrates the capital raised, categorized by investment vehicle type in both public and private markets, and depicts the changes from 2017 to 2019.

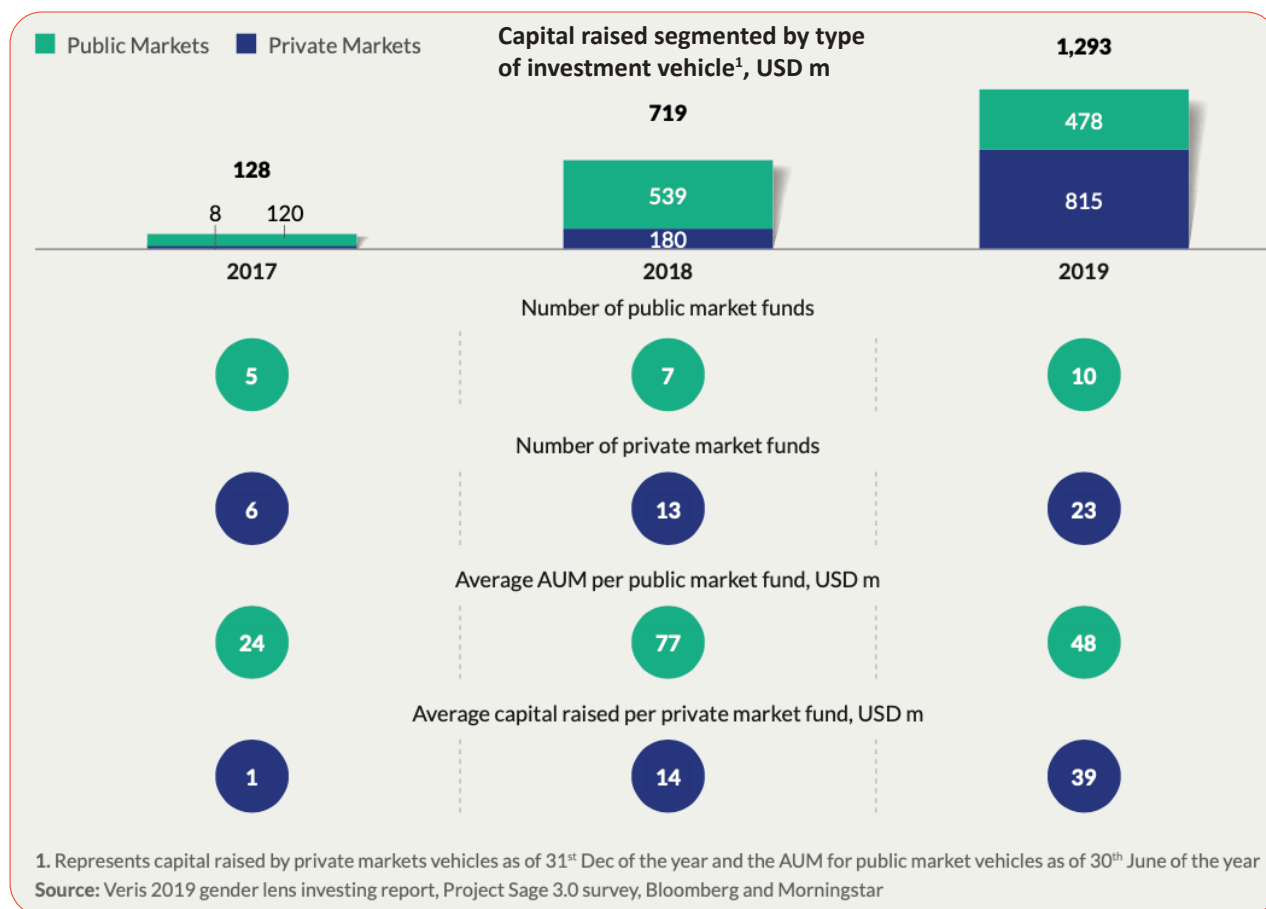


Figure 2 Capital raised segmented by type of investment vehicle. Source Veris 2019.



2.2 REGIONAL CHALLENGES

GLI faces several notable challenges in Southeast Asia. A primary challenge concerns reliable and standardized data for gender-related indicators in the region (SPF, 2020). Information on the performance of women-owned or led enterprises, the gender composition of fund managers and investees, the gender impact of investments, and gender disparities across sectors is fragmented and inconsistent. This absence of comprehensive data impedes effective measurement, comparison, and assessment of GLI initiatives. Furthermore, the absence of a universally accepted definition or framework for GLI introduces ambiguity and inconsistency among stakeholders, which, in turn, hampers collaboration and shared learning.

Another challenge lies in the limited awareness and capacity to use the GLI framework and tools among various stakeholders, including investors, ESOs, entrepreneurs, policymakers, and consumers.² Many investors lack the requisite skills and tools to incorporate a gender perspective into their investment processes, while women entrepreneurs encounter barriers in accessing critical resources like information, networks, mentors, and role models (McKinsey Global Institute, 2015). Less visible GLI enterprises in the pipelines are another challenge for investment portfolios given the limited knowledge of investors on market opportunities, risk in investing in GLI enterprises, and how to find them (SPF 2020).

The absence of a clear regional vision or strategy for GLI results in fragmented efforts and missed opportunities for scaling GLI initiatives. This challenge underscores the need for enhanced collaboration and coordination to unlock the full potential of GLI in Southeast Asia.

² Analysis drawn from meeting notes from stakeholder interviews.



CHAPTER 3

Gender Lens Investing Landscape: Cambodia



3.1 CAMBODIA'S ECONOMIC PERFORMANCE

The Cambodian GDP growth rate was around 4.6% on average from 2021 to 2023. Growth accelerated to 5.2% in 2022 from 3% in 2021, driven by strong manufacturing and a recovery in the services sector. The economy was projected to expand by 5.6 percent in 2023 (MEF 2023) and 6.0 percent in 2024 (ADB 2023a).

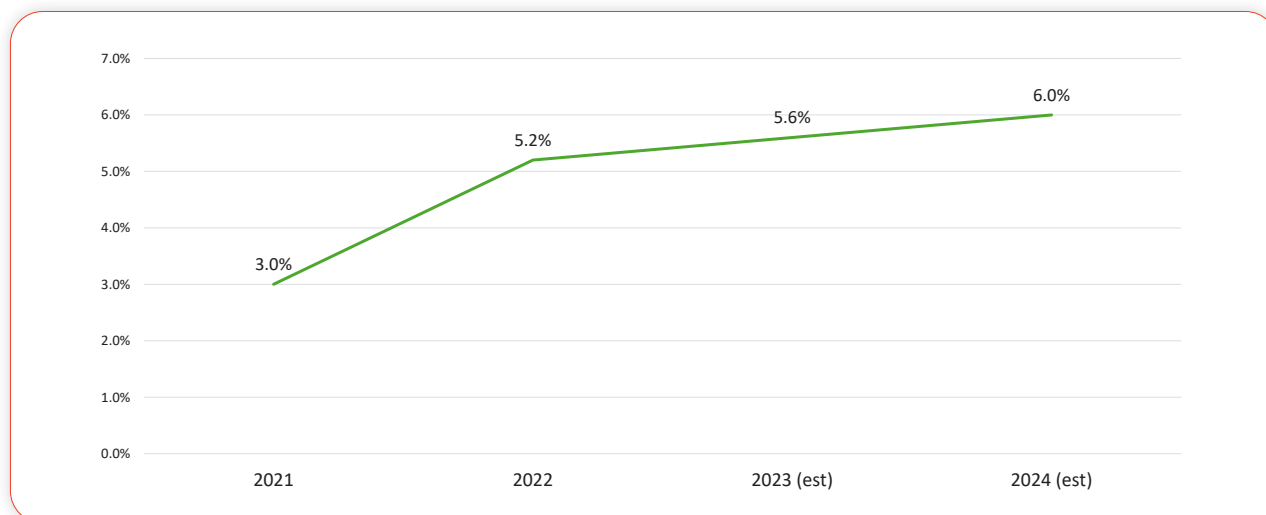


Figure 3 Economic growth rate from 2021 to 2024. Source: MEF 2023 and ADB 2023a.

- ◆ Cambodia's nominal GDP was approximately 120,989 billion riels or US\$29.5 billion, with US\$1,784 GDP per capita, as of 2022 (MEF 2023).
- ◆ The economy has been shifting from an agricultural economy toward a more industrialized and service-reliant economy, with industry and service contributing 40.3% and 36% respectively to the GDP in 2022 (ADB 2023b).
- ◆ Since the COVID-19 pandemic in 2020, economic growth in Cambodia, like many countries in the world, has slowed down considerably. Nevertheless, given the current global economic crisis, Cambodia's economic growth rate still ranks high in the region, behind only the Philippines and Vietnam. In terms of foreign direct investment, Cambodia also has seen a dramatic rise with a US\$2.3 billion inflow of investment in the first half of 2023 to US\$18.4 billion by June 2023 (ADB 2023a). This indicates a positive outlook and attractive market conditions for investment in Cambodia.
- ◆ Micro, small, and medium enterprises (MSMEs) remain pivotal to Cambodia's economy. The total number of enterprises in Cambodia as of 2022 is 753,670 businesses (NIS/MoP 2023a), a surge of nearly 50% from the number reported in 2011 (NIS/MoP 2012).
- ◆ In terms of industries, over half of the businesses (65.6%) in Cambodia are predominantly involved in retail and wholesale trades. The other top 2 significant industries include the accommodation and food industry (14.2%) and the manufacturing sector (6.6%) (NIS/MoP 2023a).
- ◆ Around 97.6% of the businesses operating in Cambodia are micro-enterprises employing up to 10 employees, 1.9% are small enterprises with 11-50 employees, 0.2% are medium enterprises employing 51-100 employees and 0.2% are large enterprises with over 100 employees. Overall, over 99.7% of the enterprises in the country are MSMEs operating businesses at a smaller scale (NIS/MoP 2023a).

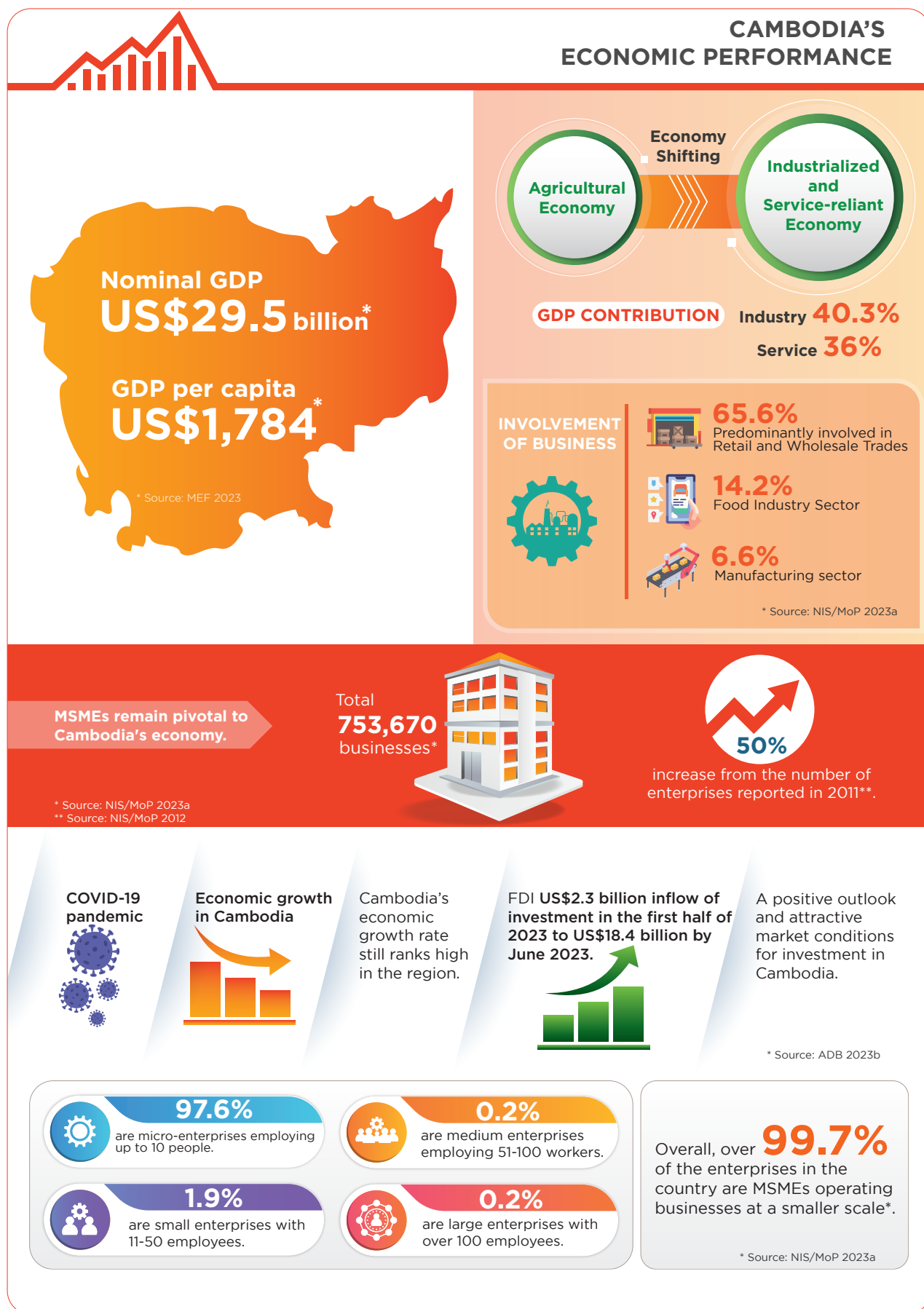


Figure 4 Overview of Cambodia's economic performance.

3.2 WOMEN'S ROLES IN CAMBODIA'S ECONOMY

In Cambodia, women are the backbone of the economy. Women-owned enterprises play a crucial part in Cambodia's economy and its development. Nevertheless, women's involvement and power in the higher level of business activities are still limited, and most remain in micro-enterprises. This indicates that some barriers prevent women from scaling and expanding their businesses further into becoming medium or large enterprises. Such challenges could be attributed to social and cultural norms, the technological divide, lack of access to finance, and lack of access to the market. Given social and cultural norms, women spend more time on their domestic and reproductive roles in addition to their paid activities. Therefore, it creates a "double burden" of work for women (Ferrant et al. 2014). One of the biggest challenges for women-owned enterprises to scale or expand their businesses is the lack of access to finance and investment opportunities (IFC, 2021).

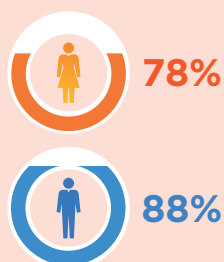


OVERVIEW OF WOMEN ECONOMIC STATUS IN CAMBODIA

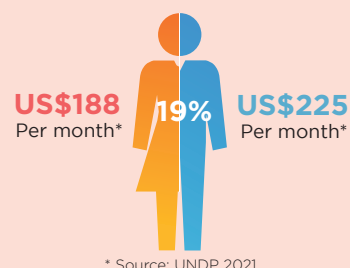


* Source: NIS/MoP 2023b

EMPLOYMENT RATE

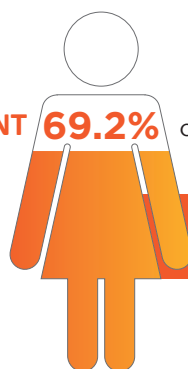


GENDER WAGE GAP



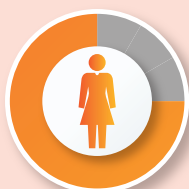
* Source: UNDP 2021

WOMEN-OWNED MSMEs ACCOUNT 69.2% of all enterprises in Cambodia*

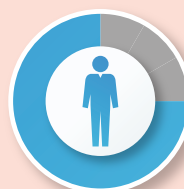


68.4% Micro-enterprises

* Source: NIS/MoP 2023a



The number of women-owned micro-enterprises is more than double the number of men-owned enterprises.



Men-owned small, medium, and large enterprises double those of women.

WOMAN INVOLVEMENT



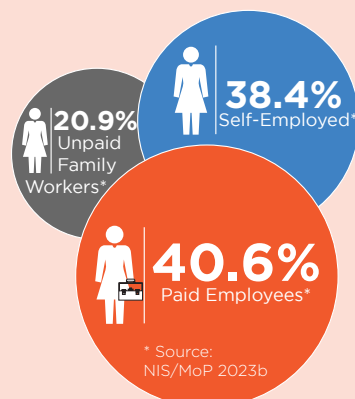
48.3%
Wholesale and Retail Trade



10.8%
Accommodation and Food Services



3.6%
Production and Manufacturing



* Source: NIS/MoP 2023b

Figure 5 Overview of women economic status in Cambodia.

3.3 POLICIES DRIVING GENDER EQUALITY AND MSME EMPOWERMENT IN CAMBODIA

The Royal Government of Cambodia (RGC) has demonstrated a strong commitment to support and promote MSMEs through many initiatives. Many policies, strategies, and initiatives were adopted and introduced to enhance and promote a vibrant entrepreneurial ecosystem in Cambodia. The focus on gender has been mentioned in most government policies, which primarily concern the elimination of gender discrimination in the workplace, enabling a safe environment for women, the inclusion of women in the entrepreneurial ecosystem, and women's economic empowerment. Moreover, one of the key priorities of the RGC is deepening the digitization of its economy and fostering entrepreneurship and startups.

The Royal Government of Cambodia has also shown high political will to improve gender equality. At the World Leaders' Meeting on "Gender Equality and the Empowerment of Women", held at the UN Summit in 2015, Samdech Techo Hun Sen, the former Prime Minister of the Royal Government of Cambodia, stated "We should give priority to the following works: Increasing investment in gender equality... Ensuring the protection of women's rights...Strengthening accountability mechanisms for gender equality by strengthening government institutions...And continuing to promote women's involvement in the economy and their financial inclusion."

In Cambodia's National Employment Policy and the Labor Law, there is a commitment from the government to promote and ensure gender equality through the protection of women's and men's rights, with non-discrimination provisions based on sex and other attributes. The National Rectangular Strategy and the newly established Pentagonal Strategy Phase I stress the importance of developing more women entrepreneurs, empowering women, and girls, and promoting more investments in gender. Moreover, the National Strategy for Informal Economy (2023-2028) outlines the RGC's strategic plan to formalize informal businesses with the aim to facilitate their entry and transition into formal system and incentivize them to enter the system. Although the strategy does not explicitly address gender, women entrepreneurs benefit more from it as the majority of women-owned enterprises remain in informal business.

However, in terms of sectoral policies, only a few instruments focus on or mention gender and women's economic empowerment. These include Neary Rattanak V, a policy instrument aiming to promote gender equality and empower women in economic, education, legal protection, health, and public services, and the National Strategy for Financial Inclusion (2019-2025), which aims to decrease the share of women who do not have access to financial services from 27% to 13% by 2025. One of its six priority areas is the promotion of innovative lending products to MSMEs (RGC 2019b).

Based on these sectoral policies and initiatives, the government has put efforts into building a conducive environment and promoting women's entrepreneurship in Cambodia. The National Rectangular Strategy and the newly established Pentagonal Strategy Phase I also aim to create enabling environments for both women's employment and women-owned SMEs through strengthening creative, innovative, and inclusive entrepreneurial and business development services, and developing the Entrepreneurship Development Fund (RGC 2023 and 2019a).

However, it is noted that despite the indication of gender in these policies, gender is not the main priority of most government policies. There is still a noticeable gap in terms of government policies or strategic plans specifically tailored toward women's enterprises or gender-related businesses. In other words, the policies indicate that the government has recognized and encouraged the promotion of women's enterprises. However, there is not yet any determined regulation, clear action plan, or strategic framework on how to enhance women's entrepreneurship effectively and efficiently in Cambodia or strategies to attract or incentivize more funding or GLI. In addition, there is still an absence of incentives and other relevant government rewards or support systems and regulations in place that specifically target women-owned businesses to encourage enterprises to adopt gender policies or promote women entrepreneurship within the ecosystem.

3.4 CAMBODIA'S CURRENT GENDER LENS INVESTING LANDSCAPE

This section examines the GLI enterprises and the impact of GLI on business, women, and society.

3.4.1 Gender Lens Investing Enterprises

The results from the interviews with enterprises show that most enterprises are not aware of the concept of GLI, therefore, do not know whether they have integrated a gender lens into their businesses or not. The finding, however, was that the majority of the interviewed enterprises (around 90% of both registered and unregistered businesses) could be considered GLI enterprises, as they met the criteria of being either women-owned and/or women-led enterprises as illustrated in Figure 6 below. Some men-owned enterprises were also identified as GLI enterprises given their focus on gender diversity in the workplace, their involvement with female suppliers, and a clear focus on female customers.³

There is potential for GLI enterprises in Cambodia if the GLI concepts and benefits are more widely known and understood by enterprises.

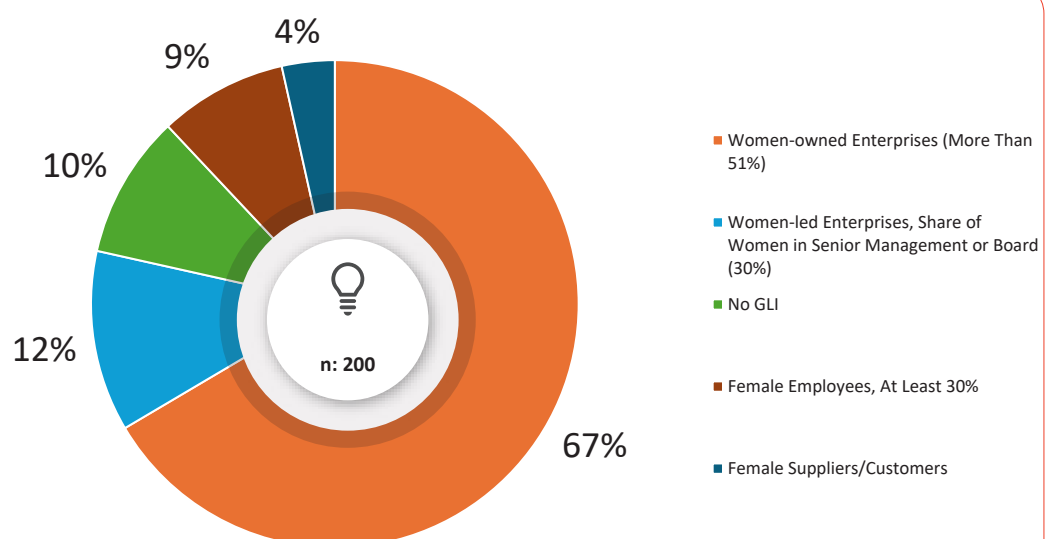


Figure 6 GLI enterprises by gender of business owners (n: 200). Source: Field interviews.

³ The analysis of female customers includes only enterprises having clear a focus on female customers (e.g. products or services tailored for female customers). However, the analysis does not concentrate on the proportion of female clients reported by respondents as the data may be biased given unclear answers from respondents on the gender of their customers.

Furthermore, Figure 7 below demonstrates the breakdown of GLI enterprise categories by gender, highlighting an important discovery. The study shows that women-owned and/or women-led enterprises tend to have a higher percentage of female employees, indicating greater gender balance compared to male-owned and/or male-led enterprises. This insight underscores the importance of fostering gender diversity and inclusion within the business sector, particularly in customer and supplier segments.

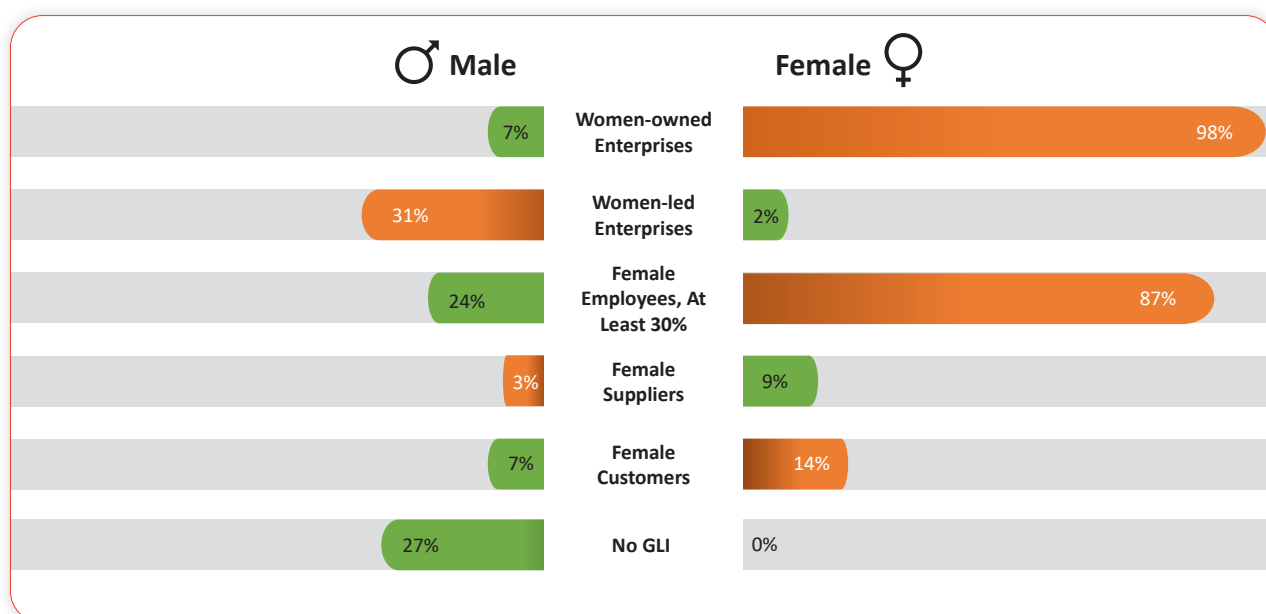


Figure 7 Percentage of GLI enterprises categories disaggregated by gender.

In Cambodia, agricultural and agro-processing sectors engage more women, especially small holder farmers, in the value chains.⁴ Furthermore, in the financial sector, more than 50% of the customers are women (CBC, 2023). From the business perspective, women in Cambodia are more involved in three main sectors: wholesale and retail trade (48.3%), accommodation and food services (10.8%), and manufacturing (3.6%) consecutively (NIS/MoP 2023A).

According to the interviews with local and regional investors and ESOs, the potential sectors for GLI integration in Cambodia are finance, agriculture, healthcare, education, food system, and climate resilience. The handicraft sector is also dominated by women, especially female suppliers, or outsourced staff.

3.4.2 Enterprises' Policies in Supporting Female Employees

This section examines enterprises' policies supporting female employees, including equal treatment and opportunities from recruitment to employment, leave, maternity benefits, and labor rights protection, including non-discriminatory practices and creating a safe workplace. Approximately 36% of interviewed enterprises reported having strategies or policies supporting female employees, with slightly different proportions between women-owned and men-owned enterprises. As demonstrated in Figure 8, large and medium enterprises lead in having these policies or strategies, followed by small enterprises, startups, and micro-enterprises. This is because registered large and medium enterprises can provide a conducive environment for female workers through human resource or employment policies and compliance with the Labor Law.

⁴ Interviews with enterprises and KIIs.

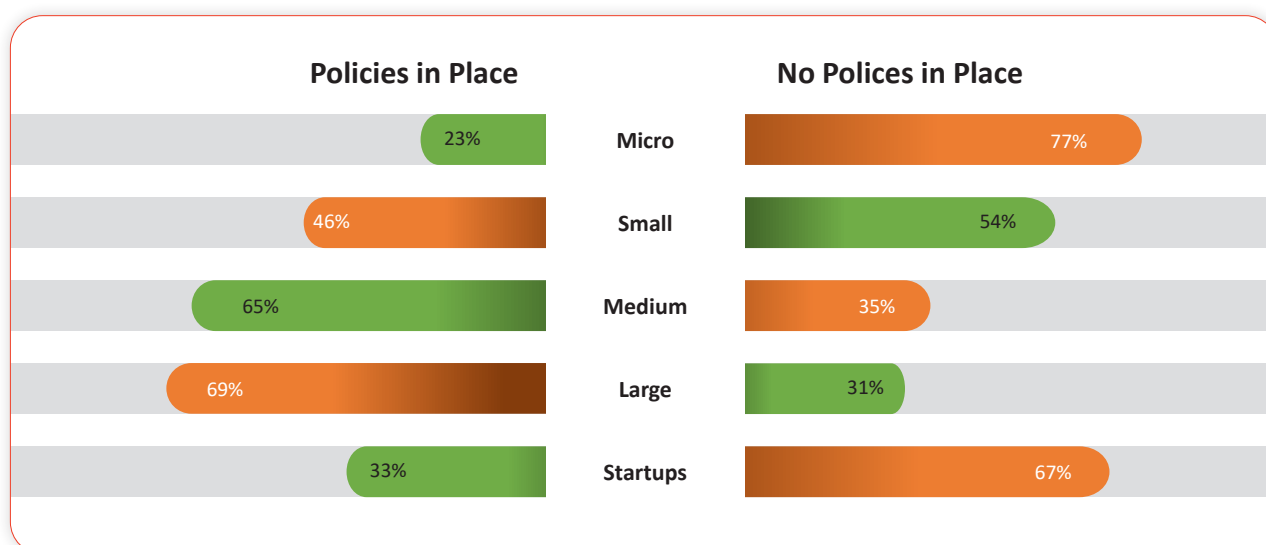


Figure 8 Number of enterprises that have policies supporting women employees by size. Source: Field interviews.

The reported policies included, having quotas for women at the management level, quotas for female employees, six-month paid maternity leave,⁵ medical and travel benefits, and social insurance from the National Social Security Fund (NSSF). The presence of these policies is a result of enterprises' obligations in compliance with the Labor Law, enterprises' awareness and sophistication of gender diversity, and global trends towards more gender diversity and inclusiveness.

A few large enterprises also reported having gender policies and key performance indicators (KPIs) as per investors' requirements. Some enterprises, mainly micro and small enterprises, provide a friendly environment for female workers through verbal communication and practices rather than written policies, while some mentioned the benefits for employees in the employment contracts. The main reported practice involved enterprises providing safe working environments for women by allowing them to have flexible working hours, especially for pregnant women and women with young children. Other reported practices include flexible workplaces (work from home instead of office), prioritizing women in employee recruitment, and offering leadership and entrepreneurship training. In a few cases, female employees are allowed to bring their children to work during working hours although the enterprises do not have childcare centers.

Nevertheless, more than half of the interviewed enterprises (64%) do not have any policies and strategies for female employees. This is testimony to the fact that many MSMEs in Cambodia do not have a written human resource policy or employee handbook as most are informal businesses with no required labor law compliance, and in which entrepreneurs possess limited knowledge of the importance of gender diversity. Examining the proportion of women-owned and men-owned enterprises with policies supporting women employees, Figure 9 below, demonstrates that while a slightly higher percentage of women-owned enterprises have such policies, the majority of enterprises overall do not.

The absence of these policies may result from the perception of micro and small enterprises; they see the development of these policies as costly in terms of time and resources required.

⁵ Only 3-month paid for labor compliance in Cambodia.

One-quarter of enterprises acknowledge that having policies supporting female employees such as maternity leave, sick leave, and childcare leave benefits the business by increasing labor productivity through improved employee satisfaction. These policies also provide opportunities for women to earn income, strengthening their role and decision-making in the family. Overall, the provision of women-oriented human resource policies helps increase enterprises' sales and revenues. Women's economic empowerment also contributes to economic growth and poverty reduction for the nation.

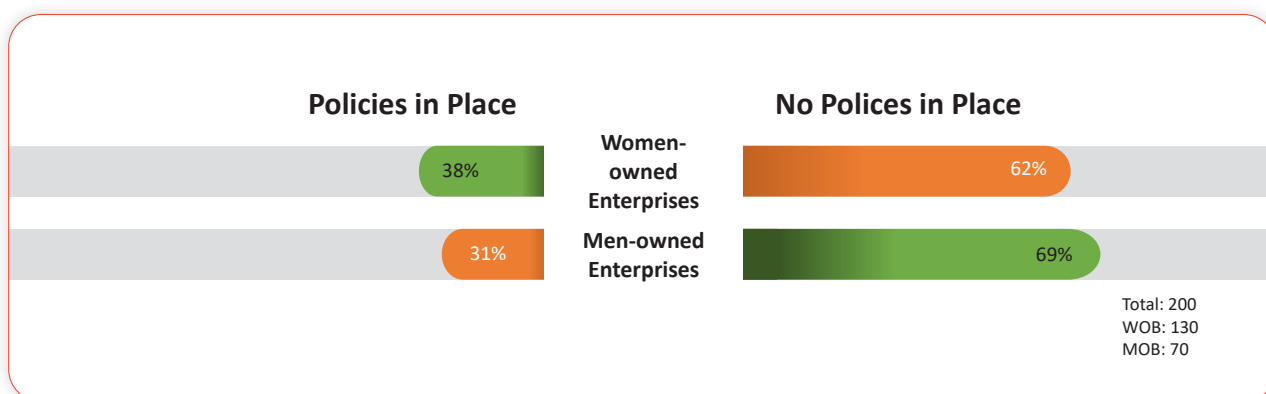


Figure 9 Percentage of interviewed enterprises with policies supporting women employees disaggregated by gender of business owners. Source: Field interviews.

3.4.3 Decision Making Roles for Women in Enterprises

The Royal Government of Cambodia recognizes women as the backbone of the economy. Women are seen to play important roles in the family and society. Due to their knowledge, skills, and capacity, Cambodian women have received attention and recognition from their employers and the business ecosystem. Many women are in leadership roles in private enterprises. An increase of women in these roles is aligned with the increase in their participation as decision-makers.

Focus group discussions (FGDs) with women entrepreneurs in Battambang and Siem Reap provinces illustrated that some lack support from their families and communities in their business endeavors. However, women with knowledge, capacity, and self-confidence also received recognition and respect from their families and spouses. Economic independence enables them to play a more significant role in family decision-making, helping them overcome social and cultural norms. This goes to show that “women also can lead and meaningfully contribute to society. Their places are no longer confined to the kitchen as traditionally believed. They are less constrained by their gender and social class” (Heng, 2022).

The findings from the study also echoed the conclusions derived from the consultation workshop and the FGDs. This conclusion is that enhancing women's capacity and ability is the key factor to empowering women to take on roles as leaders and decision-makers. Based on the discussion during the consultation workshop, it was recommended that there should be women role models to inspire young women and thus, to increase the number of women in leadership positions. Moreover, women with ability and capacity should be given opportunities and encouraged to take higher positions.

To understand who holds decision-making power, the study interviewed various enterprises. The findings revealed that business decisions are primarily made by the business owners, followed by top managers, jointly between the business owners and top managers depending on the tasks and their responsibilities, and the founders, consecutively.

Importantly, no significant difference exists between women-owned and men-owned enterprises in terms of who makes decisions.

This reiterates the fact that women in leadership roles are just as capable of making decisions about business strategies and direction as their male counterparts.

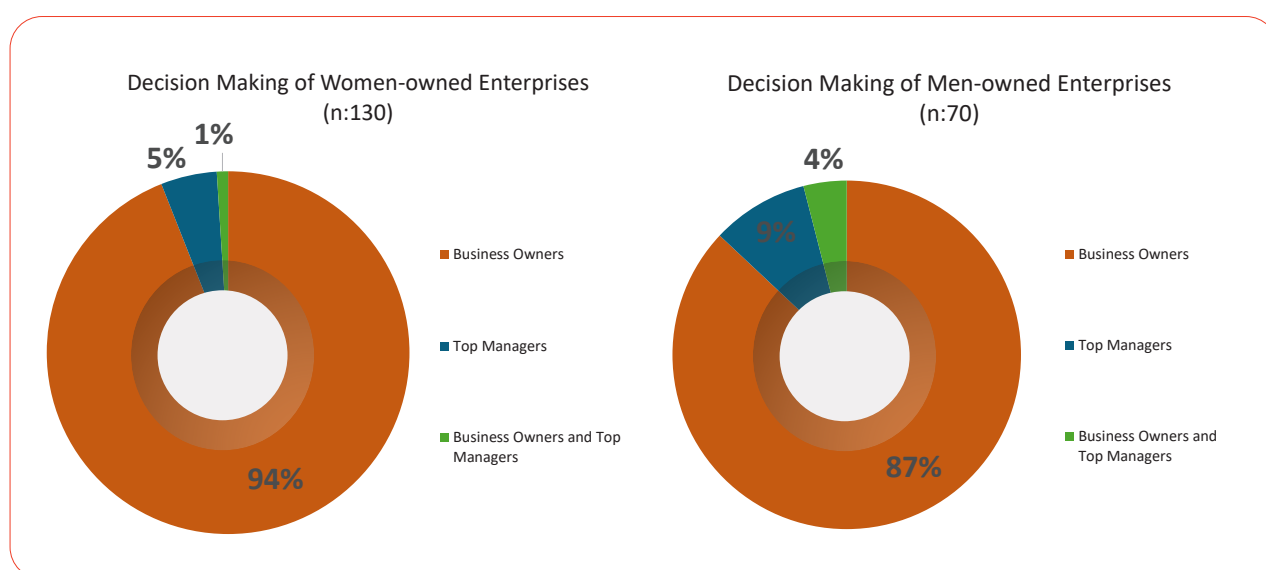


Figure 10 Decision making power in women-owned and men-owned enterprises. Source: Field interviews.

3.4.4 Impact of Gender Lens Investing

FGDs with women entrepreneurs in Siem Reap and Battambang provinces highlighted the positive impact of their business on society. More women enjoy the same, or more, benefits as men in the enterprises owned by women. Women employees are given equal or even more opportunities, including livelihoods and entrepreneurship training and advice. These practices are also observed to reduce the need for labor migration of both women and men.

Based on the interviews, both women-owned and men-owned enterprises that have gender-inclusive practices agreed that their businesses play important roles in helping women make better decisions, improving their economic situation, and providing wider benefits to women and society. This is also similarly reported by enterprises of different sizes and locations.

The interviews revealed that more than half of the enterprises (56%) experienced economic empowerment impacts, while the remaining 44% reported social and cultural empowerment impacts. The economic empowerment impacts involve benefits such as higher income, more employment options, greater skills and capacity, and other advantages. The social and cultural empowerment impacts encompassed a range of outcomes such as enhanced community involvement, boosted self-esteem, improved family dynamics, increased women's agency, reduced violence, and discrimination, and expanded access to education and health services.

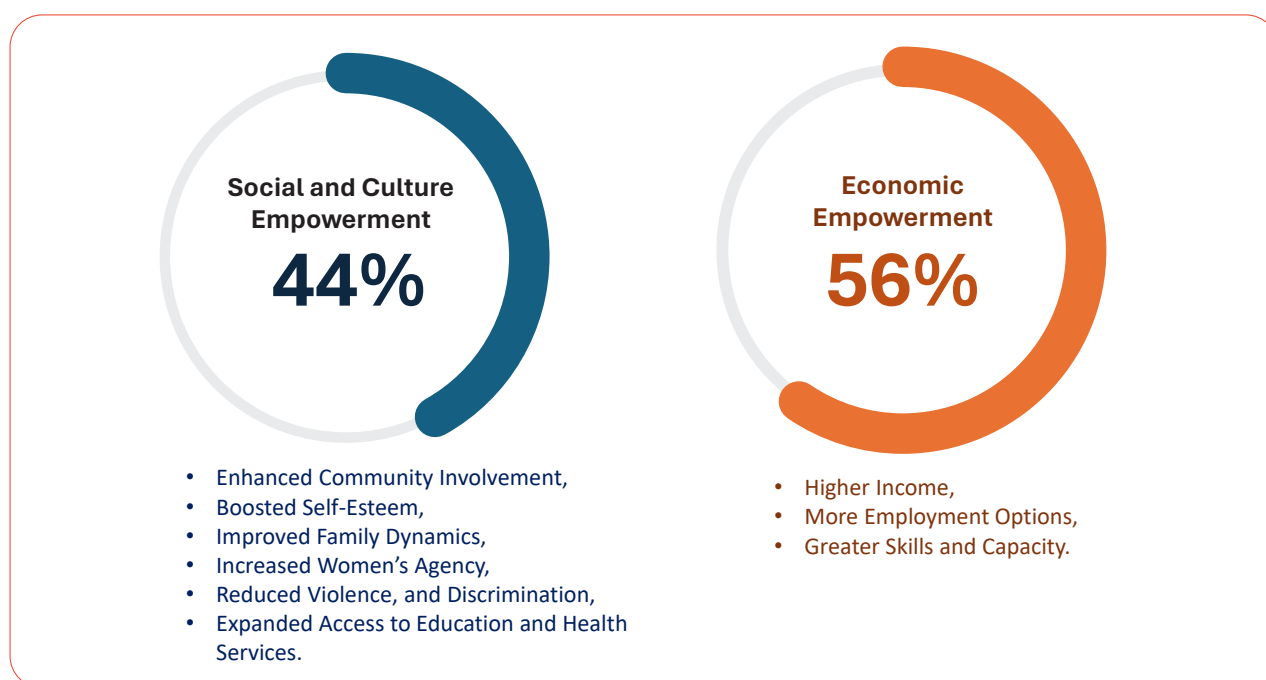


Figure 11 Impact of gender-inclusive practices on society as reported by enterprises. Source: Field interviews.

This shows that gender-inclusive practices in enterprises have a positive correlation with social impact. Promoting gender equality in the workplace leads to an increase in income generation and employment opportunities for women. Moreover, it results in increased engagement and improvement in the relationships women have in their communities and societies. Women experience an increase in their skills, confidence, and decision-making in their families. Promoting gender diversity and inclusion is recognized by many interviewed enterprises to have a positive relation with an enterprise's brand. Equal treatment of employees promotes labor productivity which, in turn, leads to business growth. Downstream, such enterprises contribute to the reduction of domestic violence, migration, and gender discrimination.

3.4.5 Actors Engaged in Gender Lens Investing in Cambodia

GLI is gaining traction in the ASEAN region and beyond. However, it is still a new concept in Cambodia and is not well-known among enterprises, government agencies, and some ESOs. Nevertheless, gender lens activities have been implemented to a certain extent in Cambodia.

3.4.5.1 Government Agencies⁶

Ministry of Women Affairs (MoWA)

MoWA is the leading government agency responsible for promoting women's economic empowerment in Cambodia. Under Neary Rattanak V, MoWA aims to promote gender equality and empower women through employment and entrepreneurship. So far, MoWA has supported underserved women, at the sub-national level, in skills development through its Women Development Centers (WDCs) (UNESCAP 2021) located in fourteen provinces (MoWA 2020). Moreover, MoWA selects and supports the Cambodia Women Entrepreneurs Association (CWEA) to participate in the ASEAN Women Entrepreneurs Network (AWEN), a regional platform aiming to promote women's entrepreneurship in the ASEAN community by providing them with opportunities to exchange knowledge and experience and to develop initiatives for women economic empowerment. MoWA also supported the establishment of the Cambodian Women Entrepreneurs' Network (CamWEN).

⁶ Refer to Annex 7 for more details on the government programs and initiatives.

Ministry of Economy and Finance (MEF)

The formation of the SME Bank and Credit Guarantee Corporation of Cambodia by MEF has played a crucial role in improving MSMEs' access to finance. Both entities have launched programs targeting women enterprises. The SME Bank has introduced the Cambodia Women Entrepreneur Scheme (CWES) offering loans of up to US\$1 million to Cambodian women entrepreneurs with a low-interest rate (5.5% per annum).⁷ The Credit Guarantee Corporation of Cambodia (CGCC) has also offered the Women Entrepreneurs Guarantee Scheme (WEGS) enabling women and women-owned enterprises in all sectors to secure more loans from banks or microfinance institutions (MFIs) with an 80% guarantee coverage, 1% guarantee fee, loan sizes of up to US\$500,000, and interest rates between 8-11%.⁸

Furthermore, the Entrepreneurship Development Fund (EDF) was established as a government trust fund on February 06th, 2019 to manage and mobilize resources to support the development of a vibrant entrepreneurial ecosystem in Cambodia and to provide financial and non-financial support to entrepreneurs, small and medium enterprises (SMEs), startups and partnered ecosystem builders who drive any innovative activity that creates value-added in the economy.

Skills Development Fund (SDF), initiated in 2018, was transformed from the pilot project of MEF to a trust fund in 2023. SDF aims to develop and strengthen skills demanded by enterprises and provide upskilling and reskilling opportunities for business owners/leaders and employees to enable business resilience and competitiveness.⁹ SDF has set the minimum target for female participants in its funding support. Techo Startup Center (TSC), launched in 2019 and became a public institution in 2020, runs incubation and acceleration programs for technology startups.¹⁰

Ministry of Industry, Science, Technology, and Innovation (MISTI)

MISTI encourages women to participate in its activities and other consultation meetings. This is done by inviting women entrepreneurs as representatives from the private sector to participate and speak at the Government-Private Sector Forum so that they can raise concerns to the attention of the RGC and donors.¹¹ Moreover, MISTI also provides the information and knowledge-sharing platform, KhmerSME, to both women-owned and men-owned entrepreneurs.¹²

Khmer Enterprise (KE)

KE, established by the Royal Government of Cambodia, aims to mobilize, invest, and manage resources to support the development of a vibrant entrepreneurial ecosystem in Cambodia, thereby promoting entrepreneurial activities driving innovation and value-added creation in Cambodia's economy. Khmer Enterprise has the vision to become the national platform for promoting entrepreneurial activities in the four priority sectors: ICT focuses on tech start-ups, service focuses on hospitality and logistics, agriculture focuses on agro-processing for domestic consumption, and agriculture for export, and lastly, manufacturing focuses on import substitution.¹³

⁷ Interviewed with the representative of SME Bank.

⁸ Interviewed with the representative of CGGC.

⁹ Interviewed with the representative of SDF.

¹⁰ Interviewed with the representative of TSC.

¹¹ Interviewed with the representative of MISTI.

¹² Interviewed with the representative of MISTI and GIZ.

¹³ Interviewed with the representative of Khmer Enterprise.

National Bank of Cambodia (NBC)

NBC has implemented the National Strategy for Financial Inclusion (2019-2025), which aims to increase financial access for underserved and unserved women. To promote financial inclusion, NBC in partnership with MoWA and Visa provides training to women and women entrepreneurs on financial and digital literacy.¹⁴ It also partners with Good Returns and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) to promote financial literacy among female garment workers and women entrepreneurship, respectively. Moreover, it cooperates with the WE Act project on financial literacy. NBC is developing the Financial Literacy Roadmap benefiting women and youth.¹⁵

Ministry of Commerce (MoC)

MoC is developing a roadmap for women's economic empowerment focusing on gender and trade. Furthermore, it plans to develop an SME Service Center aiming to improve the capacity of SMEs.¹⁶

3.4.5.2 Development Partners and International Non-governmental Organizations

Development Partners (DPs) and international non-governmental organizations (INGOs) in Cambodia incorporate gender in their programs and activities and develop gender strategies or gender action plans. Among the interviewed DPs and INGOs, different gender tools are applied. Some incorporate the gender lens using the following frameworks: Environmental, Social, and Governance (ESG); Gender Equality and Social Inclusion (GESI), Gender, Youth, and Social Inclusion (GYSI); and Gender Equality, Disability and Social Inclusion (GEDSI). In practice, DPs and INGOs apply the gender lens to set key performance indicators (KPIs) on gender for any projects they work with. Their requirements primarily include the number of women beneficiaries and social and economic benefits for women, among others.

3.4.5.3 Entrepreneur Support Organizations

In addition to the government initiatives, DPs, and INGOs, there are also many entrepreneur support organizations (ESOs) and business associations that have been promoting and enhancing entrepreneurship and women's economic empowerment in Cambodia. Business associations such as the Cambodia Women Entrepreneurs Association (CWEA), Cambodia Women Business Association (CWBF), Young Entrepreneurs Association of Cambodia (YEAC), and Federation of Associations of Small, and Medium Enterprises of Cambodia (FASMEC) offer a platform for both women and men entrepreneurs to make their voice heard and offers training, mentorship, coaching, business matching, and networking opportunities etc.

In addition, there are few organizations/programs whose mandates solely support women in business in Cambodia. SHE Investments and Pact via WE Act, a USAID-funded project (which ended in November 2023), work with women entrepreneurs through the provision of capacity building, peer support groups, networking opportunities, mentorship, and incubation programs. The Cambodia Women Entrepreneurs Network (CamWEN) is a platform aiming to promote women entrepreneurs on the international stage (Thou 2019).

¹⁴ Interviewed with the representatives of NBC and Visa 2023.

¹⁵ Interviewed with the representatives of NBC.

¹⁶ Interviewed with the representatives of MoC.

In Cambodia, the majority of interviewed ESOs do not apply GLI in their strategies and practices. This could be because local actors are less aware of or possess a lesser understanding of GLI concepts.

According to interviews with 17 ESOs, only 3 ESOs (18%) incorporated the gender lens in their programs or strategies, applying either GLI or Gender Equality and Social Inclusion (GESI) based on the funders' requirements or program partnerships with DPs or INGOs. Of those, only one has developed GLI tools for ESOs and entrepreneurs.

Although the majority of ESOs do not have gender strategies or gender tools for implementation, interviewed ESOs mentioned that gender is mainstreamed into their programs by providing equal opportunities for both women and men or prioritizing women during the application and selection process.

According to key informant interviews (KIIs), there is also a noticeable difference between local and regional actors. Because local actors have a limited understanding of the GLI concept, consequently there is limited integration of GLI in their operations. However, the GLI concept is emerging globally and growing significantly with emerging interest from many actors who are beginning or planning to adopt the concept into their main strategies. Regional actors also tend to have a better understanding of the GLI concept and are more experienced in its implementation.

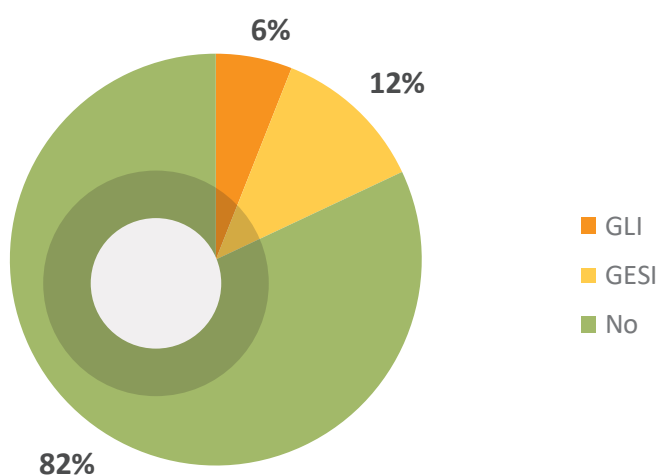


Figure 12 ESOs in Cambodia applying gender lens. Source: Field interviews.

01 Case Study: Cnai Accelerator

Cnai Accelerator, founded in 2022, is a gender-inclusive Cambodia-focused accelerator program implemented by Emerging Markets Entrepreneurs (EME). Its unique approach has resonated with founders, who highly value its emphasis on core business fundamentals, extended collaboration opportunities, offered 1-1 long-term mentorship, and customized funding support.

Data Driven

Cnai was developed based on the analysis of the post-investment data points of startups and SMEs and applies the investment data to develop different programs tailored for startups and SMEs.

Gender Lens Incorporated into the Program



Cnai Accelerator is designed to promote gender equity. It aims to support female role models that will bolster women's participation in the entrepreneurship ecosystem. Cnai works with both women and men to close gender gaps and deliver impact

for women and girls. Research by Village Capital and ANDE, using data from the Global Accelerator Learning Initiative, has found that acceleration delivers less growth for women-led enterprises compared to their male counterparts, in terms of access to equity financing, attributed to gender bias among investors (GALI, 2021). In some cases, acceleration programs exacerbate the gender gaps.

Cnai addresses these issues by incorporating a gender lens from the program design throughout the implementation:

- ◆ Provide a long journey of support, including online diagnostics, online learning, an intensive curriculum, and three rounds of intensive project-based support. The program is intentionally conducted online to allow fair access by entrepreneurs regardless of their location.
- ◆ Provide women an equal chance to access and succeed, no application, no interview, and no pitching to avoid unconscious biases as men tend to be better at public speaking and pitching than women.
- ◆ Provide support to enterprises/startups to implement/incorporate a gender lens into their businesses.
- ◆ Provide direct support to help to grow businesses and raise funds.

Results

- ◆ 54% of applicants are women; finalists are 100% women-led enterprises by chance.
- ◆ 3 out of 4 female finalists have raised funds and/or are in the late stage of discussion with investors, and ready to expand.
- ◆ One of the female finalists received an additional US\$35,000 from other organizations during participation in Cnai.
- ◆ One of the female finalists almost doubled their revenue and the production amount throughout the Cnai program.

For more information on CNAI, you can read more at:



More about CNAI

3.4.5.4 Investment Firms

Some investment firms based in Cambodia apply the gender lens in their investment strategies and processes. According to interviews with the thirteen selected investment firms¹⁷, 54% have either incorporated or are in the process of integrating the gender lens in their work.

The gender lens tools used by the investment firms are 2X Criteria and GESI. All the investment firms applying the gender lens were regional or global investment firms operating in multiple countries, including Cambodia.

However, the remaining 46% of investment firms have not yet integrated a gender lens into their investment strategies and decision-making processes as their teams have limited knowledge of gender and related tools. Similar to ESOs, some investment firms lack gender tools for their strategies and implementation. Nevertheless, they incorporate Environmental, Social, and Governance (ESG) criteria into their investments, which is reported to integrate a gender perspective.

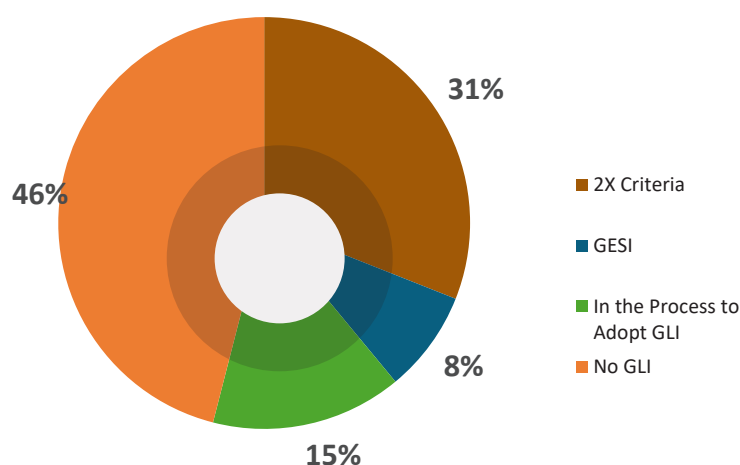


Figure 13 Gender lens applied by investment firms operating in Cambodia. Source: Field interviews.

In practice, the GLI investment firms also apply gender KPIs for any enterprises they invest in. These KPIs include the quota of female employees, female managers, or board directors (BoDs) as well as other social and gender indicators, varying from investor to investor depending on the sector and business model they target.

¹⁷ These 13 were interviewed based on their geographical focus in Cambodia and because of the presence of an office or a team in Cambodia.

3.4.5.5 Financial Institutions

In Cambodia, financial institutions (FIs) including banks and microfinance institutions (MFIs) play an active role in promoting gender lens as a significant proportion of FIs' clients are women. According to the Credit Bureau of Cambodia (CBC) *Annual Report 2022*, female borrowers accounted for 53% of total borrowers. Moreover, some FIs design products or services tailored to women and women entrepreneurs. As mentioned above, the state-owned FIs such as SME Banks and Credit Guarantee Corporation of Cambodia (CGCC) designed financial products for women and partnered with other commercial banks and MFIs to promote access to wider women clients. Some commercial banks and MFIs; for instance, Armet Microfinance, Canadia Bank, Sathapana Bank, Wing Bank, and others; also offer financial products to women and women entrepreneurs under the support from development funds as well as in response to the trends towards investing in women and gender equality. For example, Acleda Bank has received funds from Micro Capital through the International Finance Corporation (IFC)'s syndication loan to lend to women in business (Ramanauskas 2022). Sathapana Bank has obtained the funds from Agence Française de Développement (AFD) and its private subsidiary, Proparco, to exclusively finance "loans eligible for the 2X Challenge" (AFD 2022).

In addition to loans, a few FIs also offer non-financial services to women entrepreneurs including financial literacy, digital entrepreneurship, insurance-embedded services, and health checkup.¹⁸

¹⁸ Interviews with the representatives of FIs and their respective websites.





Sweef Capital, headquartered in Singapore, is a private equity firm aiming to provide investments at scale and showcase women's potential. Its mission is to invest in scalable solutions driving value through diversity and inclusion. Sweef Capital invests in women-owned or -led enterprises that commit to making change through improving gender diversity and gender equality in the business ecosystem. Its investment portfolio focuses on Indonesia, the Philippines, and Vietnam. In addition to funding, Sweef Capital provides technical assistance to entrepreneurs based on their needs.

Sweef Capital assesses a company's gender performance by using its proprietary Gender ROI (Resilience, Opportunity, and Inclusion) tool which is designed using different ROI metrics according to company size. Sweef Capital was first supported by the Australian Department for Foreign Affairs and Trade (DFAT) to develop GLI.

Due diligence

This assessment focuses on a company's commitment to gender and diversity, value systems and policy, and practices. Its gender indicators focus on workforce participation, the number of women in senior management, and implementation of a gender approach to procurement, gender disaggregation in value and supply chains, and the existence and implementation of a gender policy.

Post-investment support and assessment

- ◆ Define and develop the gender action plan by working with entrepreneurs.
- ◆ Review the employee handbook and gender action plan.
- ◆ Monitor the advancement and progress of the gender action plan on a quarterly basis.
- ◆ Create more female leadership around the investment linkages.
- ◆ Promote the adoption of Gender ROI around the investment and monitor the progress of gender performance.
- ◆ Apply Gender ROI to monitor progress by linking gender with financial performance.

For more information on Sweef Capital, you can read more at <https://sweefcapital.com/> or scan QR code below:





Impact Investment Exchange (IIX) is a Singapore-based impact investment firm. Since 2017, IIX has issued 6 Singapore Exchange (SGX) listed gender bonds raising a total of US\$228 million and impacting 2,600,000 women and girls across 6 sectors and 7 countries across Asia and Africa. Gender-focused enterprises in Cambodia have featured significantly throughout every Women's Livelihood Bond™ (WLB™) with US\$35.55 million capital raised for Cambodian entities, empowering over 68,750 women and girls in the country to date. The latest and largest WLB™ was issued by IIX in December 2023 where the US\$100 million Women's Livelihoods Bond™ 6 was significantly oversubscribed, bringing investors from around the world to support gender equality in emerging markets.



Orange Movement

IIX, alongside a diverse Steering Committee including U.S. DFC, Australia DFAT, Nuveen, Shearman & Sterling, Water.org, and ANZ developed the Orange Movement in 2022 to increase capital flow for gender equality across capital markets. Named after the orange hue of UN SDG5: Gender Equality, the movement aims to mobilize US\$10 billion to empower 100 million women, girls, and gender minorities by 2030. IIX is spearheading Orange Financing by issuing Orange Bonds and supporting GLI enterprises across the world with the necessary capital to sustainably develop Orange Bonds a new asset class aimed to galvanize the gender lens investing movement from strategy to action.

For more information on IIX's Orange Movement™, you can read more at <https://orangemovement.global/>

3.5 FINANCIAL INSIGHTS

This section provides an in-depth insight into the financial trends as well as the requirements of enterprises in Cambodia. Starting with access to finance and the needs, the sections highlight the overall financial needs for both men-owned as well as women-owned micro, small and medium enterprises in Cambodia.

3.5.1 Access to Finance

According to the interviews, almost half of all enterprises interviewed (48%) obtained loans from FIs, while the rest did not accumulate any loans over the past two years. Enterprises that did not take loans mainly attributed this decision to having their capital and no plans for business expansion during the COVID-19 pandemic. Other factors include concerns about repayment capacity, existing outstanding loans, difficulties in obtaining loans due to high-interest rates, lack of collateral, and low credit ratings with the Credit Bureau of Cambodia (CBC).

As illustrated in Figure 14 below, in terms of gender, less than half of women-owned enterprises (46% of all interviewed women-owned enterprises) and half of men-owned enterprises (50% of all interviewed men-owned enterprises) received loans over the last two years.

In terms of enterprise size, 77% of large enterprises obtained loans, primarily due to their higher demand and better access to financing opportunities. Among small enterprises, 68% secured loans, while for medium enterprises, the figure was 53%. In contrast, only 39% of micro-enterprises managed to access loans, often citing challenges such as limited collateral, lower credit ratings, and higher perceived risk by lenders. Lastly, just 11% of startups secured loans in the last two years. This low figure might be attributed to the fact that startups often rely on bootstrapping, grants, or investments instead.

There is no significant difference in terms of access to loans by location. Enterprises in Phnom Penh reported to have slightly less demand for finance than in Battambang and Siem Reap. However, the amount of loans needed in the capital city is much higher compared to the situation outside the city. The lower number of enterprises in Phnom Penh accessing finance over the past two years mainly results from having their own capital and no business expansion plans during the COVID-19 pandemic and resulting economic downturn. It is noted that less than two-thirds of all registered businesses and one-third of unregistered businesses obtained loans.

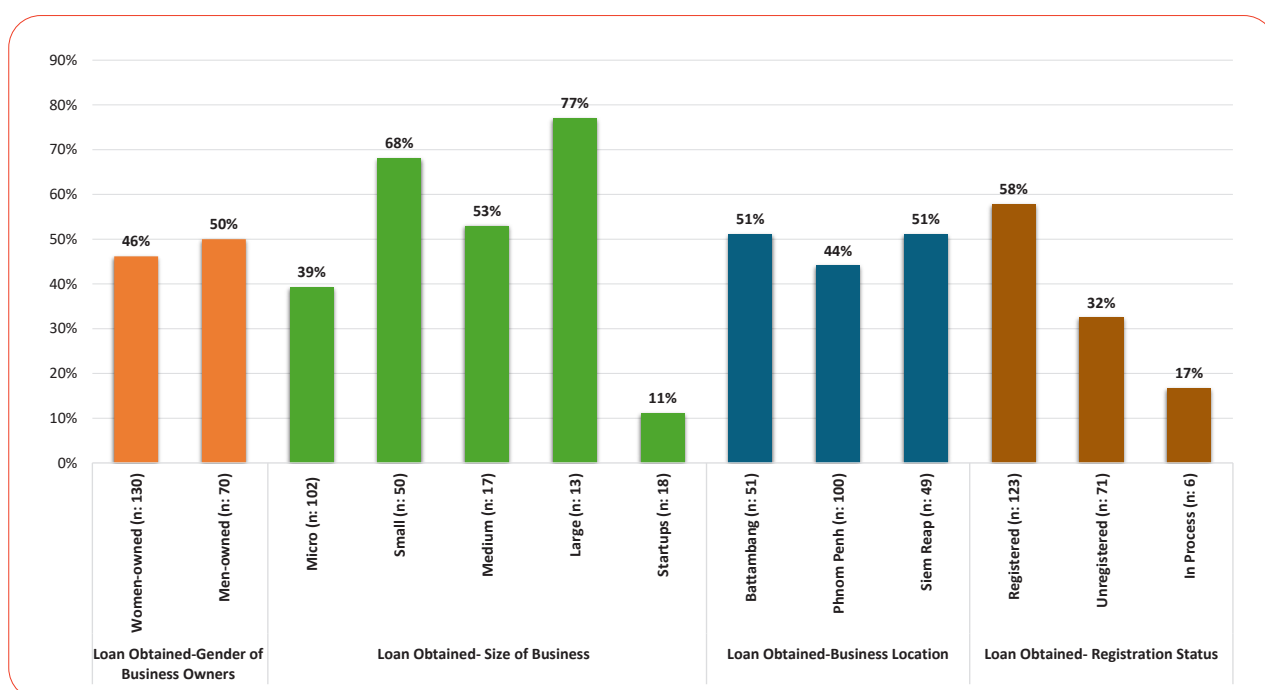


Figure 14 Access to loan over the past two years. Source: Field interviews.

3.5.1.1 Average Loan Amount

The average loan amount received over the past two years by women-owned enterprises (US\$240,000) was slightly lower than that of men-owned enterprises (US\$284,500).

As illustrated in Figure 15 below, based on the size of the business, it is not surprising that large enterprises had larger average loan amounts (around US\$1.7 million), followed by medium-sized enterprises (around US\$452,000), small enterprises (around US\$165,000), startups (US\$57,000), and micro-enterprises (US\$24,000).

Based on the location, Phnom Penh has the largest average loan size (US\$485,000) when compared to Siem Reap (US\$78,000) and Battambang (US\$58,000). The low average loan size in Siem Reap may result from the impact of the COVID-19 pandemic on the tourism sector while Battambang may have been affected due to the economic downturn resulting in lower trading transactions of agro-processing products. As a result, businesses hesitate to borrow more, and FIs are less interested in lending to businesses in this sector and other high-risk sectors.

In terms of financial access by business legal status, enterprises that are registered had larger loan amounts (US\$336,000) compared to unregistered enterprises (US\$12,000). This is because FIs tend to lend to formal businesses than informal ones.

Disaggregated by gender of business owners and businesses, loan amounts accessed by micro-women-owned enterprises (US\$26,110) are higher than those of micro-men-owned enterprises (US\$17,857), while loan amounts for small, medium, and large men-owned enterprises are higher than that of women-owned enterprises.

The lower micro loan of men-owned enterprises results from the fact that men are more likely to own small, medium, and large enterprises than women and indicate that men-owned enterprises are more likely to grow and expand their businesses.

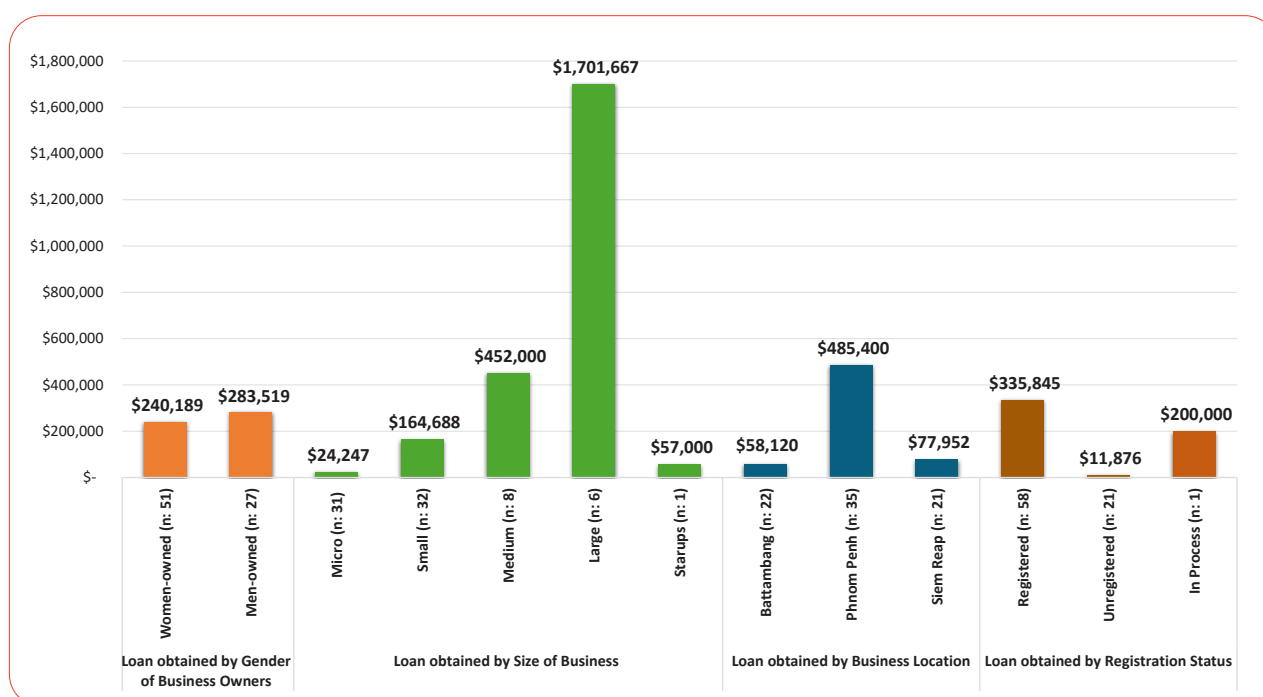


Figure 15 Average loan amount taken over the past two years. Source: Field interviews.¹⁹

¹⁹ Note: The calculation does not include those who reported access to loans but preferred to not disclose the data.

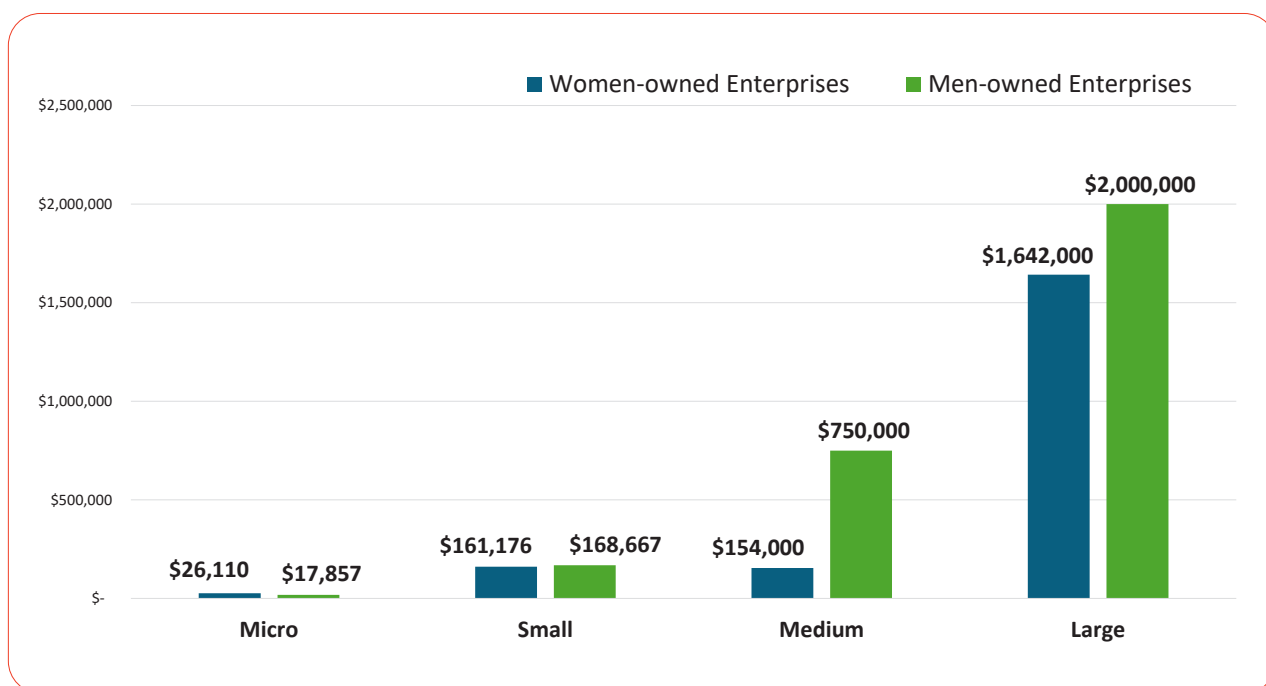


Figure 16 Average loan amount over the past two years by gender and business size. Source: Field interviews.²⁰

²⁰ Note: The calculation does not include those who reported access to loans but preferred to not disclose the data.



3.5.1.2 Loan Purposes

The purposes of loans regardless of the gender of business owners, business size, and location are mainly for the working capital (as mentioned by 74% of the enterprises who received loans), including the purchase of supplies, equipments, and inventories; and other operational expenses such as office rental and renovation. The second most common purpose of loans was business expansion, as reported by 24% of the enterprises. Business expansion involves branch expansion and new structures such as buildings, factories, and warehouses. Only a small fraction of the enterprises used loans for refinancing (2%) and other purposes (1%). Additionally, only 10% of the enterprises indicated that their lenders offered financial products tailored to women-owned businesses.

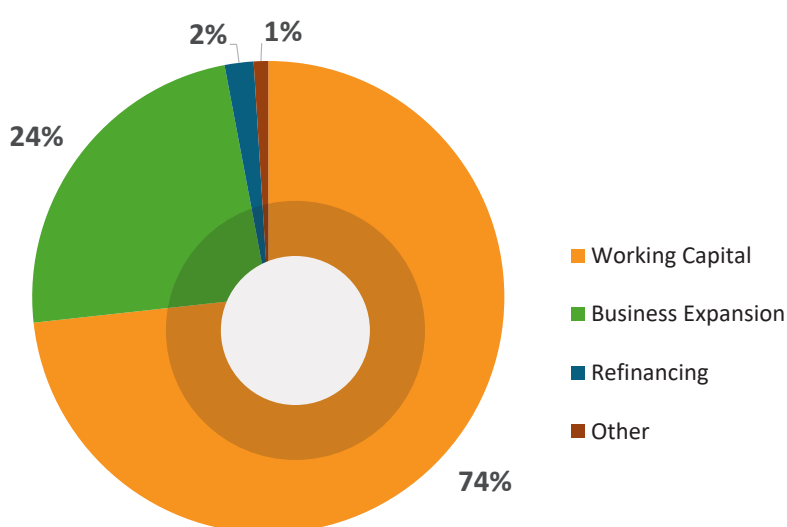


Figure 17 Purposes of loan for the past 2 years. Source: Field interviews.

3.5.1.3 Loan Sources

Over the last 2 years, most enterprises (87%), regardless of the gender of business owners, business size, and business location, mainly accessed finance from FIs, followed by financial support from their relatives or friends (7%). Only a few enterprises, mainly micro- and women-owned enterprises located in Battambang, reported obtaining loans from moneylenders. Few large enterprises and startups in Phnom Penh receive capital from the debt financing firms located outside Cambodia.

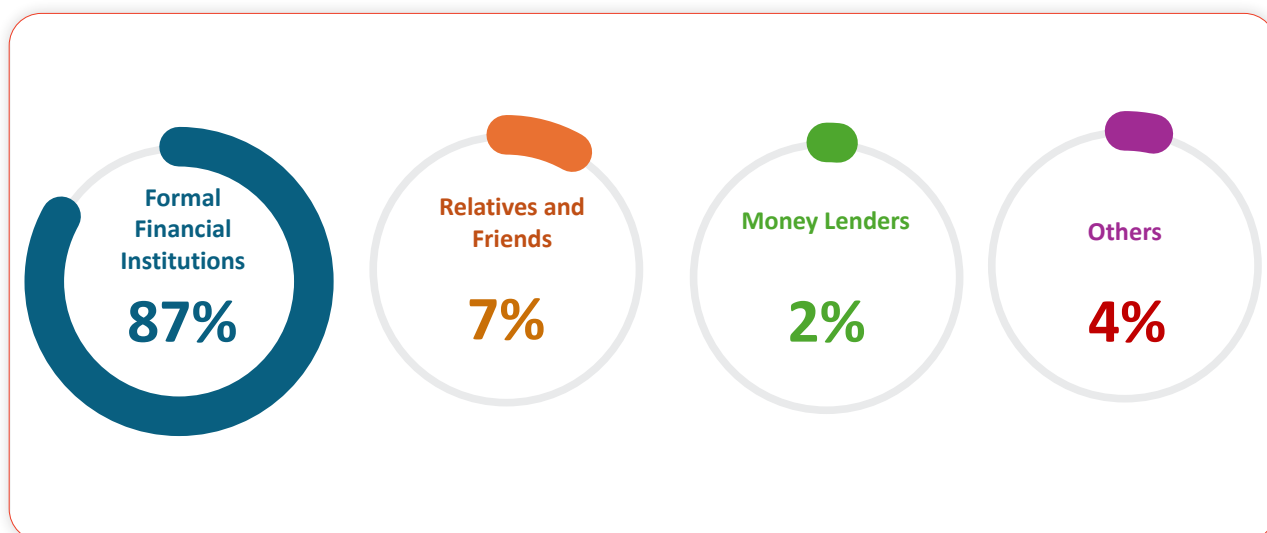


Figure 18 Sources of loans over the past two years (n: 78). Source: Field interviews.

In addition to receiving financing from FIs, only a few enterprises (8) received funds from investment firms. Among these, five are women-owned and three are men-owned enterprises. Except for one enterprise in Siem Reap, most enterprises supported by investment funds are large enterprises and start-ups located in Phnom Penh. This is due to the geographical presence of private equity (PE) and venture capital (VC) firms, as well as the investment readiness of enterprises, perceived business potential, and access to available investment information of these enterprises.

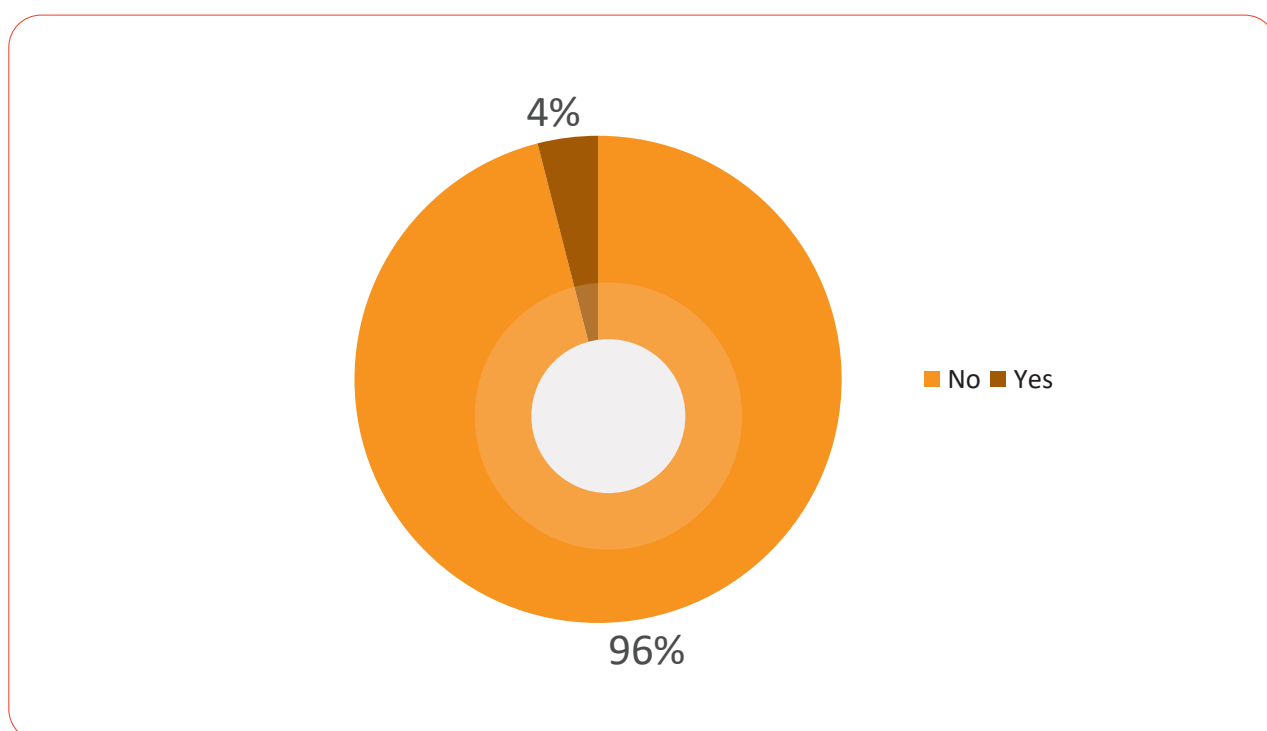


Figure 19 Investment capital received in the past 2 years (n:181). Source: Field Interviews.

3.5.2 Financial Needs

More than half of interviewed enterprises (64%) reported that they need capital to operate and expand their businesses while around one-third (36%) do not need any capital, mainly due to no plans for business expansion, the economic downturn (they are taking a wait and see approach to the economic and market situation), declines in sales, having own capital, having outstanding loans, and concerns for repayment capacity consecutively. Other reasons include high-interest rates and a preference for grants.

3.5.2.1 Average Capital Needs

Based on interviews with MSMEs, it was found that men-owned enterprises require almost three times more capital than women-owned enterprises on average (US\$304,792 compared to US\$111,633).

As illustrated in Figure 20 below, the difference is more pronounced in medium-sized enterprises, where men's capital needs are nearly double those of women-owned medium-sized enterprises. However, the difference is less significant for micro and small enterprises. These findings indicate that men generally operate larger-scale businesses with more ambitious growth plans than women. Interviews with investors and ESOs suggest that women tend to be more risk-averse in business compared to men.

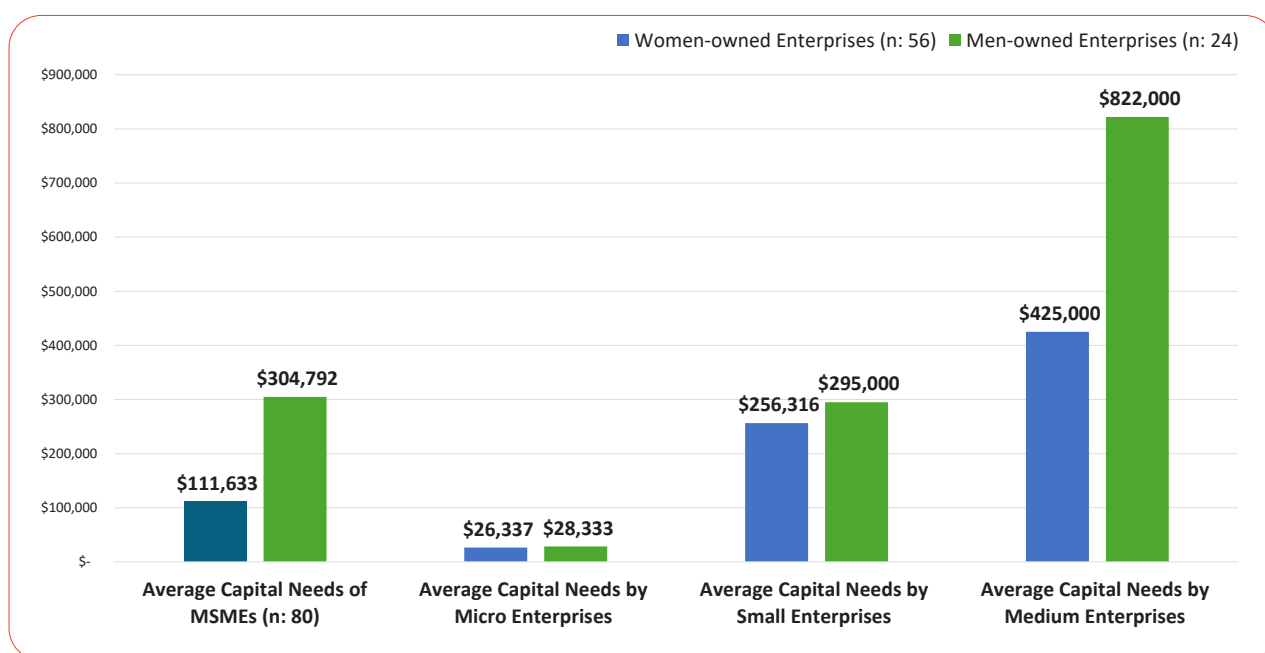


Figure 20 Average capital needs. Source: Field interviews.

Based on the location, businesses in Phnom Penh have the highest financial needs, followed by Siem Reap and Battambang. The average capital needed by an enterprise in Phnom Penh is reported to be around US\$286,803, which is three times higher than the average amount needed by an enterprise in Siem Reap and seven times higher than the average amount needed by an enterprise in Battambang. Regardless of business size or sector, men-owned enterprises still indicated higher capital needs than women-owned enterprises.

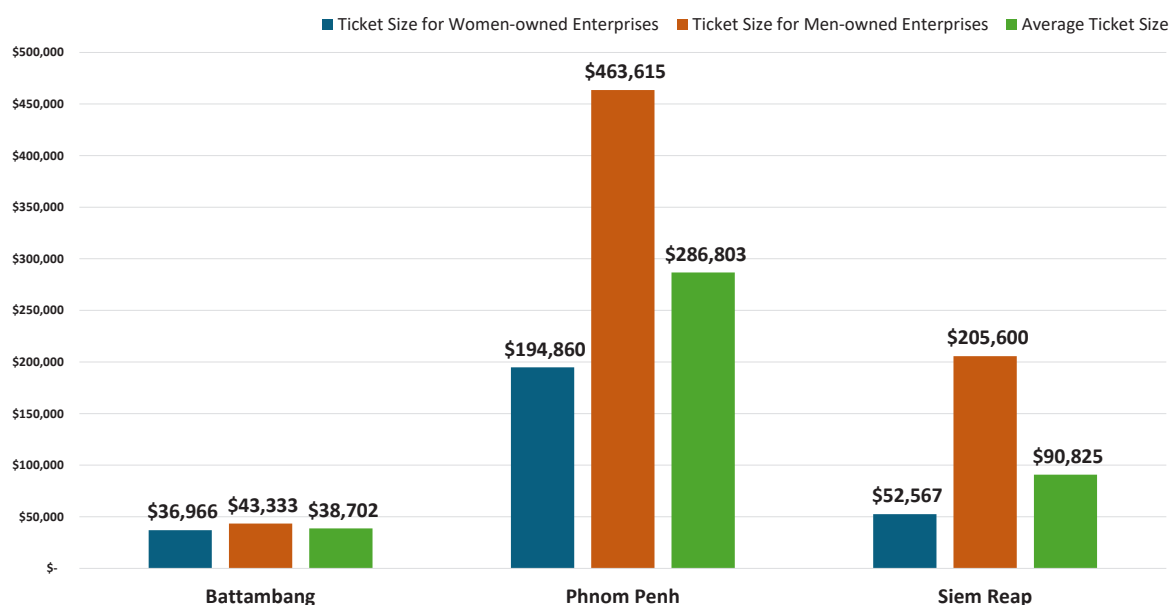


Figure 21 Ticket size per enterprise's financial needs by location. Source: Field interviews.

Comparing the average capital needs by MSMEs by sector, agriculture reports higher capital needs (US\$ 287,400) followed by the manufacturing sector (US\$205,483), ICT (US\$125,000), service (US\$86,667), and handicrafts (US\$22,500). The higher average capital needs by the agriculture sector results from the fact that the sample size included a few agriculture traders and agriculture technology providers which require a large amount of capital. When including MSMEs, large enterprises, startups: ICT, and manufacturing sectors exhibit the highest capital needs, emphasizing the importance of substantial investments for their growth. Figure 22 below illustrates the difference in the financial needs of the sector when comparing MSMEs only with all enterprises including large and start-ups.

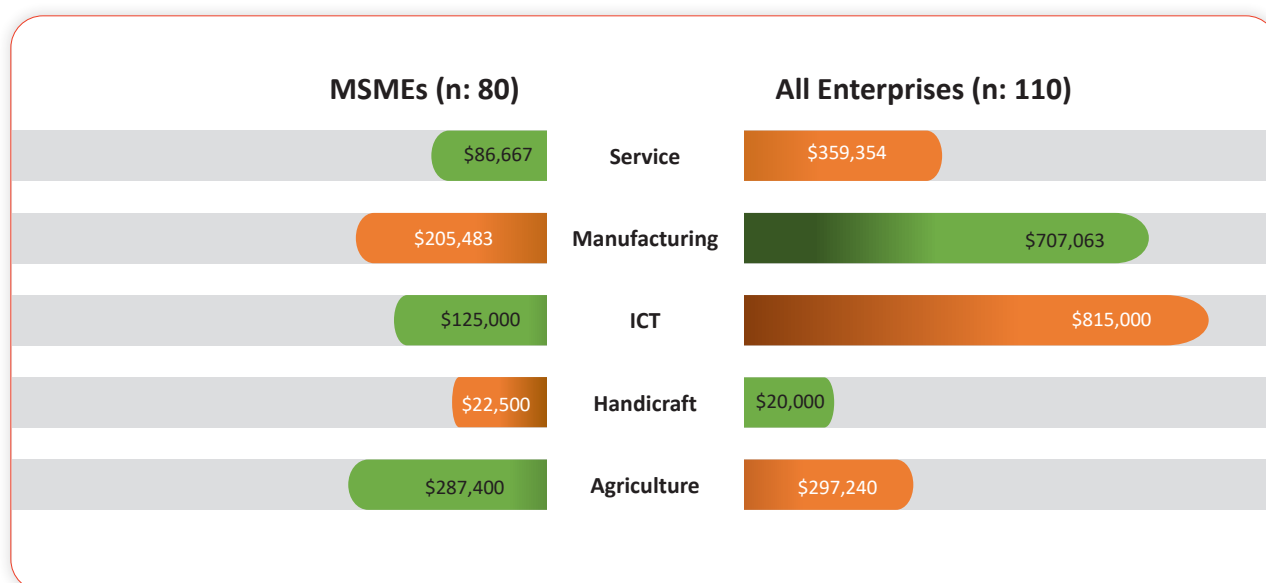


Figure 22 Average Financial Needs by sector. Source: Field interviews.

According to the interviews with FIs and investors, one of the challenges in lending and investing in enterprises is the business' registration status. This includes the lack of formal business documentation required for financing and the lack of formal business registration. Based on the Economic Census of Cambodia (NIS/ MoP 2023a), approximately 10% of existing enterprises are registered enterprises in Cambodia. This implies that given the current circumstances, most enterprises in Cambodia are disadvantaged in their access to formal financial services and investment funds. The interviews with MSMEs show that both formal and informal businesses faced challenges in accessing finance. However, the current capital needs of informal or unregistered businesses are approximately 10 times less than the registered businesses, and the capital accessed (from past loans) of the informal or unregistered business is 30 times less than the formal ones. As a result, formal businesses are more likely to expand and grow faster than informal ones. Moreover, as informal businesses are mainly micro or small enterprises, it becomes clear they need less capital (approximated at half) compared to larger businesses in the registration process.

In terms of financial needs by business registration status and gender of business owners, men-owned enterprises that are registered (US\$447,625) need almost three times the capital than that of registered women-owned enterprises (US\$165,882). However, unregistered women-owned enterprises (US\$25,523) need slightly higher capital than unregistered men-owned enterprises (US\$19,125).

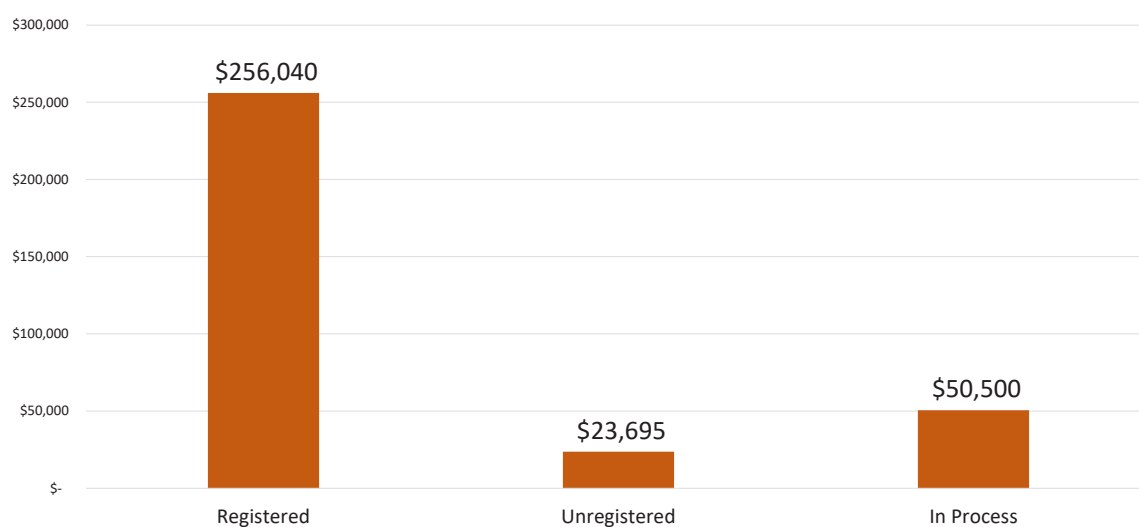


Figure 23 Average ticket size for enterprises' financial needs by business registration status. Source: Field interviews.

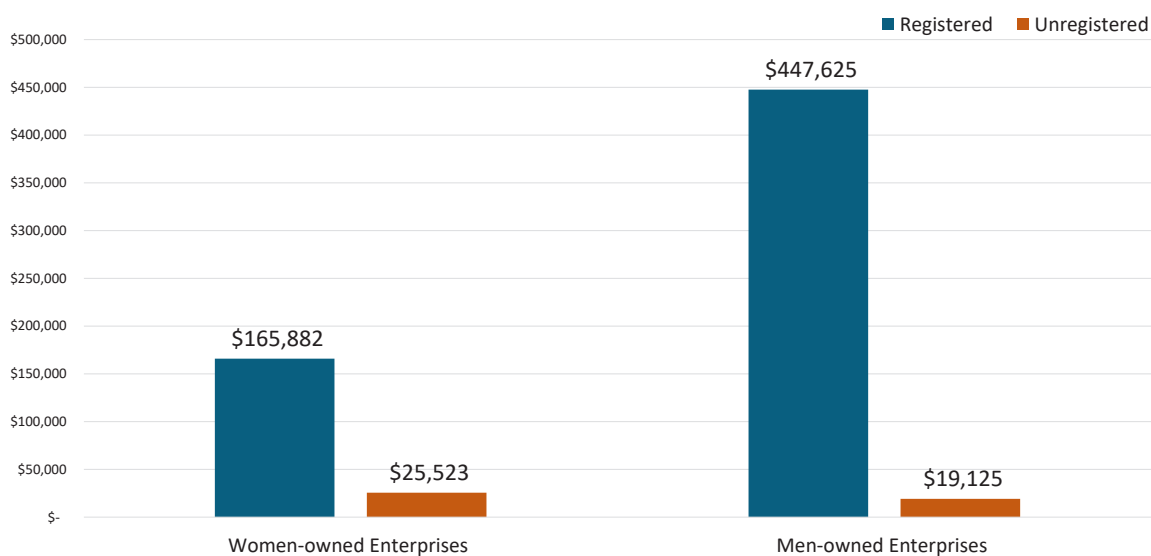


Figure 24 Average ticket size for enterprises' financial needs by business registration status and gender of business owners. Source: Field interviews.

3.5.2.2 Purpose of Current Capital Needs

The purpose of the capital needs of women-owned and men-owned enterprises and micro and small enterprises are mainly for working capital. However, around half of medium and large enterprises and all startups need capital for business expansion. This implies that medium and large enterprises have more growth potential than micro and small enterprises while startups need substantial amounts of capital to scale the business. Except in Siem Reap, enterprises in both Phnom Penh and Battambang mostly need working capital financing. More enterprises in Siem Reap need investment capital to re-start their business which was paused during the COVID-19 pandemic.

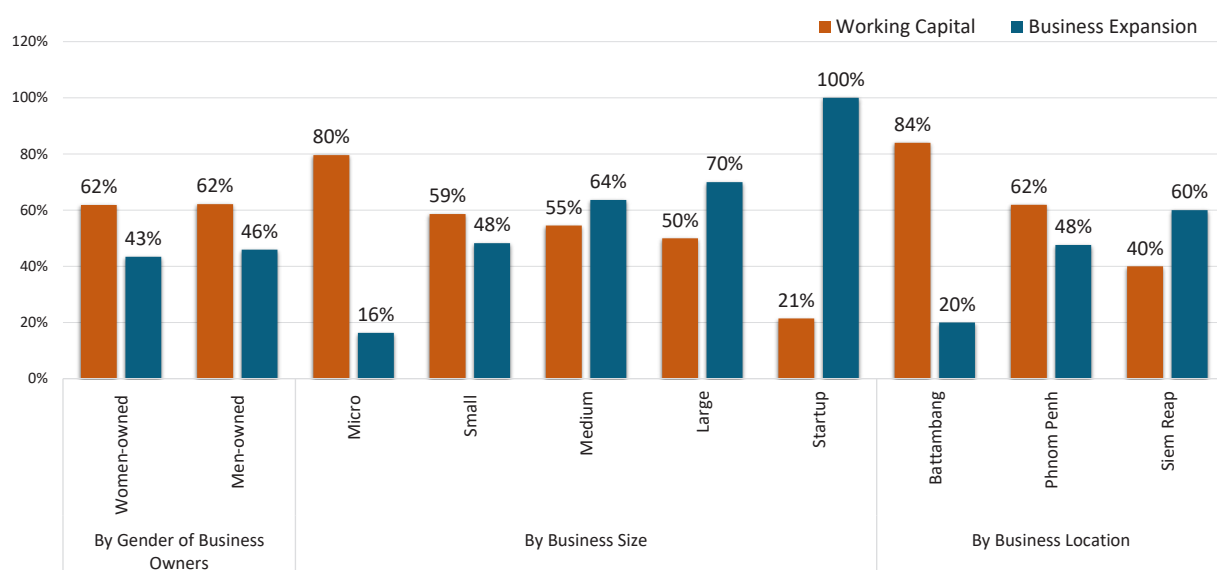


Figure 25 Purpose of current capital need. Source: Field interviews.

3.5.2.3 Preferred Sources of Fund

The most preferred sources of funds reported by the interviewed enterprises are loans from FIs, followed by own capital, investment from corporate or individual investors, and grants from DPs or INGOs. In terms of access to finance from FIs, there is no significant difference between women-owned and men-owned enterprises.

However, women are more likely to invest in the business using their own capital compared to men.

Further, more men-owned enterprises (36%) are interested in sourcing the funds from the investment funds compared to women-owned enterprises (34%). Similarly, when sources of funds by size of business and business location are examined, loans from FIs are the most preferred choice reported by the interviewed enterprises. However, there is a high demand from enterprises in Phnom Penh for investment. They are perceived to have better knowledge and understanding of investment funds than those in the provinces. Among the enterprises interviewed, large enterprises and startups are more likely to access investment funds to grow, followed by SMEs. There is less demand for investment funds from micro-enterprises as the entrepreneurs perceive that their businesses are too small to work with these firms.

From the supply side, investment firms are looking for enterprises with growth potential. One of the investment criteria is business registration status, which micro-enterprises are unable to do as they are more likely to be informal businesses.

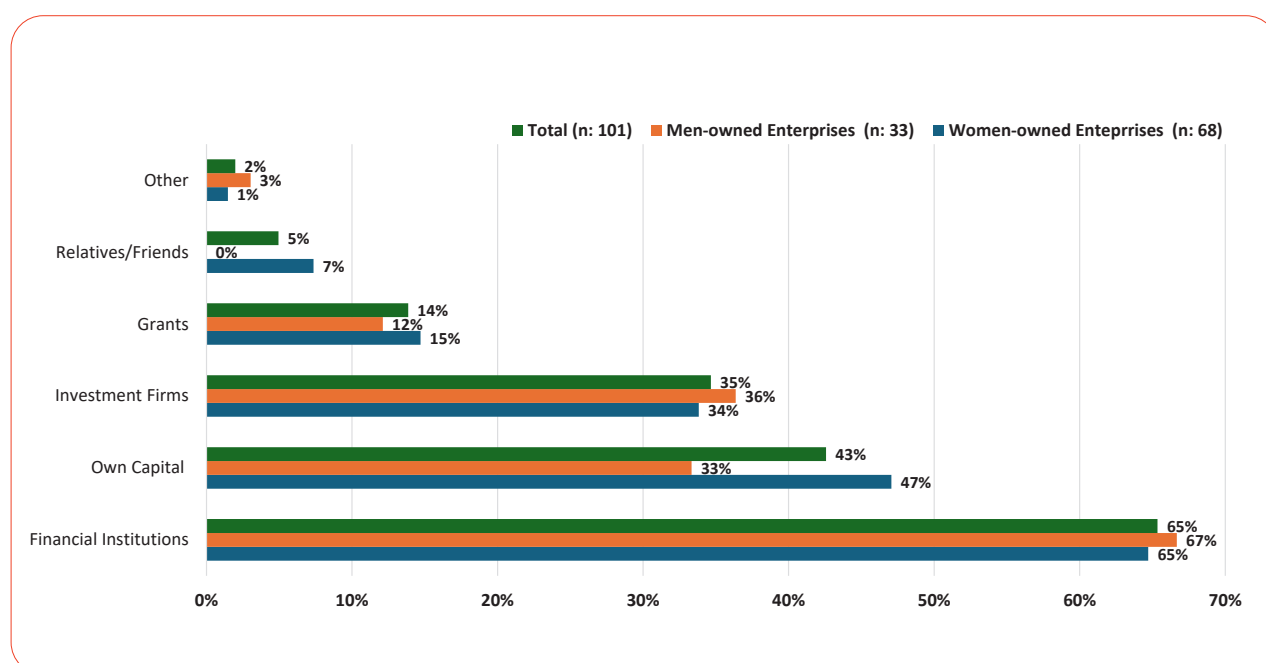


Figure 26 Preferred sources of fund by gender of business owners. Source: Field interviews.²¹

²¹ Note: The percentage of women-owned and men-owned enterprises is calculated by the ratio of the number of responses by women-owned or men-owned enterprises to total interviewed women-owned or men-owned enterprises rather than the ratio to the total interviewed enterprises.

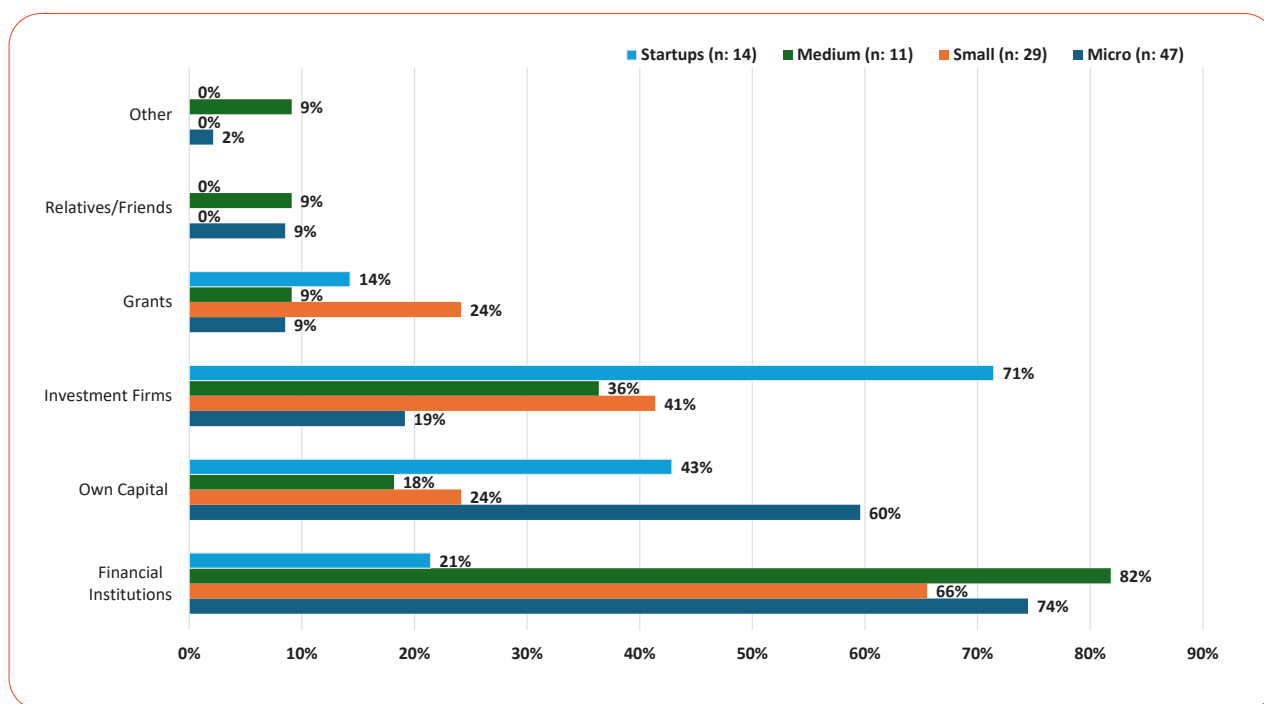


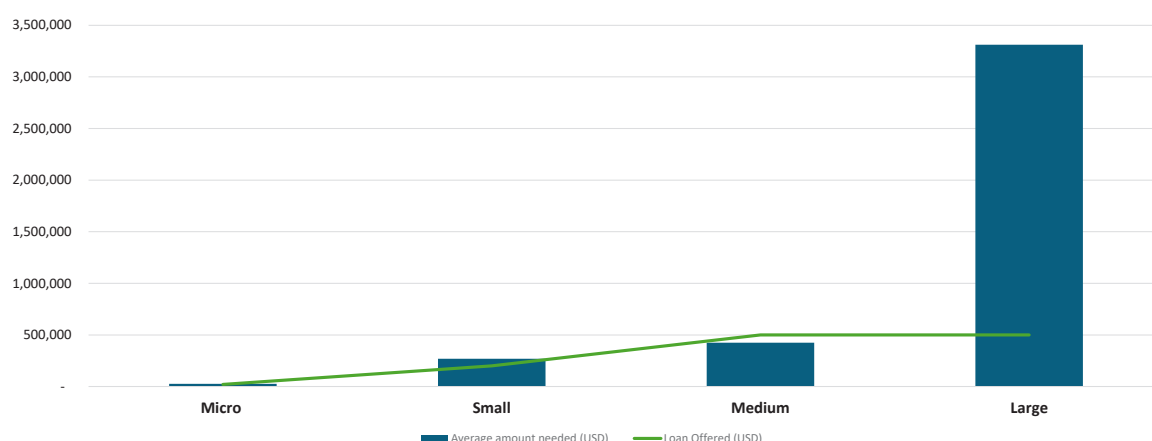
Figure 27 Preferred sources of fund by business size. Source: Field interviews.²²

3.5.2.4 Current Needs of Enterprises Vs Loan Offered by Financial Institutions

In Cambodia, FIs do not have a common definition for loan size to micro, small, and medium enterprises. As a result, FIs define loan size for MSMEs differently. Based on the data collected from the interviews with FIs and secondary data, loan sizes to micro, small, medium, and large enterprises, or corporations were identified and compared with the current and future capital needs reported by the interviewed enterprises.

The comparison does not intend to examine borrowing and lending capacity (as FIs have the capacity to lend larger amounts based on their capital) but instead to assess the possible gaps in the current financial needs of enterprises and the available loan size offered by FIs. The comparison is based on the range of loans offered based on the data from nine FIs; thus, the findings cannot be generalized. However, based on the collected data, there is a slight gap between the demand and supply of loans, especially for micro and small enterprises.

²² Note: The percentage of enterprises by business size is calculated by the ratio of the number of responses of each size to total interviewed enterprises in respective size.



| | Micro | Small | Medium | Large |
|-----------------------------|----------------|---------------|---------------|--------------|
| Average Amount Needed (USD) | 26,786 | 269,655 | 425,000 | 3,312,000 |
| Loan Offered (USD) | 5,000 - 20,000 | Up to 200,000 | Up to 500,000 | Over 500,000 |

Figure 28 Current needs of enterprises vs loan offer size by FIs. Source: Field interviews.

3.5.3 Financial Needs

Approximately 99% of enterprises in Cambodia are MSMEs and there is no data for the number of startups. Therefore, the study analyzed only the MSMEs' financial needs. Moreover, as there are no statistics on the number of GLI enterprises in Cambodia, the analysis does not focus on the capital needed by this type of enterprise but examines the financing needs between women-owned and men-owned enterprises.

The estimated financial needs are derived from the average amount of capital needs and the ratio reported by the micro, small, and medium enterprises interviewed. This estimation assumes that the average capital needs of the interviewed MSMEs are representative of all MSMEs in the country, and thus, these averages are extrapolated to account for the total number of micro, small, and medium enterprises. Additionally, outlier numbers from micro-enterprises are excluded from the calculation.

The financial needs for MSMEs in Cambodia is estimated to be around US\$10.5 billion.

Although the average capital need of women-owned enterprises is smaller than that of men-owned enterprises, their financial needs are higher than men.

The financial needs of women-owned enterprises amount to approximately US\$6.4 billion while men-owned enterprises account for about US\$4.1 billion. Given the limited data on men-owned GLI enterprises in Cambodia, based on the financial needs of women-owned enterprises, it can be assumed that the financial needs for GLI enterprises are at least US\$6.4 billion.

The financial needs is mostly noticeable in both women-owned and men-owned micro-enterprises. This is because micro businesses dominate the private sector in Cambodia and face challenges to accessing larger amounts of capital for business expansion given limited collateral, lack of business registration status, good governance, and low profits.²³ The financial needs for micro-women-owned enterprises are even higher, accounting for almost two and a half times that of micro-men-owned enterprises.

As illustrated in Figure 29 below, the financial needs of medium-sized enterprises are lower than those of micro and small-sized enterprises. This may be due to the small number of medium-sized enterprises, which represent only around 0.2% of the total enterprises in Cambodia (NIS/MoP 2023a).

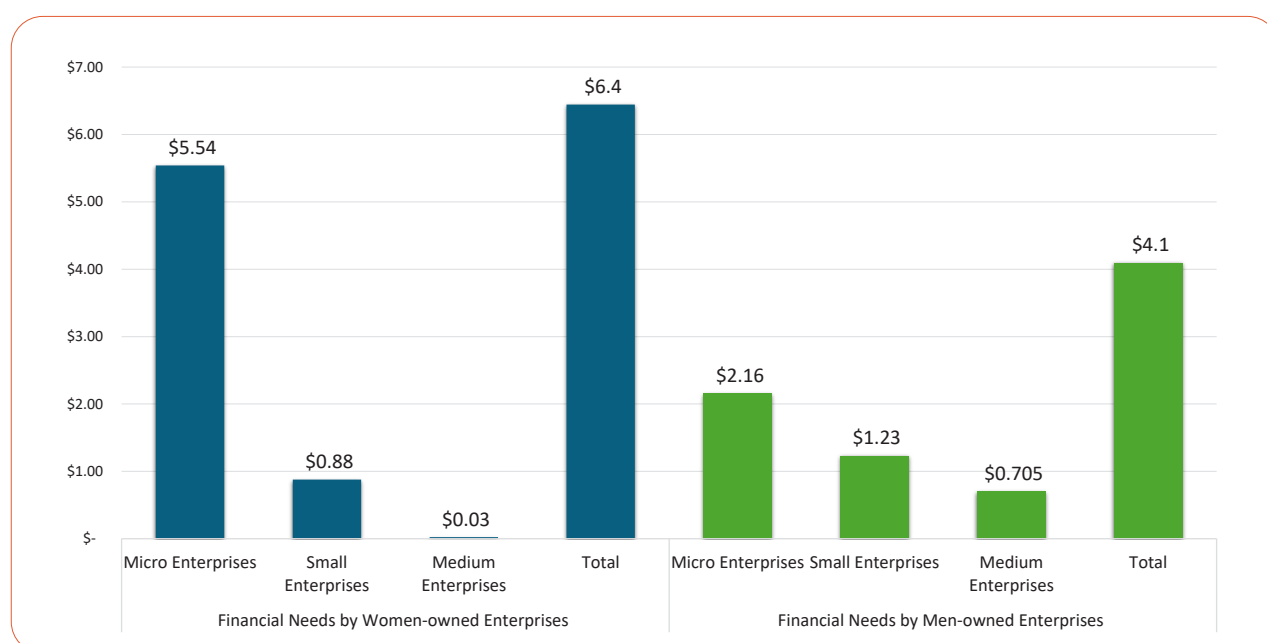


Figure 29 Financial needs by size of enterprises and gender of business owners (in billion US Dollars). Source: Field interviews.

According to Figure 30 below, the estimated financial needs for women-owned enterprises is higher than that of men-owned enterprises.




| Financial Needs | | Study Estimate (2023) (in Billion US Dollars) |
|---|--|--|
|  | Financial needs in Cambodia | 10.5 |
|  | Financial needs of women-owned enterprises | 6.4 |
|  | Financial needs of men-owned enterprises | 4.1 |

Figure 30 Overall financial needs for women-owned and men-owned enterprise in Cambodia.

²³ Interviews with financial institutions, investors, and ESOs.

3.6 NON-FINANCIAL INSIGHTS

3.6.1 Technical Assistance Received

More than half of all interviewed enterprises (56%) obtained non-financial support or technical assistance from government agencies, DPs and INGOs, business associations, and ESOs. Out of the 56% that reported to have received technical assistance, 68% were women-owned enterprises and 32% were men-owned enterprises.

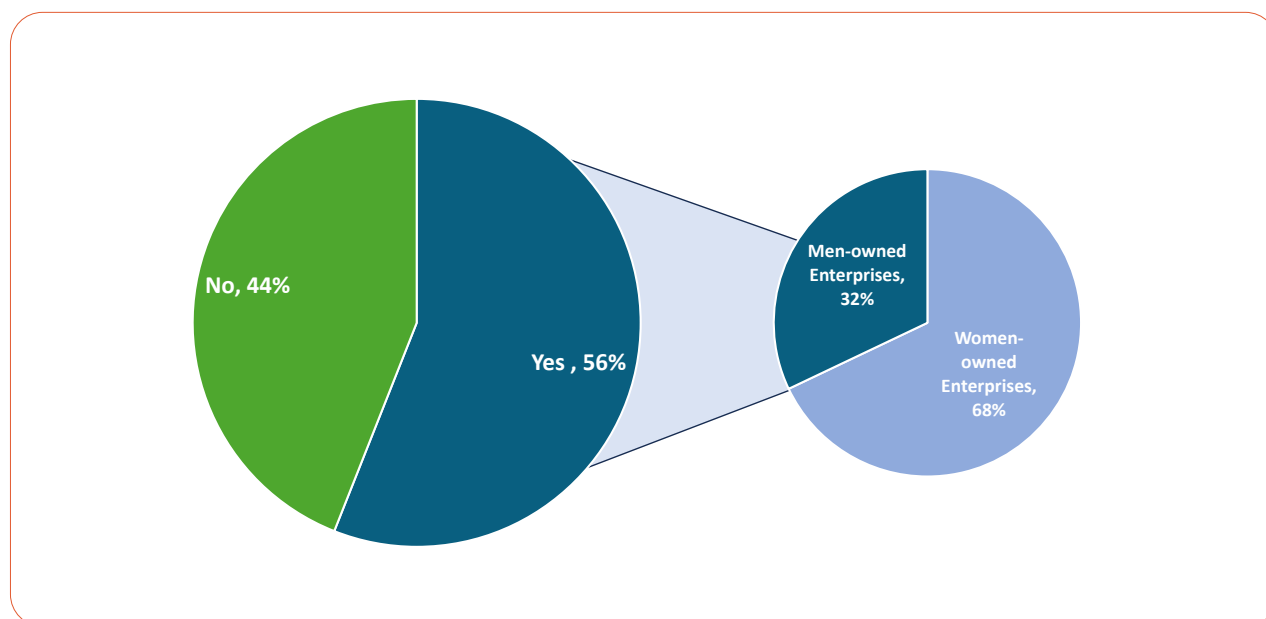


Figure 31 Enterprises reported to receive technical assistance (n: 200). Source: Field interviews.

Figure 32 below shows that women-owned enterprises receive slightly higher technical support from external stakeholders than men-owned enterprises. Micro-enterprises receive less support than startups, large enterprises, and SMEs. This is because some initiatives and programs support only formal businesses and micro-enterprises are more likely to be informal businesses. Moreover, it may also be because micro-enterprises have limited access to information on available technical assistance.

Furthermore, enterprises in Phnom Penh receive more technical assistance than in the provinces. This implies that enterprises in Phnom Penh have more opportunities to access additional support. Other provinces are limited by the geographic concentration of supporting organizations, especially ESOs.

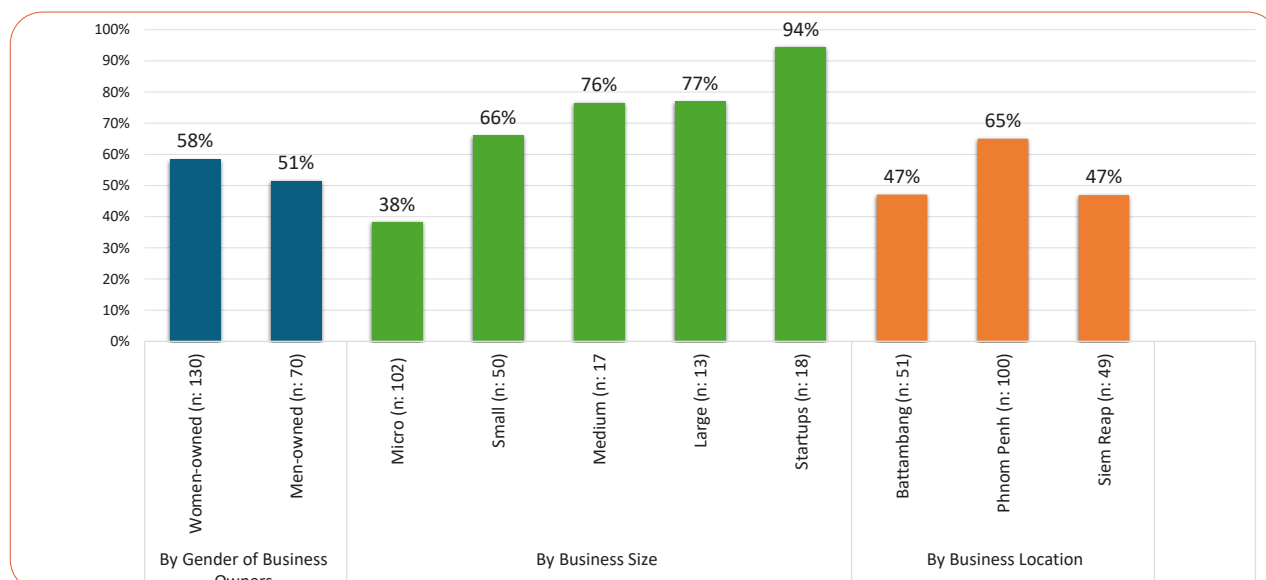


Figure 32 Technical assistance received by gender, size, and location of business. Source: Field interviews.

The main form of technical assistance received by both women-owned and men-owned enterprises is training and workshops, which cover topics such as business management, business operations, human resource management, financial management, and others. Other forms of technical assistance that enterprises receive are leadership training, coaching, and mentoring, which help them develop their skills and confidence; technical support for production, which helps them improve their quality and efficiency; entrepreneurship courses, which help them foster innovation and risk management; market and industry studies, which help them understand their customers and competitors; business incubation and start-up assistance, which help them launch and grow their businesses; and gender-related guidance and training, which help them address gender issues and promote gender equality. Additionally, some enterprises also receive support for business plan development, business model development, financial bookkeeping, digital marketing and digital literacy, and property management, which help them enhance their performance and profitability.

Training and workshops were the main technical assistance received by micro, SMEs, large enterprises, and startups, in the target areas of the study. Technical assistance on leadership, mentoring, and coaching were reported to be higher among enterprises in Phnom Penh and Siem Reap than those in Battambang. In Battambang, enterprises participate more in technical support for production. This could be because interviewed enterprises in Battambang are more likely to be involved in agro-processing and agriculture.

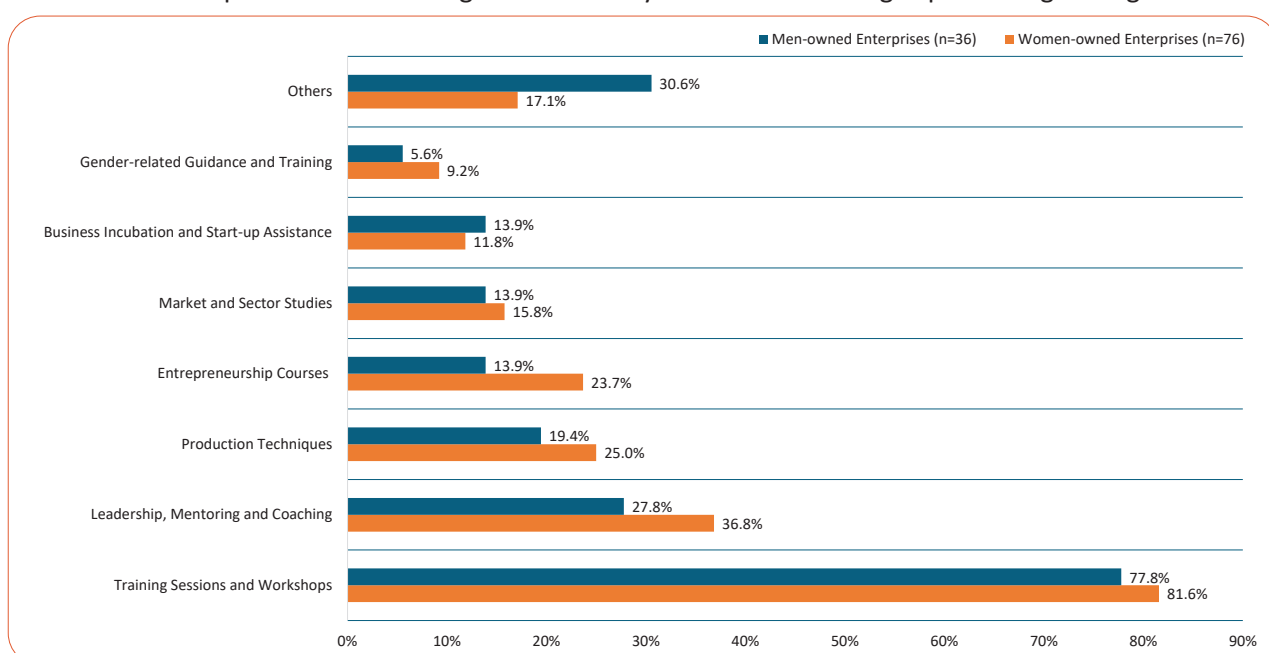


Figure 33 Types of technical support received by gender of business owners. Source: Field interviews.

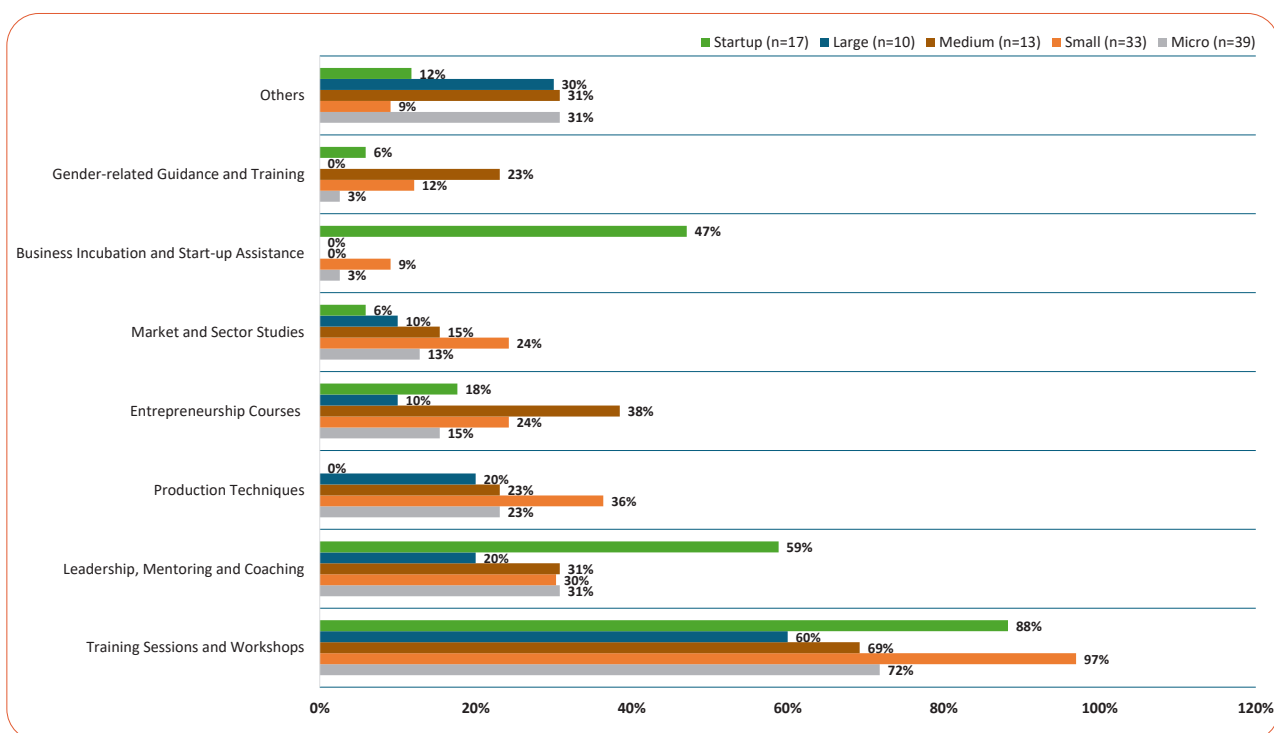


Figure 34 Types of technical support received by business size. Source: Field interviews.

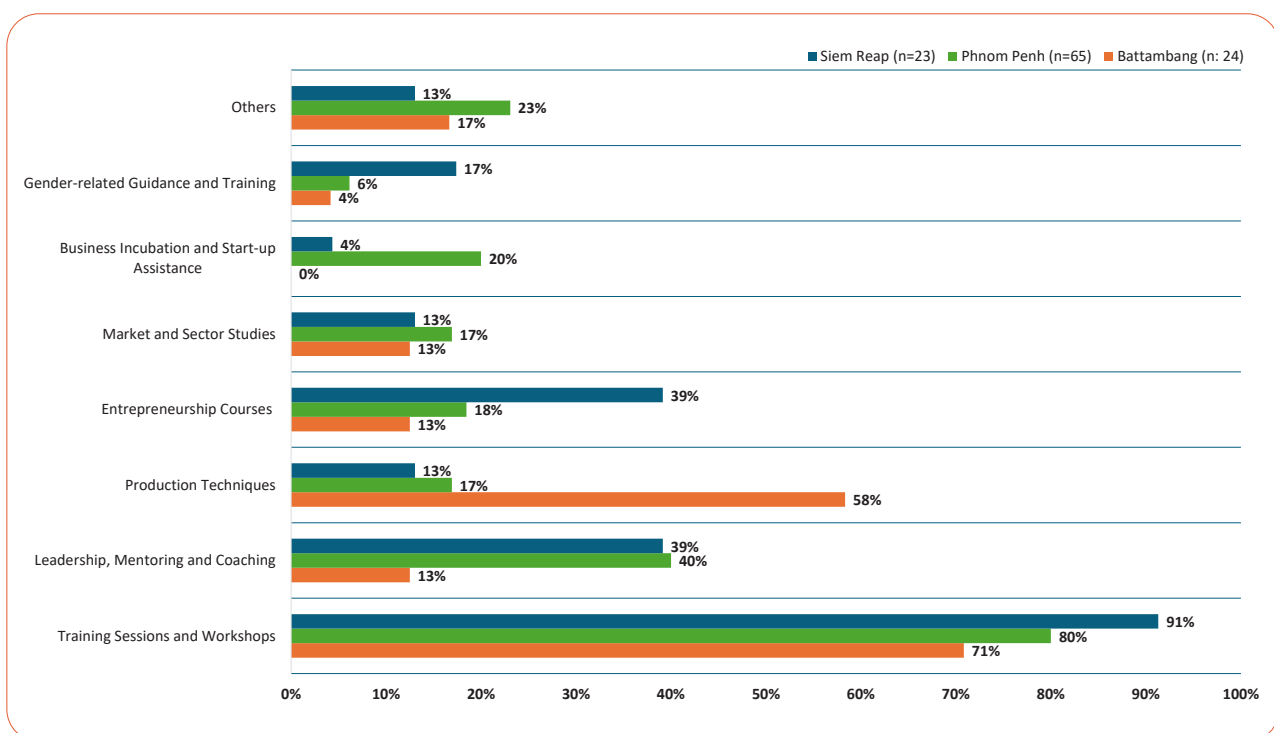


Figure 35 Type of technical support received by business location. Source: Field interviews.

Looking at the percentage of enterprises receiving support from various stakeholders, it reiterates the finding that women-owned enterprises located in Phnom Penh receive the largest share of technical assistance. The largest share of this support comes from business associations²⁴ followed by government agencies. This could be because of the government's priority to formalize unregistered businesses as well as due to the city's concentration of these organizations. The National Strategy for Informal Economic Development 2023-2028 (RGC 2023c) aims to provide increased government support to where the majority of women entrepreneurs are concentrated, to encourage them to formalize their businesses.

Based on the size, micro and small enterprises also tend to receive more support from ESOs, while small enterprises tend to receive more support from business associations. Start-ups, however, received more support from DPs and INGOS.

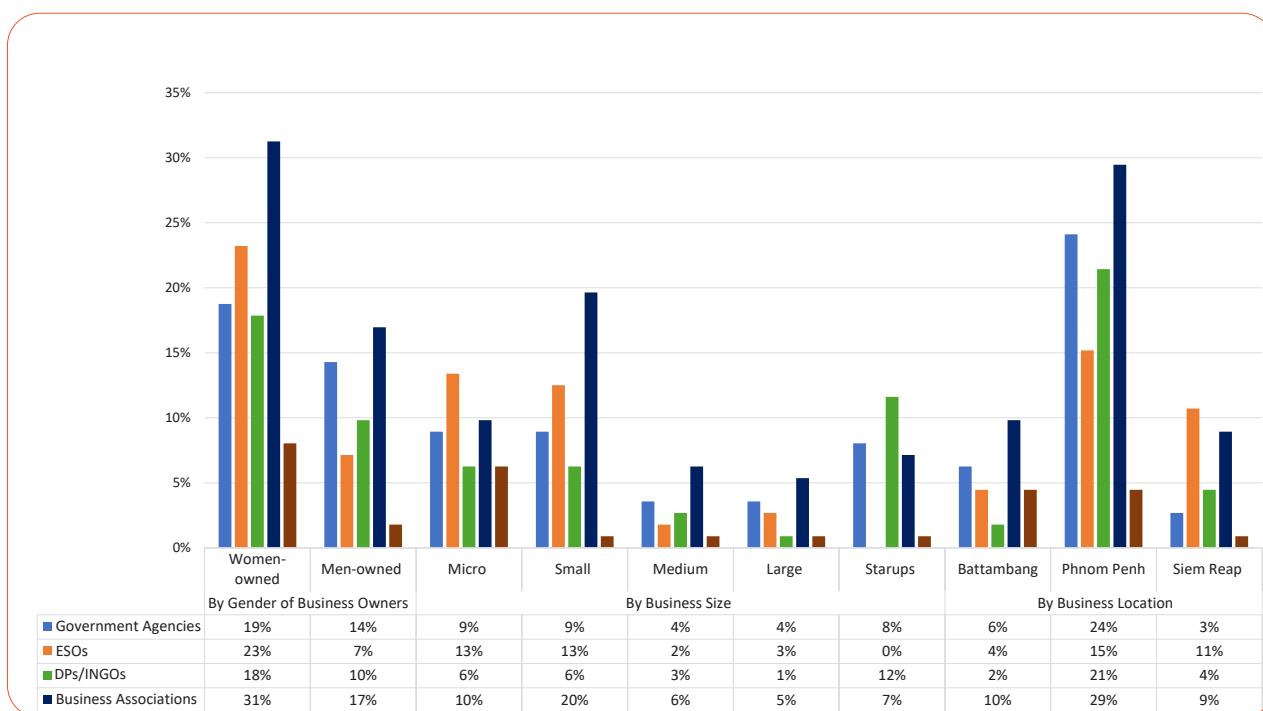


Figure 36 Percentage of enterprises receiving support from various stakeholders. Source: Field interviews.

3.6.2 Technical Assistance Needs

The study aimed to identify the areas where women-owned and men-owned enterprises require support to enhance their business performance and competitiveness. The support is categorized into three main domains: Financial Facilitation, Skills, and Market Access. Enterprises interviewed express a critical need for technical assistance, particularly in light of the challenges posed by the COVID-19 pandemic and the economic downturn.

²⁴ Since most of the MSMEs were contacted through the directory of various business associations, this could reflect on why the sample size shows prominence of business associations in terms of support received.

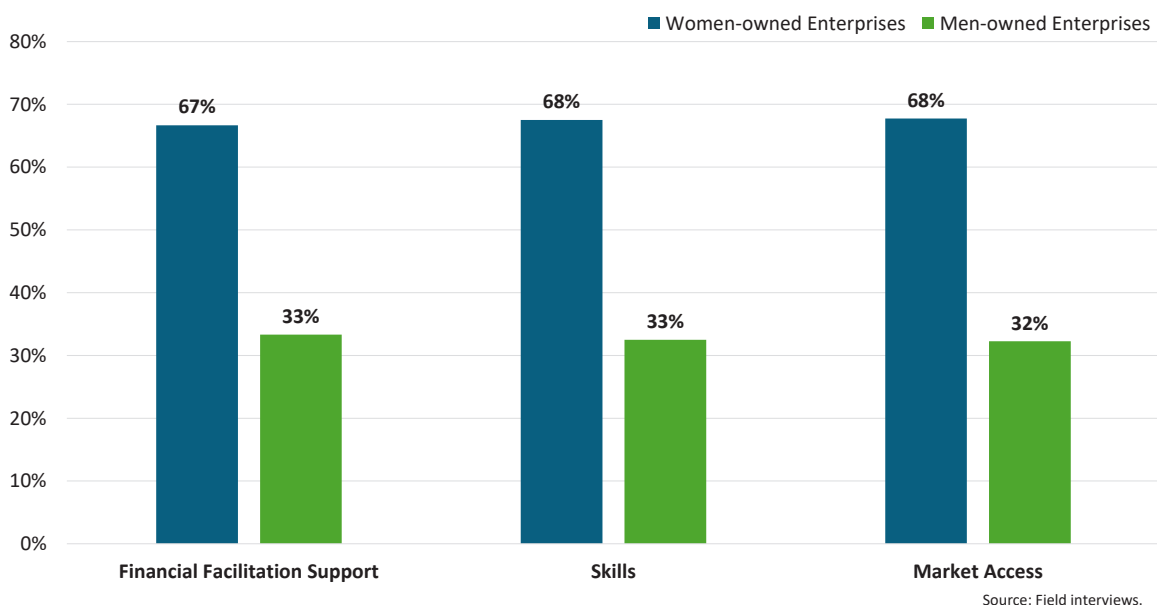


Figure 37 Technical assistance needs demanded by the gender of business owners. Source: Field interviews.

The study reveals a significant difference between the needs of women-owned and men-owned enterprises, with women-owned enterprises consistently reporting higher demand for support across all domains. This suggests that women entrepreneurs face more challenges and barriers than men entrepreneurs in accessing finance, developing skills, and reaching markets.

Financial Facilitation support includes access to low-interest rate loans, flexible loan terms, purchase on credit from suppliers, access to grants, and access to investments. These types of support can help enterprises overcome liquidity constraints, reduce financial risks, and increase their capital base. According to the survey, 67% of women-owned enterprises mentioned that they need financial facilitation support, compared to 33% of men-owned enterprises. This indicates that women-owned enterprises have more difficulties in obtaining adequate and affordable financing than men-owned enterprises.

Skills support includes capacity building on business operations, financial management, human resource management, and marketing, as well as assistance with new technologies for material innovation and transitioning to e-commerce. These types of support can help enterprises improve their efficiency, productivity, quality, and innovation. Similarly, 68% of women-owned enterprises mentioned also that they need skills support, compared to 33% of men-owned enterprises implying that women-owned enterprises have more gaps in their skills and knowledge than men-owned enterprises. Women entrepreneurs also specifically emphasized the need to develop interpersonal and digital skills.²⁵

Market Access support includes networking with potential customers and access to both local and international markets. These types of support can help enterprises expand their customer base, diversify their markets, and increase their sales and profits. According to the survey, 68% of women-owned enterprises mentioned that they need market access support, compared to 32% of men-owned enterprises. This suggests that women-owned enterprises have more challenges and opportunities in accessing and penetrating markets than men-owned enterprises.

²⁵ Focus group discussions with women entrepreneurs Battambang and Siem Reap.

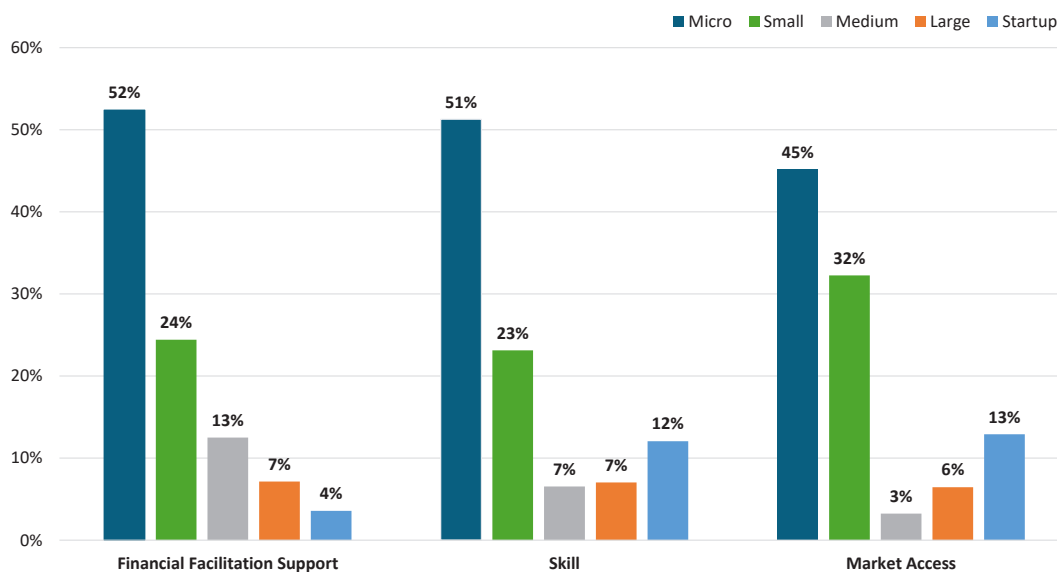


Figure 38 Technical assistance needs by business size. Source: Field interviews.

The study shows a clear trend regarding enterprise size and their demand for support. Micro and small enterprises consistently express a higher need for assistance across various areas. Specifically, 52% of micro-enterprises and 24% of small enterprises indicated that they require financial facilitation support, compared to 13% of medium enterprises, 7% of large enterprises, and 4% of startups. Similarly, 51% of micro-enterprises and 23% of small enterprises needed skills support, while only 7% of medium enterprises, 7% of large enterprises, and 12% of startups required this assistance. These findings indicate that micro and small enterprises face greater challenges in accessing affordable financing and have more gaps in skills and knowledge, as well as more difficulties accessing and entering markets compared to medium, large, and startup enterprises.

So far, most enterprises acknowledge that the training and workshops they receive are in line with what they need. According to interviews with stakeholders, other types of support that enterprises need include education on digital literacy and digital marketing, support in accessing markets, and access to finance. Some programs facilitate enterprises in accessing finance by linking enterprises to FIs or investors. In addition, the government-owned SME Bank and Credit Guarantee Corporation of Cambodia (CGCC) also developed financial products tailored to women-owned enterprises, aiming to unlock the challenges women face in access to finance, and addressing collateral and high-interest rate issues. However, not many enterprises have utilized such benefits given their limited access to information and limited geographical focus (branches).²⁶

²⁶ FGDs with women entrepreneurs in Siem Reap and Battambang.

Technical Assistance Offered by Government Agencies, DPs/INGOs, ESOs

| No. | Actors | Technical Assistance Offered |
|-----|-------------------------------|--|
| 1 | Government Agencies | <ul style="list-style-type: none"> Training Networking opportunities Pitching |
| 2 | DPs and INGOs | <ul style="list-style-type: none"> Training Facilitate access to finance. Market access Networking opportunities |
| 3 | ESO and Business Associations | <ul style="list-style-type: none"> Training Pitching Mentoring and coaching Networking opportunities Business matching and market access Facilitate access to finance (information sharing, connecting to funders, and/or support in the development of financial documents) |

Source: Interviews with relevant stakeholders.

3.7 ADDRESSING HURDLES AND STRATEGIC INITIATIVES

This section analyzes the challenges faced by enterprises, market actors, and ecosystem builders including ESOs, Business Associations, FIs, and Investors, and what can be done to overcome the hurdles.

3.7.1 Enterprises

Challenges in doing business reported by the interviewed enterprises include limited business management and leadership skills, limited access to markets, limited access to information, and difficulties in accessing both loans and equity financing. The difficulties in accessing loans from FIs are caused by collateral and high-interest rate issues. Another barrier is the complex application process as enterprises, mainly women-owned enterprises, find it hard to fulfill FIs' procedure requirements (SHE Investments 2022). On the other hand, challenges faced by enterprises in accessing equity financing, result from the lack of information and connection to investment firms, limited knowledge of investment and how to deal with the investors, and concerns about the partnership, among other issues.

Other reported challenges include a lack of government incentives for GLI enterprise, a lack of financial support for GLI enterprise, and a lack of investment vehicles for GLI enterprise. There are also some enterprises that, in practice, do not consider any gender lens as they do not perceive the benefits of doing so. Thus, it is necessary for enterprises to first understand the gender lens and the benefits of incorporating the gender lens in their businesses.

Lack of GLI awareness remains the key underlying cause for the various challenges in adopting GLI as reported by 53% of the total interviewed women-owned enterprises and 50% of the total interviewed men-owned enterprises. 21% of women-owned and 13% of men-owned enterprises reported gender stereotypes and social norms as another key underlying cause.

3.7.2 Market Actors and Ecosystem Builders

Development Partners and International Non-Governmental Organizations

According to the KIIs and consultation workshops with DP's and INGOs in Cambodia, there is noticeably low awareness of the GLI concept and terms except for a few gender-oriented tools. DPs and INGOs have different gender criteria such as Gender Equality and Social Inclusion (GESI), Gender, Youth, and Social Inclusion (GYSI), and Gender Equality, Disability and Social Inclusion (GEDSI). However, the lack of understanding of the nuances of the different criteria can also create confusion.

Therefore, DPs and INGOs can facilitate the creation of a network among ESOs for knowledge sharing that promotes collaboration and collective learning, enhancing the overall impact of gender-inclusive initiatives. Facilitating connections between investment firms, FIs, GLI enterprises, and ESOs enhances networking opportunities. Exploring and providing financial support for firms committed to GLI and facilitating the scaling of gender-inclusive practices is crucial.

Exploring and providing financial support opportunities for organizations committed to advancing GLI can help implement and scale gender-inclusive programs effectively. Furthermore, actively contributing to the development of successful case studies, stories, and economic analyses that highlight the positive outcomes of incorporating GLI serves as a powerful tool to inspire other organizations to embrace gender-inclusive practices.

Entrepreneur Support Organizations

Many ESOs still do not integrate a gender lens into their programs or investment strategies and decisions. Common reasons include lack of awareness of GLI concept, lack of success stories on GLI enterprises, lack of gender expertise, lack of access to gender tools, and limited financial resources to adopt GLI.

To effectively promote GLI within their activities and programs, ESOs and business associations are encouraged to adapt and improve existing GLI tools, aligning with their initiatives. They should consider seeking technical assistance from gender experts through the Government, investment firms, DPs, INGOs and local NGOs and other supporting stakeholders and platforms to integrate gender considerations into their programs. ESOs would then be enabled to provide coaching, mentoring, or other technical support offerings, empowering enterprises to foster diversity and inclusivity.

To enhance gender diversity within incubation and acceleration programs, ESOs should also actively increase the participation of women. Establishing dedicated mentoring platforms focusing on gender inclusivity, diversity, and the implementation of gender-related Key Performance Indicators (KPIs) and track performance outcomes of incorporating GLI of cohort members, further contributes to the success of GLI initiatives.

Through these concerted efforts, ESOs play a pivotal role in driving the adoption of GLI, contributing to a more inclusive and diverse entrepreneurial landscape.

Financial Institutions

According to the interviews with FIs, it was also noted that there is a perception, that lending to women is less risky than men. However, FIs face several challenges in designing and offering products to women, especially women in business primarily due to the lack of data on the needs and capacity of women entrepreneurs, making it difficult for FIs to develop suitable products for women. Furthermore, as reported by an interviewed FI, women are likely to let their spouses or male counterparts deal with FIs, especially for complex procedures or situations.

Advancing GLI in FIs involves strategic initiatives. Alignment for the definition of GLI among FIs will be important for the future adoption of GLI approaches. Customizing GLI tools to align with specific lending requirements and acknowledging the need for tailored approaches is key. Incorporating training to enhance awareness and sensitivity on gender, as well as ensuring access to gender expertise for effective integration into practices, is important.

Investment Firms

One of the challenges of investment firms is the visibility of GLI enterprises. GLI enterprises do not have sufficient perspectives for or lack of investment readiness, especially among women-owned enterprises. Although most businesses in Cambodia are women-owned enterprises, they are mainly at the micro and small scale, and most of them are at the early stage which, to some extent, does not meet investment requirements. Investors' criteria focus on formal businesses that possess good governance policies, business models, profitability, structured teams, and to some extent, social, and environmental impact, and gender policies to attract impact investors.

As a result, most enterprises, let alone GLI enterprises, find it hard to fulfill the requirements. Local investors who were interviewed admitted that it was difficult to find GLI or women-owned enterprises that are investment ready. This is reiterated by the regional investors who claimed the same challenge. Thirdly, limited options for exit strategies are another challenge raised by investors. However, it is not a particular challenge for investing in GLI enterprises but one of the barriers to attracting more investment in Cambodia. Unlike other countries, there are only a few exit options in Cambodia, either buyback by the investees or trade sales. Fourth, the lack of sufficient data is another constraint for investing in GLI enterprises. Lastly, investors find it challenging to integrate GLI as it requires an intensive workload and resources to do it.

When data-driven analysis plays a key role in investment decision-making and investment vehicles, there is a lack of data to track GLI enterprises.

Therefore, similar to FI's, advancing GLI in investment firms also involves strategic initiatives including alignment of definition, customization of GLI tools, and investment criteria. Providing coaching, mentoring, or technical support to guide teams in integrating, analyzing, and tracking gender KPIs is also recommended. Disseminating information on financial instruments tailored for GLI enterprises will also empower informed decisions. Lastly, developing blended finance mechanisms to tailor financial products targeting GLI enterprises will also be important.

3.8 OPPORTUNITIES FOR INCORPORATING GENDER LENS INVESTING

At the macro level, gender is on the government's agenda and women are recognized as the backbone of the economy. Given that one of GLI's key components focuses on women-owned or led businesses, the predominance of women-owned enterprises in Cambodia creates the market opportunity for investing with a gender lens while also supporting and enhancing of resilience of women-owned businesses. Moreover, there are untapped market opportunities for financing in the country. As illustrated above, the financial needs in Cambodia are around US\$10.5 billion of which US\$6.4 billion are faced by women-owned businesses. In addition, the Royal Government of Cambodia (RGC) passed the Investment Law (2023), which provides incentives and develops business support to attract more investment and promote business resilience in the country.

At the meso level and given the global and regional trends on the gender lens and requirements from funders, most Cambodia-based ESOs and investors expressed their interest in applying GLI in the future. A few ESOs and investors have been applying GLI. As reported by the investment firms interviewed, it is the required efforts and resources needed to implement GLI at the initial stage that they need to develop the gender framework and train their investment team to incorporate the concepts and KPIs into the analysis. However, investors bear it only at the initial stage of the implementation.

At the micro level, there is an increasing awareness of the importance of gender-inclusiveness and diversity in business. Both women and men entrepreneurs perceive that gender-inclusive and diversity practices in their enterprises have a positive correlation with business growth and social impact. Promoting gender diversity in the workplace contributes to the reduction of domestic violence, migration, and gender discrimination. Furthermore, it is recognized by some entrepreneurs to have a positive relationship with branding, increasing labor productivity which, in turn, leads to business growth. The National Strategy for Informal Economy (2023-2028) also presents a big opportunity for MSMEs to formalize their businesses.





CHAPTER 4

Recommendations and Conclusion



In Cambodia, as mentioned, GLI faces several key challenges. These are further analyzed, aimed at understanding the underlying causes. One key underlying cause for the challenges is the limited understanding of GLI's concept and procedures, stemming from a lack of awareness among ecosystem actors. Another obstacle lies in the lack of successful case studies or stories, attributed to insufficient documentation and dissemination of GLI success stories. The shortage of gender experts within teams reflects a lack of recruitment and training initiatives focusing on building gender expertise. Moreover, the limited promotion of the gender lens among enterprises indicates a lack of outreach and advocacy efforts. Furthermore, the absence of GLI policies underscores the need for regulatory frameworks and governance structures to support GLI initiatives. Furthermore, there is also a need for innovative tailored products to support enterprises from regional GLI vehicles. Insufficient support for GLI businesses points to the necessity for mentorship and networking opportunities to establish robust support systems. Finally, the influence of cultural and social norms on GLI initiatives underscores the importance of inclusive and empowering approaches to overcome such barriers. Efforts to address these challenges are vital for fostering the effective promotion, integration, and implementation of GLI in Cambodia.

4.1 RECOMMENDATIONS

A pain point analysis²⁷ exercise revealed 12 key recommendations for the GLI ecosystem. This analysis examined: overarching challenges mentioned by the enterprises and ecosystem actors and underlying causes that affect service orientation or provision. The resulting recommendations address the underlying causes to ensure systemic change. The recommendations below include potential actions for the entrepreneurial ecosystem and are further detailed in detailed in Annex 8.

1 Development of a GLI Strategy:

Establish a strategic roadmap for GLI initiatives, ensuring a systematic and coordinated approach towards common goals. Integrate findings and results from the GLI landscape study into the ongoing work on the Cambodia entrepreneurial ecosystem roadmap, which is being developed under the 3Ei initiative and other roadmaps to enhance effectiveness.

2 Establishing a Coordination Platform:

Foster collaboration among diverse stakeholders by establishing a platform for communication and collective actions, reducing duplication of effort, and maximizing impact in advancing GLI in Cambodia. This platform could be part of the Give A Day entrepreneurial ecosystem community.

3 Mentorship Platform:

Create networks and mentorship programs to facilitate knowledge exchange and support for enterprises adopting GLI principles, building expertise, and fostering a supportive ecosystem.

4 Technical Assistance to Incorporate GLI in Programs:

Provide organizations with technical support to effectively integrate GLI into their programs, ensuring the implementation of gender lens strategies and maximizing positive outcomes. This includes technical assistance for enterprises, ESOs, investors, and FIs to incorporate GLI.

²⁷ For the detailed challenge and underlying cause analysis, please refer to Annex 8.

5 GLI Specialized Training Programs:

Offer specialized training programs to enhance understanding, skills, and commitments to GLI among individuals and organizations, empowering them to actively adapt, engage in, and promote GLI.

6 Framework on Data Collection on GLI-Related Indicators:

Develop a standardized framework for consistent and meaningful data collection on GLI initiatives, enabling stakeholders to measure impact and identify areas for improvement.

7 Support to Develop and Utilize Existing GLI Tools and Resources:

Develop and provide access to specialized tools and resources for practical integration of GLI principles, offering assistance to enterprises and stakeholders in adopting gender-inclusive practices.

8 Increase Awareness of Gender Lens and GLI Policy/Strategy:

Raise awareness among stakeholders, including enterprises, about the importance of GLI, promoting widespread adoption and implementation.

9 Integrate Gender Considerations into Business-Related Policies:

Advocate for the integration of gender considerations into business-related policies, shaping behavior to promote gender equality and contribute to a more inclusive and equitable business environment.

10 Blended Finance to Structure Innovative Finance to Tailored Financial Products Targeting GLI Enterprises:

Leverage various sources of capital providers/funders such as grants, first loss, technical assistance, and guarantees to create blended finance solutions for GLI enterprises to access.

11 Support for GLI Enterprises to Become Investment-Ready and Enhance Enterprises' Capacity and Scalability:

Provide technical assistance, mentorship, and facilitation for access to markets and networks for GLI enterprises to expand their customer base and revenue streams as well as access GLI investment fund.

12 Promote Successful Case Studies or Stories to Showcase Tangible Benefits and Outcomes to Inspire and Guide Others to Integrate GLI, including Role Models:

Document and disseminate the stories and achievements of GLI enterprises and their beneficiaries, highlighting the GLI role models and champions who can inspire and influence others.

4.2 MACRO-LEVEL ACTIVITIES TO INCREASE GENDER LENS INVESTING

4.2.1 Regional Funds²⁸

Several strategic actions can be undertaken to attract regional funds that support GLI. Firstly, there is a need to enhance investment protection by focusing on the implementation of regulations that safeguard the interests of investors. This involves ensuring political and economic stability within the region and actively cultivating a dynamic environment by attracting and retaining young, talented professionals. Secondly, building and strengthening the investment pipeline is crucial, emphasizing the importance of investment readiness and showcasing compelling opportunities for potential investors. Thirdly, the implementation of incentive schemes aligned with the goals of GLI can catalyze attracting regional funds. Moreover, diversifying the regional fund's portfolio by developing more investment options, such as the utilization of tools like the "Fund Unit" Prakas in Cambodia, can broaden the appeal to investors. Lastly, providing multiple and viable exit options is essential to facilitate smooth and profitable exits for investors, contributing to the overall attractiveness of the regional fund. The goal of these targeted efforts is to create an environment that not only attracts regional funds but also aligns them with GLI principles, fostering a more inclusive and diverse investment landscape.

4.2.2 Local Funds²⁹

To mobilize local funds for GLI, a strategic set of actions can be implemented. Firstly, it is essential to promote GLI awareness among local investment firms. This involves creating targeted awareness campaigns and providing educational resources to familiarize local investment entities with the principles and benefits of GLI. Secondly, showcasing successful GLI case studies, stories, and economic cost-benefit analyses can serve as powerful tools to inspire confidence and encourage local investment firms to embrace GLI initiatives.

A proactive approach involves establishing a pilot fund from government or DPs specifically designed to support local investment firms to invest in GLI enterprises. Drawing inspiration from successful models, such as the DFAT-supported Sweef Capital during the initial stages of GLI implementation, can demonstrate the feasibility and positive impact of such initiatives.

Moreover, actively promoting the adoption of GLI and encouraging local investment firms to participate in initiatives like the 2X Challenge can facilitate easier fundraising efforts. Incentivizing investment in GLI enterprises through tailored schemes and benefits is another crucial step to attracting local funds.

Ensuring the availability of more exit options for investors is vital for the success of GLI initiatives. This involves developing strategies and mechanisms that provide flexibility and profitability in exiting investments made in gender-inclusive enterprises. Through these targeted actions, local funds can be effectively mobilized for GLI, fostering a supportive and inclusive financial landscape at the local level.

²⁸ Regional funds are defined as funds that are available in the region however are not targeted at Cambodia specifically.

²⁹ Local funds refer to the funds that have a geographic focus on Cambodia or has an office/team based on Cambodia.

4.3 CONCLUSION

While GLI is still a nascent concept in Cambodia, there is significant untapped potential and promising indications for its growth. Some DPs and INGOs have adopted gender equality and social inclusion (GESI), gender and youth social inclusion (GYSI), and gender equality and social diversity and inclusion (GESDI), among other terms, reflecting a growing interest in these principles. Several ESOs and investors in Cambodia are beginning to implement GLI and adhere to the 2X Criteria.

The study highlights the presence of existing and potential GLI enterprises in Cambodia. Some male-owned enterprises naturally integrate GLI principles by emphasizing gender diversity and inclusion within their workforce and value chain. The country presents various opportunities for GLI implementation, particularly since gender equality is a priority on the government's agenda and women are recognized as fundamental to the economy. Additionally, there are significant untapped market opportunities for financing in Cambodia.

Estimates suggest that Cambodia faces financial needs of approximately US\$10.5 billion, with women-owned enterprises experiencing a higher gap of around US\$6.4 billion compared to men-owned enterprises, which face a need of about US\$4.1 billion. Considering global and regional trends towards GLI and requirements from funders, many ESOs and investors in Cambodia express interest in adopting GLI in the future. Moreover, there is a growing awareness of the importance of gender inclusivity and diversity in business.

Integrating GLI principles into businesses not only enhances their brand but also generates a positive societal impact by providing women with opportunities and enhancing their knowledge, skills, and confidence. This economic empowerment enables women to play a more significant role in family decision-making.

However, implementing GLI in Cambodia faces challenges. There is a lack of awareness about GLI among enterprises, policymakers, ESOs, FIs, and investors. Social and cultural norms also pose barriers to promoting gender lenses. The absence of successful case studies or stories, GLI tools, tracking data on GLI enterprises, government incentives for GLI businesses, and investment readiness for GLI are challenges for wider GLI adoption. Both male and female entrepreneurs require technical assistance to operate and grow their businesses, including support for skills development, market access, and facilitation of access to finance.



APPENDICES

1. ACRONYMS

| | |
|---------|---|
| AUM | Assets Under Management |
| BoD | Board of Directors |
| CamWEN | Cambodia Women Entrepreneurship Network |
| CBC | Credit Bureau of Cambodia |
| CGCC | Credit Guarantee Corporation of Cambodia |
| CWBF | Cambodia Women Business Federation |
| CWEA | Cambodia Women Entrepreneurs Association |
| DP | Development Partner |
| ESG | Environmental, Social and Governance |
| ESO | Entrepreneur Support Organizations |
| EDF | Entrepreneurship Development Fund |
| FASMEC | Federation of Associations of Small, and Medium Enterprises of Cambodia |
| FGD | Focus Group Discussion |
| FI | Financial Institution |
| GDP | Gross Domestic Product |
| GESDI | Gender Equality, Diversity, and Social Inclusion |
| GESI | Gender Equality and Social Inclusion |
| GYSI | Gender, Youth and Social Inclusion |
| GLI | Gender Lens Investing |
| ICT | Information and Communication Technologies |
| IDP | Industrial Development Policy |
| IFC | International Finance Corporation |
| INGO | International Non-governmental Organizations |
| KII | Key Informant Interview |
| MEF | Ministry of Economy and Finance |
| MISTI | Ministry of Industry, Science, and Technology |
| MoC | Ministry of Commerce |
| MoWA | Ministry of Women's Affairs |
| MSME | Micro, Small, and Medium Enterprise |
| NIS/MoP | National Institute of Statistics/Ministry of Planning |
| RGC | Royal Government of Cambodia |
| SDF | Skills Development Fund |
| SDG | Sustainable Development Goal |
| SERC | Securities and Exchange Regulator of Cambodia |
| SME | Small and Medium Enterprise |
| SPF | the Sasakawa Peace Foundation |
| UN | United Nations |
| WEE | Women's Economic Empowerment |
| YEAC | Young Entrepreneurs Association of Cambodia |

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3. GLOSSARY

3.1 Startup

There is no single definition for startups. Startup is defined as “a human institution designed to create a new product or service under conditions of extreme uncertainty” (Ries 2011, 27) and an organization with a “repeatable and scalable business model” (Blank and Dorf 2012).

The Digital Economy and Society Policy Framework (2021-2035) of Cambodia defines startup as an “institution or the process of establishing and managing business which harnesses the innovations in establishing business models under unclear conditions with higher risks, but with great potentials to rapidly grow” (RGC 2021, p. 119).

3.2 MSMEs

The SME Development Framework (RGC 2005) defines MSMEs based on the number of employees and assets, excluding land.

| | Micro | Small | Medium | Large |
|-----------------------|-------------------|----------------|----------------|--------------------|
| Number of employees | Less than 10 | 10 – 50 | 51 - 100 | More than 100 |
| Assets excluding land | Less than US\$50K | US\$50K – 250K | US\$250K– 500K | More than US\$500K |

3.3 2X Criteria

2X Criteria



| | | Threshold |
|-----------------|--|---|
| Direct Criteria | 1 Entrepreneurship | 1A. Share of women ownership 51% OR 1B. Business founded by a woman Y/N |
| | 2 Leadership | 2A. Share of women in senior management 30% OR 2B. Share of women on the Board or IC 30% |
| | 3 Employment | 3A. Share of women in the workforce 30 - 50%* AND 3B. One “quality” indicator beyond compliance Y/N |
| | 4 Consumption | 4. Product or service specifically or disproportionately benefits women Y/N |
| Indirect | 5 Investments through Financial Intermediaries (FIs) | 5A. On-Lending facilities: Percent of the Investor/FI loan proceeds or percent of FI's portfolio supporting businesses that meet direct criteria 30% OR 5B. Funds: Percent of portfolio companies that meet the direct criteria 30% |

*sector-specific thresholds

Sector-Specific Thresholds

| 3.A Women in the Workforce* | | |
|-----------------------------|---|-----|
| Grp. | Sector | % |
| Low | Infrastructure, Power, Telecoms | 30% |
| Mid | Financial Services, Manufacturing – Heavy, Agribusiness & Food, Professional Services | 40% |
| High | Healthcare, Education, Consumer Services, Manufacturing – Light ¹ | 50% |

*Room for judgement: Investees in unique sectors or geographies may require case-by-case consideration.

4. CAMBODIA'S POLICIES AND REGULATIONS

4.1 Overarching Policies and Strategies

Cambodia Labor Law

The Labor Law (1997) governs the relations between workers and employers resulting from employment contracts. The Labor Law is aware of women's needs and interests through its provision on non-discrimination against sex and other attributions (Article 12). Female workers benefit from separate provisions on maternity and breast-feeding leave (Articles 182-187).

Rectangular Strategy and National Strategic Development Plan

The Rectangular Strategy (RS) for Growth, Employment, Equity and Efficiency is the primary socio-economic policy agenda of the RGC. The RS Phase IV (2019-2023) recognizes that "women are the backbone of the economy and society" (p. 37). The RS' commitment has been responsive to women through promoting women entrepreneurship and investing in gender equity to increase social morality and values of women (RGC 2018a). As one of the most important policies of the RGC, the National Strategic Development Plan (NSDP) is the roadmap for the implementation of the RS. Gender equality promotion and women's empowerment are addressed in the NSDP 2019-2023. Particularly in private sector development and employment, it aims to provide a conducive environment for women-led SMEs and female employment through strengthening the creative, innovative, and inclusive entrepreneurial and business development services; developing technical and vocational skills in response to market demand, developing the National Entrepreneurship Fund and Center for Entrepreneurship Development tailored for gender equality (RGC 2019a).

Pentagonal Strategy Phase I

The Pentagonal Strategy Phase I for Growth, Employment, Equity, Efficiency and Sustainability is the initial and foundational stage of the Cambodian government economic policy agenda for national development towards 2050. One of the main pentagonal strategies is "Resilient, Sustainable and Inclusive Development" in which gender equality and women's empowerment are among the key focuses. The strategy aims to endorse diversification within Cambodia's labor force by increasing women's capacity in technical skills, developing women MSMEs and increasing gender-related investments. Through investments, the strategy aims to promote and increase gender-centric investments for women and girls in "the economy, education, health and public leadership" (RGC 2023). The Pentagonal Strategy, officially launched in August 2023, outlines the most important national strategy and roadmap for implementation across the RGC. It is developed as the next phase after the completion of the government's Triangular Strategy and Rectangular Strategy.

Industrial Development Policy 2015-2025

The Industrial Development Policy (IDP) (2015-2025) aims to enhance SMEs' capacity to link up with large enterprises and foreign direct investment (FDI), develop and modernize SMEs, and improve the legal environment for competitiveness. It also aims to form clusters and to promote entrepreneurship, productivity, creativity, innovation, and specialization through the introduction and implementation of a comprehensive package (RGC 2015a).

National Employment Policy

National Employment Policy (2015-2025) aims to improve the living standards and dignity of Cambodians through enhancing decent and productive employment opportunities, skills and human resource development, and labor market governance. The commitment has been responsive for women through gender disaggregation in monitoring targets for decent and productive employment (RGC 2015b).

4.2 Sectoral Policies and Strategies

Neary Rattanak V

Neary Rattanak V (2019-2023), a five-year strategic plan promoting gender equality, is the most relevant government strategy addressing issues related to women's empowerment. Women's economic empowerment (WEE) is identified as one of the five strategies of the Neary Rattanak V. The strategy targets the improvement of women's economic status through strengthening the policy framework and investing in women, expanding opportunities and the enabling environment for innovative entrepreneurship for women-led business, and supporting skills development for women in the era of digital economy. Moreover, it aims to promote and support women's activities in the informal economy, provide safe and friendly environments, and expanding economic opportunities in the community, including access to affordable financial services for vulnerable women (MoWA 2020).

Small and Medium Enterprise Development Framework (Draft)

The Small and Medium Enterprise (SME) Development Framework produced a roadmap for the development of the SME sector in 2005-2010. The Framework is deemed as a mechanism to create a conducive business environment, leading to a competitive SME sector contributing to the creation of quality employment and improving the range of goods and services (p. 8). Women entrepreneurs are encouraged to participate as representatives of the formal and informal private sector following consultation among other stakeholders (p. 12). This was done by having women entrepreneurs as private sector representatives to present at the consultation (Government-Private Sector Forum), providing them with the opportunity to raise concerns to the attention of the RGC and donors.³⁷ To empower SMEs, support activities are needed through business development services, access to markets, technology and human resource upgrading, and linkages through local and international networking.

National Strategy for Informal Economy

National Strategy for Informal Economy (2023-2028) outlines the RGC's strategic plan to formalize informal businesses with the aim to facilitate their entry and transition into formal system, incentivize them to enter the system, protect and maintain them in the system and promote government's policies and strategies to provide benefits and protection to those enterprises. Through this, the RGC aims to create a free inter-development system for smooth, sustainable and efficient transition of informal businesses. To accomplish that, the RGC will provide more incentives to informal enterprises including exemptions on many relevant service fees and penalties, more social security benefits to protect and ensure the livelihoods of informal enterprises' owners and capacity building of informal enterprises. The government will also actively advertise and promote government policies, strategies and benefits of entering formal economy and promote stakeholders' participation in this campaign (RGC, 2023). The strategy has no specific indication of gender.

³⁶ The Framework does not outline the process or procedure at the policy level, but somehow reflected in practice.

National Strategy for Financial Inclusion

The National Strategy for Financial Inclusion (2019 – 2025) aims to increase financial inclusion from 59 per cent to 70 per cent. It addresses not only access to finance for MSMEs, but also gender issues, with a specific goal to reduce the share of women who have not accessed financial services from 27 per cent to 13 per cent by 2025. The strategy focuses on six priority areas: (1) promoting savings, (2) promoting innovative lending products to MSMEs, (3) expanding payment system capacity, (4) expanding insurance markets, (5) strengthening the capacity of regulators, and (6) increasing consumer protection and transparency (RGC 2019b).

Financial Sector Development Strategy

The Financial Sector Development Strategy 2016-2025 aims at “achieving a sound, efficient, and inclusive market-based financial system that broadly fulfils domestic demand for financial services” (RGC 2016, p.1). The strategy also aims to enhance sustainable economic growth and improve living standards for Cambodians.

Prakas on Public Offering of Equity Securities

The Prakas on Public Offering of Equity Security aims to provide financial options to SMEs. The Prakas allows SMEs to raise capital through an Initial Public Offering (IPO) in the stock exchange. The required listing criteria for SMEs is lower than that of large companies (SECC 2015). The criterion for SMEs consists of having a business record for at least one year, an audited financial report for at least one year, a minimum capital (shareholder’s equity) of at least US\$500,000, a positive net income for the last fiscal year, and “positive operating cash flow with at least 10 per cent of gross margin.”³⁷

Prakas on Public Offering of Debt Securities

The Prakas on Public Offering of Debt Securities aims to support enterprises in raising funds. Three types of debt securities are allowed for transaction in Cambodia: (1) plain bonds, (2) guarantee bonds, and (3) secured bonds.³⁸ An enterprise is eligible to issue bonds if it is a public limited company or has a permitted entry. Other criteria include having the latest 2-year financial audit, board resolutions for the issuance of debt securities, strong corporate governance, a credit rating conducted by the accredited credit rating agency, and “prior verification on listing eligibility debt securities and the securities pricing from permitted securities market” (SECC 2017, p. 4). In addition to these criteria, it is required for the issuer of secured bonds to have collateral and to issue only 70% of their collateral value (SECC 2017).

Prakas on Collective Investment Schemes

The Securities and Exchange Regulator of Cambodia (SERC) regulates private equity collective schemes to allow pooled investment in the country from both professional investors and other investors. Under the Prakas on Collective Investment Schemes, the SERC also regulates crowdfunding which allows enterprises four transactions per year, with a maximum amount of US\$50,000 per transaction (SECC 2018).

³⁸ Cambodia Securities Exchange (CSX). Introduction. Available at <http://csx.com.kh/en/product/sme.jsp>. Accessed on 18 November 2018.

³⁹ Plain bond refers to the bond with fixed interest rate and maturity. Guarantee bonds is the bond with the guaranteed interest rate and principle by the third party. Secured bond is the bond secured with “asset except asset-backed securities which are stipulated in other regulations” (SECC 2017, p. 3).

Prakas on Tax Incentives

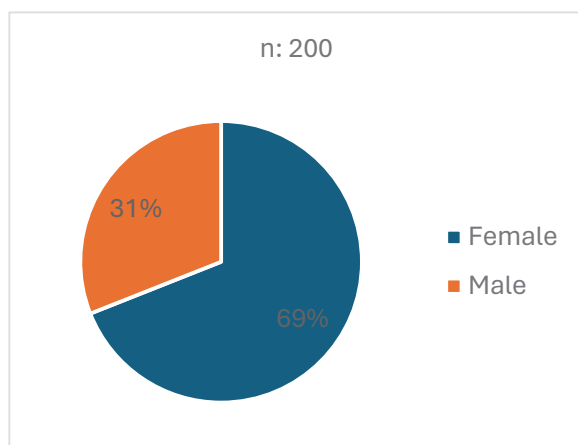
The government, through the Ministry of Economy and Finance (MEF), issued a Prakas on tax incentives in October 2018 for newly registered SMEs to use IT-based accounting software, purchase technology to increase productivity, use at least 60 per cent of local materials, support staff training, and relocate to exclusive economic zones (RGC 2018).

| Regulations/Policies | Contents on Employment and Enterprise Development | Target Groups | Formal/ Informal Sector | Responsiveness to Women Economic Empowerment (WEE) |
|--|---|------------------------|-------------------------|---|
| Overarching regulation, national policies, strategies, and programs | | | | |
| Labor Law | Governing the relations between workers and employers under the employment contract | All citizens | Both | Commitment to ensure women's right |
| RS and NSDP | Private sector development and employment; and implementation of gender policy | All citizens | Both | Commitment to promote gender equity in key priorities |
| Pentagonal Strategy Phase I | Private sector development, gender equality and women empowerment | All citizens | Both | Increase women's capacity, develop women MSMEs and increase gender-related investments |
| IDP | Private sector development and employment | Business owners | Both | No specific implication on women |
| National Employment Policy | Enhance decent and productive employment opportunities | All citizens | Both | Gender disaggregation to monitor men and women target in decent and productive employment |
| Key regulations and sector policies and programs | | | | |
| Neary Rattanak, under the Ministry of Women Affairs | Gender equality and women's empowerment in economic, education, legal protection, health, and public services | Women | Both | Development of WEE strategy on employment and entrepreneurship |
| National Strategy for Informal Economy | Formalize informal businesses | MSME owners | Informal sector | NO specific implication on women |
| SME Development Framework | Roadmap for the development of SMEs to create a conducive business environment | MSME owners | Both | Women entrepreneur groups for multi-stakeholder consultations |
| National Strategy for Financial Inclusion, under the National Bank of Cambodia | Strategy to increase financial inclusion | Women | Both | Promote women's access to formal financial products and services |
| Financial Sector Development Strategy, under the National Bank of Cambodia | Strategy for sound, efficient, and inclusive financial system | Financial institutions | Formal | No specific implication on women |
| Prakas on Public Offering of Equity Securities, under Securities and Exchange Regulator of Cambodia (SERC) | Financial instrument to raise funds for enterprises | Enterprise owners | Formal | No specific implication on women |
| Prakas on Public Offering of Debt Securities, under Securities and Exchange Regulator of Cambodia (SERC) | Financial instrument to raise funds for enterprises | Enterprise owners | Formal | No specific implication on women |

5. PROFILE OF RESPONDENTS

Female respondents account for 69% of total respondents. Nearly half of respondents (42%) are between 31 and 40 years old, followed by 41 – 50 years (31%), 18 – 30 years (12%), 51 – 60 years (9%), and over 60 years (6%) consecutively. Over half of the respondents possess higher education levels (59%; 41% with bachelor's and 18% with master's degree), followed by nearly one-third (30%) who pursued secondary education level and 10% who only received primary education. Only 1% of the respondents have never attended any school. Most of respondents are business owners (82%), followed by top managers (15%), middle managers (2%), and co-founders (1%).

Figure A1-1: Gender of Respondents



Source: Field interviews.

Figure A1-2: Age of Respondents

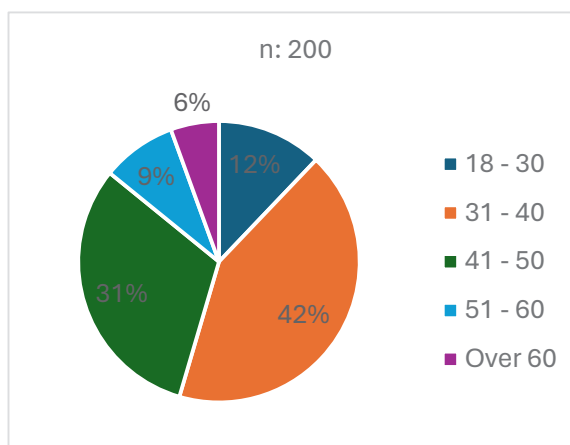
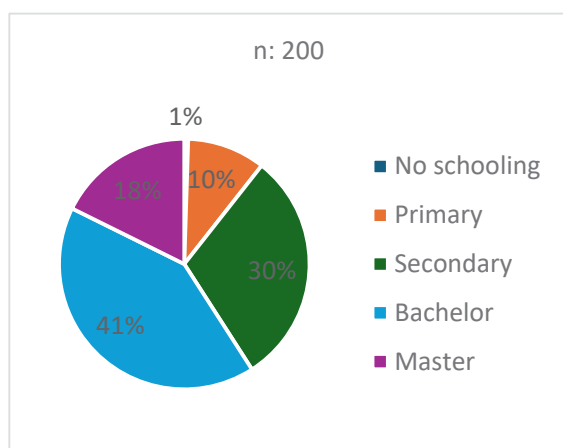
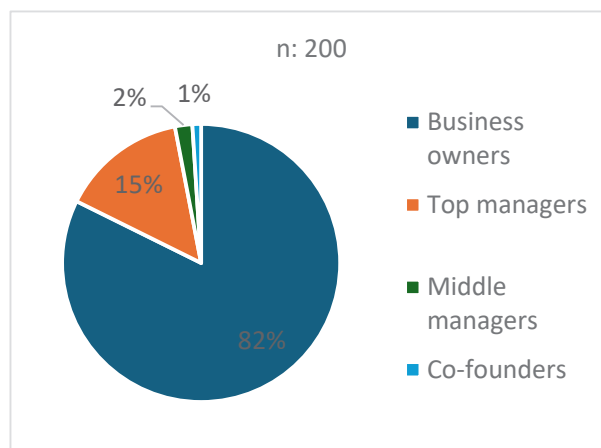


Figure A1-3: Education Level of Respondents



Source: Field interviews.

Figure A1-4: Position of Respondents



6. PROFILE OF BUSINESS

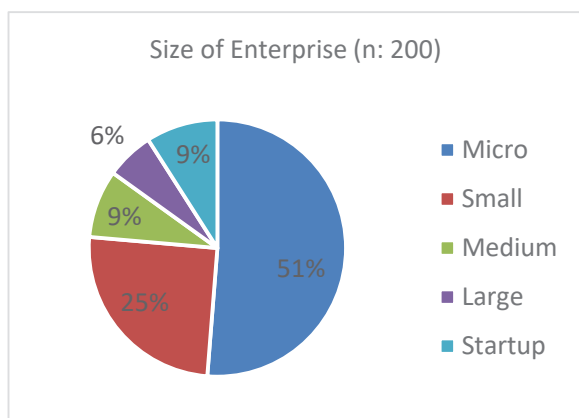
Half of the enterprises interviewed (50%) are micro enterprises, employing between 1 and 10 employees, while 25% are small enterprises, employing between 11 and 50 employees and only a few (9%) are medium enterprises hiring 51-100 employees. Others (7%) are large enterprises employing more than 100 employees. The rest (9%) are startups which harness innovations under uncertain conditions with high risks and high potentials to grow. Half of the interviewed enterprises are located in Phnom Penh and the rest (25% each) are located in Battambang and Siem Reap.

Some enterprises interviewed (37%) have been operating their businesses for more than 10 years while others (35%) have been in the business for less than 5 years. The remaining 28% have been operating for between 5 and 10 years. Over half of the interviewed enterprises (65%) are owned by women and 35% are owned by men.

The interviews were conducted with enterprises in the manufacturing (36%), service (35%), agriculture (17%), ICT (7%), and handicraft (5%) sectors. These sectors were selected as they are the priority sectors for the government are already dominated by women.

Of all enterprises interviewed, the majority (62%) are registered businesses, while some (35%) have not registered, and the rest (3%) are in the process of business registration.

Figure A2-1: Size of Business



Source: Field interviews.

Figure A2-2: Business Duration

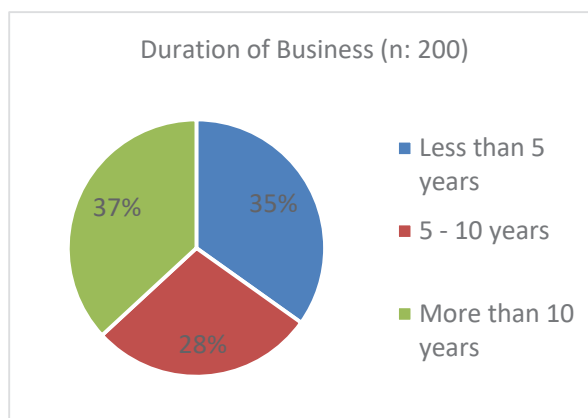
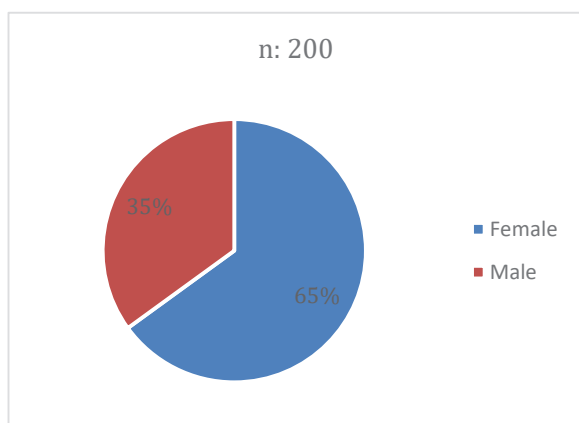


Figure A2-3: Profile of Business Owners



Source: Field interviews.

Figure A2-4: Business Location

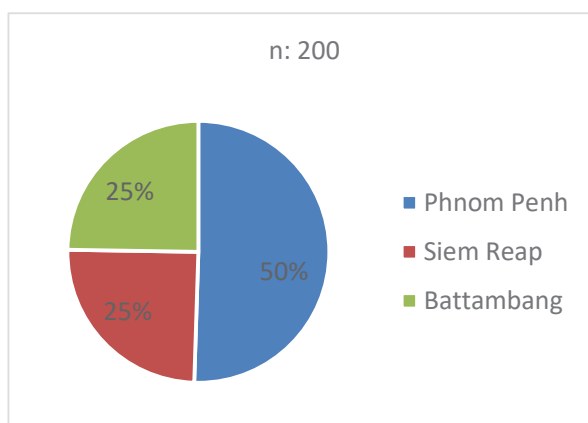
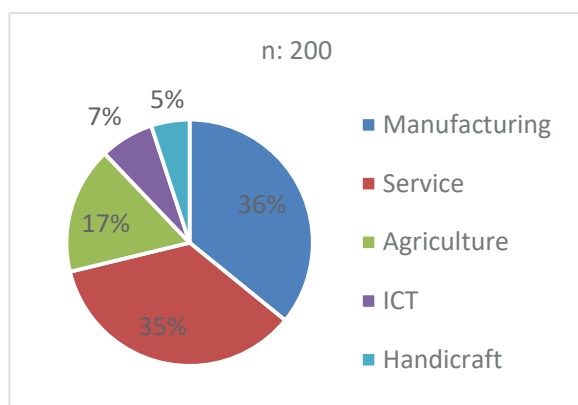
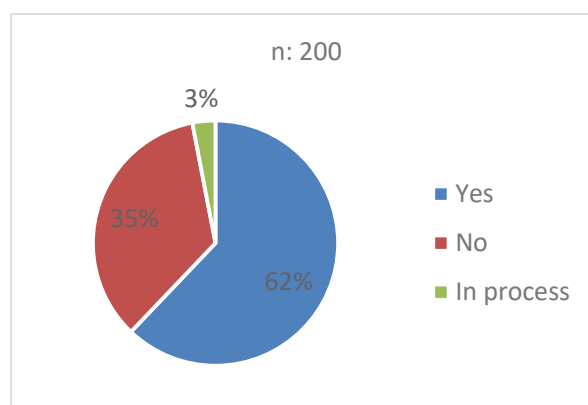


Figure A2-5: Business Sectors



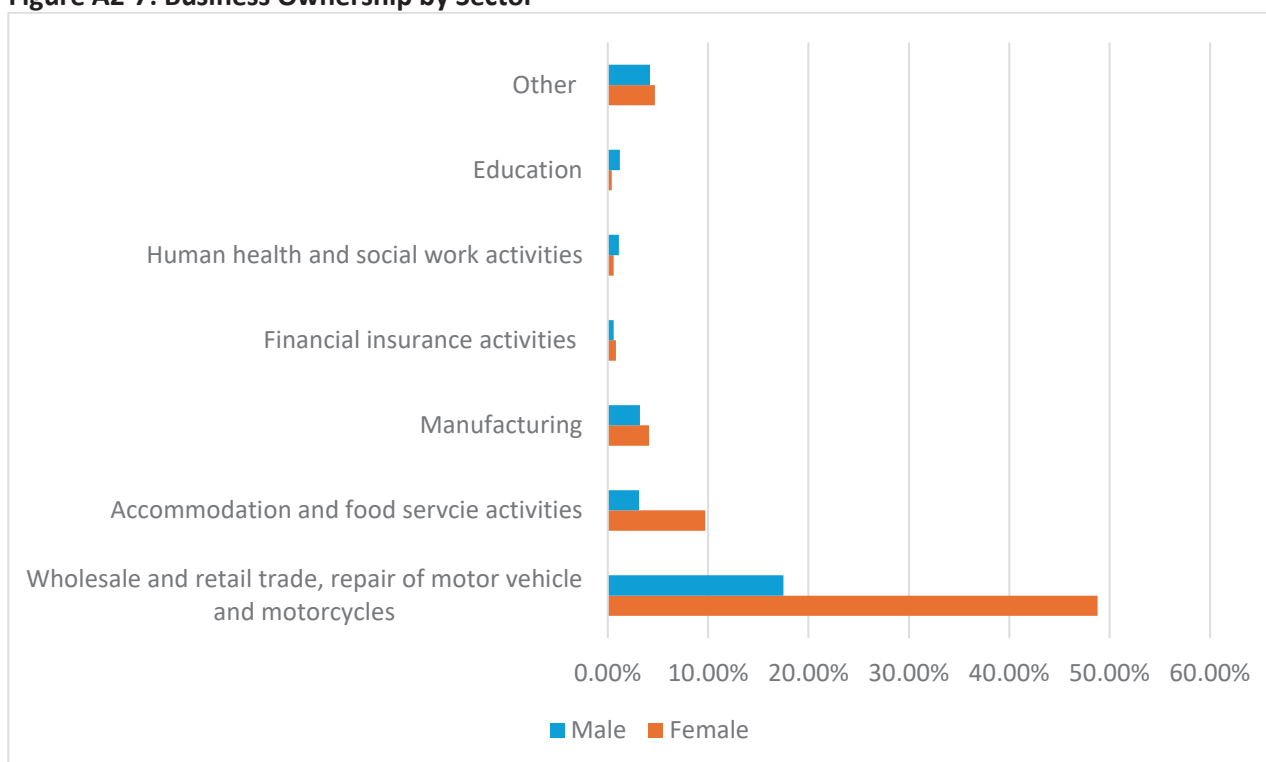
Source: Field interviews.

Figure A2-6: Business Registration



Other graphs

Figure A2-7: Business Ownership by Sector



Source: NIS/MoP 2023.

7. GOVERNMENT PROGRAMS AND INITIATIVES SUPPORTING ENTREPRENEURSHIP

| Programs/Centers | Activities | Supervision by | Year Implemented | Priority Sector | Responsive to GII |
|-------------------------------|--|------------------------------|------------------|--|--|
| Skills Development Fund (SDF) | <ul style="list-style-type: none"> - Skills upgrading (training) for enterprises | MEF | 2018 | <ul style="list-style-type: none"> - Manufacturing - ICT - Construction - Electronics - Tourism - Other high demand skills | Setting the minimum target for female trainees |
| Khmer Enterprise (KE) | <ul style="list-style-type: none"> - Capacity upgrading - Entrepreneurial culture promotion - Networking - Seed funding | Royal Government of Cambodia | 2019 | <ul style="list-style-type: none"> - Services - ICT - Agriculture - Manufacturing | No specific implication on women |
| Techo Startup Center (TSC) | <ul style="list-style-type: none"> - Pre-incubation - Incubation | MEF | 2019 | <ul style="list-style-type: none"> - Agriculture - Finance - Technology | No specific implication on women |
| Startup Cambodia | <ul style="list-style-type: none"> - Startup incubation programs - Community programs - Digital platform programs - Research and policy programs | MEF | 2021 | <ul style="list-style-type: none"> - Startups in all sectors | No specific implication on women |
| CamDX | <ul style="list-style-type: none"> - Online business registration | MEF | 2021 | <ul style="list-style-type: none"> - SMEs and startups in all sectors | No specific implication on women |
| SME Bank | <ul style="list-style-type: none"> - Loan | MEF | 2020 | <ul style="list-style-type: none"> - New innovative industry or manufacturing, high value added and high-tech content and others along with priority sectors of IDP | Product tailored to women entrepreneurs |

| Programs/Centers | Activities | Supervision by | Year Implemented | Priority Sector | Responsive to GLI |
|--|--|----------------|------------------|---|---|
| Credit Guarantee Corporation of Cambodia | <ul style="list-style-type: none"> - Business recovery guarantee scheme - Co-financing guarantee scheme on tourism - Women entrepreneurs guarantee scheme. - Portfolio guarantee scheme - PFI's guarantee product | MEF | 2020 | - Agriculture, industry, and service | Product tailored to women entrepreneurs |
| Digital Innovation Center | <ul style="list-style-type: none"> - Incubation/acceleration - Makerspace - Co-innovation space - Event space | MPTC | 2020 | - Technology | No specific implication for women |
| Digital Technology R&D Center | <ul style="list-style-type: none"> - R&D on digital innovation | MPTC | 2021 | - Technology | No specific implication for women |
| Technology Business Incubation | <ul style="list-style-type: none"> - Training - Pitching | MISTI | 2019 | - Food processing | No specific implication for women |
| Incubation | <ul style="list-style-type: none"> - Training | MISTI | 2020 | - Agro-processing | No specific implication for women |
| Go4eCam | <ul style="list-style-type: none"> - E-commerce marketplace - Training and incubation program - SME formalization for E-commerce - Small grant - Pitching event with investors (for growth-stage startups and SMEs) | MoC | 2021 | <ul style="list-style-type: none"> - Manufacturing - Agro-processing - Green/environmentally friendly products | No specific implication for women |

Source: Author's compilation based on Ek and Vandenberg 2022, p. 12. and interviews with stakeholders.

Note:

- MEF: Ministry of Economy and Finance
- MPTC: Ministry of Post and Telecommunications
- MoC: Ministry of Commerce
- MISTI: Ministry of Industry, Science, Technology, and Innovation

8. CHALLENGES AND UNDERLYING CAUSE ANALYSIS⁴⁰

| Challenge | Underlying cause | Recommendation | Actions |
|---|---|---|--|
| Limited Understanding of GLI Concepts and Procedures | Lack of GLI education and awareness among ecosystem actors | GLI Specialized Training Programs for ecosystem actors | <ul style="list-style-type: none"> - Provide education and training opportunities to bridge gender disparities - Develop and disseminate comprehensive GLI training materials - Provide targeted capacity-building workshops for stakeholders |
| Lack of GLI Tools | Lack of awareness on existing GLI tools. | Support to Utilize Existing GLI Tools and Resources | <ul style="list-style-type: none"> - Create accessible GLI resources such as toolkits and manuals for investors, ESOs and enterprises |
| Lack of Successful Case Studies or Stories | Lack of GLI documentation and dissemination to share success stories | Develop Framework on Data Collection on GLI Related Indicators | <ul style="list-style-type: none"> - Develop and disseminate tools for tracking GLI impact and performance - Establish mechanisms for data collection and analysis to inform GLI initiatives |
| Lack of Gender Experts in the Team | Lack of GLI training to build gender expertise | Technical Assistance to build GLI experts and support ecosystem actors to incorporate GLI in the programs | <ul style="list-style-type: none"> - Provide training to build a pool of GLI experts - Provide targeted capacity-building sessions to empower supporting actors to promote GLI |
| Limited Actors to Promote GLI in the ecosystem | Lack of GLI awareness | Establish a Coordination Platform | <ul style="list-style-type: none"> - Foster collaboration among diverse stakeholders by establishing a platform for communication and collective actions, reducing duplication of effort, and maximizing impact in advancing GLI in Cambodia. |
| Lack of GLI policies | Lack of GLI regulation and governance to support GLI initiatives | Integrate Gender Considerations into Business-Related Policies | <ul style="list-style-type: none"> - Promote gender-sensitive policies and practices - Advocate for policies to alleviate the women's double burden - Advocate for government incentives and policies to support GLI enterprises |
| Limited investment vehicles for GLI business | Lack of GLI innovation and diversification to create investment options | Development of a GLI Strategy to promote and attract GLI investment vehicles | <ul style="list-style-type: none"> - Establish GLI-focused investment funds or vehicles - Integrate gender considerations into investment strategies and decision-making processes - Conduct stakeholder mapping to identify potential allies and collaborators |

⁴⁰ Some limitations were encountered during the analysis of the challenges and underlying causes, as there may be overlaps.

| | | | |
|--|--|---|--|
| Insufficient support for GLI business | Lack of GLI mentorship and networking to provide support systems | Mentorship Platform | <ul style="list-style-type: none"> - Provide targeted capacity-building sessions to empower supporting actors to promote GLI - Offer support programs to empower women in both domestic and professional spheres |
| Cultural and social norms affecting GLI initiatives | Lack of GLI inclusion and empowerment to overcome norms | Increase Awareness of Gender Lens and GLI Policy/Strategy | <ul style="list-style-type: none"> - Organize targeted events and workshops to inform policymakers about GLI concepts, procedures, and benefits - Develop successful case studies or stories to illustrate GLI benefits - Clearly define GLI concepts and terms for policymakers |
| Limited access to finance for GLI business | Lack of GLI financial products and services to meet the needs of GLI enterprises | Blended Finance to structure innovative and tailored financial products towards GLI enterprises | <ul style="list-style-type: none"> - Leverage different sources of capital such as grants, loans, equity, and guarantees to create blended finance solutions for GLI enterprises - Engage with financial intermediaries and institutions to offer GLI-specific products and services - Monitor and evaluate the impact and outcomes of blended finance interventions - Provide investment readiness support for potential GLI enterprises. |
| Low capacity and scalability of GLI business | Lack of GLI technical and business skills to enhance GLI enterprises' performance and growth | Support on GLI Enterprises to become investment ready and enhance enterprises' capacity and scalability | <ul style="list-style-type: none"> - Provide technical assistance and coaching to GLI enterprises to improve their business models and operations - Connect GLI enterprises with mentors, peers, and experts to exchange knowledge and best practices - Facilitate access to markets and networks for GLI enterprises to expand their customer base and revenue streams |
| Low visibility and recognition of GLI business | Lack of GLI communication and marketing to showcase the value and impact of GLI enterprises | Promote Successful Case Studies or Stories to showcase tangible benefits and outcomes to inspire and guide others to integrate GLI, including role models | <ul style="list-style-type: none"> - Document and disseminate stories and achievements of GLI enterprises and their beneficiaries - Highlight role models and champions of GLI who can inspire and influence others - Use various media platforms and channels to |

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