

# INCLUSIVE BUSINESS COACHING AND MENTORING GUIDE (iB-CM) FOR CAMBODIA

The IB-CM is aimed at business consultants and facilitators working with companies that want to establish new inclusive business lines or wish to turn their existing business lines inclusive. In addition to general guidelines for inclusive businesses in Cambodia, it introduces four practical tools to support the coaching and mentoring process.



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## Preface and acknowledgement

The Royal Government of Cambodia has been a key player to promote and facilitate an enabling environment for Inclusive Business (IB). It has integrated IB in its new Small and Medium-Sized Enterprise Development Strategy 2019-2023. In the SME Development Policy and Action Plan (SMED-AP) section of the National Strategic Development Plan 2019-2023<sup>1</sup>. Specifically, the National Strategic Development Plan 2019-2023 states the need to make the economic growth in Cambodia more inclusive for those at the bottom of the economic pyramid, to diversify the economy and to innovatively engage the private sector, creating income opportunities, and producing essential and affordable goods and services for low-income people.

In 2020, the Ministry of Industry, Science, Technology and Innovation (MISTI) approved a strategy to promote an enabling environment for NI in Cambodia (the IBeeC strategy) and established incentives and a multi-stakeholder institutional mechanism to promote NI. The strategy was developed under the leadership of MISTI and was endorsed in March 2021. A key strategy proposed in the IBeeC Strategy is to offer a series of mentoring and coaching tools for companies that wish to develop IB models with a high impact on Cambodian society. Cambodia is the third country in ASEAN to develop a comprehensive strategic framework for promoting IB, the proposed Inclusive Business Enabling Environment for Cambodia (IBeeC) Strategy. This framework builds on the findings of the Inclusive Business Landscape Study developed in 2019 by UNESCAP, which includes the analysis of IB cases and of the enabling environment and the identification of policy recommendations with practical steps for strengthening IB investments and outcomes in Cambodia.<sup>2</sup>

The strategy includes the following eight policy recommendations<sup>3</sup>:

1. Establishing IB focal points in various government ministries, a steering committee for IB, and an official endorsement of the IB strategy through the Supreme National Economic Council (SNEC) of Cambodia.
2. Outreach and awareness raising activities, especially through business associations.
3. Setting up a transparent and voluntary IB accreditation system in partnership with various government agencies and business associations, with IB awards.
4. Creating a technical assistance facility for business coaching and policy work.
5. Exploring tax incentives for IB through the new investment law.
6. Setting up a risk reduction facility for IB investors, to speed up impact investing in companies with IB business lines.
7. Considering priority procurement for accredited IB companies and social enterprises.
8. Establishing a monitoring system reporting on the dedicated private sector contribution to development the social dimensions of the international Sustainable Development Goals (SDGs).

While MISTI is the key champion for the IB agenda in the country, it is also being supported by the Ministry of Economy and Finance (MoEF), the Ministry of Commerce (MoC), the Ministry of Agriculture, Forestry and Fishery (MAFF), and the Cambodian Investment Board, under the Cambodia Development Council (CDC).

## Accreditations

One of the 8 IBeeC recommendations IB accreditation has been institutionalized by MISTI through an IB accreditation committee, composed of 6 government agencies, 4 business associations and a representative of the network of social enterprises in Cambodia. IB accreditation will be done 1-2 times a year, and is open for large, medium sized and smaller companies of both national as well as international origin. IB accreditation is voluntary and not linked to company registration (although most IB companies are officially registered). In August 2021, 18 companies in Cambodia were accredited with IB models, with sectors ranging from agrobusiness, industries & services, social housing, insurance, fintech, and energy. To date IB models in Cambodia are seen mostly in agribusiness, insurance, energy, and microfinance, some being very innovative. Compared to other countries, innovations in health, education, job placement, housing and municipal services, however, are less developed.

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1 Landscape Study Inclusive Business Cambodia ESCAP iBAN 2021 REPORT Final.pdf

2 CAM IB Background Document\_Draft v01\_Digital.pdf (unescap.org)

3 Home (misti.gov.kh)

# 1. Components of the IB-CM

Inclusive Business Coaching and Mentoring Guide (IB-CM) for Cambodia has the objective of helping companies in Cambodia transform their companies into successful Inclusive Business (IB) companies. The guide offers a self-assessment framework for companies to identify their IB potential and provides a series of tools and strategic guidance for consultants and business associations to support IB entrepreneurs in Cambodia.

This guide contains a series of conceptual definitions of what an IB is and its main components (BoP, financial viability, scale, impact measurement, coaching and mentoring). It also offers a framework for analyzing the economic framework of Cambodia and an analysis of the main sectors of activity to develop IBs, with their respective case studies, as well as global case studies. There is a summary of each of the tools that make up the IB-CM Toolkit and its use for stakeholders. Finally, a series of references and toolkits on global, regional and national IBs are recommended.

It is formed by the following four strategic tools:

- **Tool 1 “Inclusive Business Readiness Assessment”** – A tool to analyse the status quo of a company and identify its potential for Inclusive Business
- **Tool 2 “Inclusive Business Transformation”** – A tool to identify the areas of a company with the greatest potential for Inclusive Business and to formulate a transformation strategy.
- **Tool 3 “Deep Dive on Inclusive Business Transformation”** – A tool to formulate an action plan for Inclusive Business transformation using practical tools and guidelines for Inclusive Business models.
- **Tool 4 “Inclusive Business Mentoring”** – A guide for experienced Inclusive Business entrepreneurs who want to mentor entrepreneurs looking to establish new inclusive business lines or turn their existing business lines inclusive.

The main goal of the the IB-CM Guide is to promote IB transformation and thus, findways to transition from a traditional company into a company that integrates the inclusive business approach in its core operations. The following four routes shown are the most common options for approaching IB and developing a successful transition towards an IB company. As the recipients of IB-CM are established small, medium or large companies, IB-CM emphasizes more on the social impact discussions and less so on commercial strategies to maximize profitability. The IB-CM is not meant for coaching or mentoring start-ups without any business experience.

ROUTES TOWARDS IB	MAIN CHANGES
From Mainstream Business (entire company or business line) to Inclusive Business Model	Integration of BoP into core value chain; hence, increase or create impact for the BoP.
From CSR to Inclusive Business Activity	Integration of BoP into ancillary or side value chain.
From NGO driven Social Enterprise to Social Enterprise Initiative	Increasing commercial viability by reducing reliance on grant and donor funding through profitable commercial activities.
From Inclusive Business Model towards an improved Inclusive Business Model	Strengthening BoP integration to increase impact in depth and reach and enhancing commercial profitability.

## 1.1 Ecosystems of IB in Cambodia

Implementing more and better Inclusive Businesses will increase the economic, social and environmental development of Cambodian society, consolidating more solidary networks that involve all the stakeholders. The following describes which stakeholder each IB-CM guideline tool is intended for:

- Tool 1: self-assessment by companies, or portfolio assessment by consultants, facilitators and investors
- Tool 2 and Tool 3: business consultants

- Tool 4: business associations, consultants or individual entrepreneurs

There is an important ecosystem of strategic actors at the organizational level that are committed to promoting business coaching and mentoring and interested in focusing more on incorporating tools that help achieve economic, social and environmental results in the BoP. All the stakeholders listed below are powerful partners for the development of IBs in Cambodia.

### 1.1.1 Government and Public Ministries

ROLE OF GOVERNMENT AGENCIES	CAMBODIAN GOVERNMENT AGENCIES INVOLVED IN CHAMPIONING INCLUSIVE BUSINESS
<ul style="list-style-type: none"> <li>• Responsible for developing and implementing IB-enabling framework conditions to engage the private sector in addressing social issues, such as poverty reduction<sup>4</sup>:</li> <li>• Institutionalize a comprehensive strategy for IB support.</li> <li>• Assist in setting up business coaching facility, which helps companies through focused and practical technical assistance in improving the IB model.</li> <li>• IB Focal Points: The 5 government agencies represent IB focal points along with 4 business associations. These focal points meet 2 times a year to do IB accreditation and are also involved in IB awards and promoting IB within their own institution</li> <li>• IB Steering Committee: 5 government agencies are also part of the steering committee along with the 4 business associations, 3 IB companies, 2 Impact Investors, 2 IB facilitators, 2 development partners, IB sponsors and IB unit as secretariat. Their objective is to endorse the work program and guide the IBeeC implementation.</li> </ul>	<ul style="list-style-type: none"> <li>• The Cambodia Development Council (CDC)</li> <li>• The Ministry of Agriculture, Fishery and Forestry (MAFF)</li> <li>• The Ministry of Commerce (MoC)</li> <li>• Ministry of Economy &amp; Finance (MEF)</li> <li>• The Ministry of Industry, Science, Technology &amp; Innovation (MISTI) is the key and leading government agency charged with promoting and encouraging the implementation of Inclusive Business modeling or business activity and social entrepreneurial initiatives to create a viable platform for a system solution to accelerate the innovative business of the private sector, who can help provide solutions to problems for the people at the BOP.<sup>5</sup></li> </ul>

### 1.1.2 Private Sector Stakeholders

TYPE OF PRIVATE SECTOR STAKEHOLDERS	MAIN ROLE OF EACH CONSTITUENCY	MAIN ORGANIZATIONS
<p><b>Companies</b></p>	<p>Companies, entrepreneurs, and cooperatives collaborate within value chains to deliver products and services to customers. Companies have the role to catalyse meaningful engagement with BoP customers and their</p>	<p>IB Companies that have received MISTI's accreditation or are in process:</p> <ul style="list-style-type: none"> <li>• Agribuddy</li> <li>• ACE Energy Solutions</li> <li>• AMRU Rice</li> </ul>

<sup>4</sup> Inclusive+Business+Features-D9.pdf (squarespace.com)

<sup>5</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019), pg. 40 <https://www.unescap.org/sites/default/d8files/knowledge-products/Landscape%20Study%20Inclusive%20Business%20Cambodia%20ESCAP%20iBAN%202021%20REPORT%20Final.pdf>

	<p>involvement across the value chain, design effective products and services targeted towards low-income populations and build sustainable brands with positive social impact. IB companies can act as mentors in their sector to assist other companies transition their business lines to IB.</p>	<ul style="list-style-type: none"> <li>• Banhji</li> <li>• FedRice/ Group Duval</li> <li>• Forte</li> <li>• KGC (Khmer Green Charcoal)</li> <li>• KWSH (Khmer Water Supply Holdings)</li> <li>• LES</li> <li>• Lyly</li> <li>• DH</li> <li>• Phare</li> <li>• Prevoir</li> <li>• Sun EEE</li> <li>• World Bridges</li> <li>• Lilly Foods</li> <li>• Phare Circus</li> <li>• Artisan d'Angkor</li> <li>• My Dream Home</li> <li>• Signatures of Asia</li> <li>• Okra Solar</li> </ul>
<p><b>Business Associations</b></p>	<p>Business association's role is focused in raising awareness on IB. Information on IB will be shared through publications, workshops, a national website on IB with links to the various institutions supporting IB, joint bi-annual reporting, film, social media and radio information on IB, and other awareness raising activities<sup>6</sup>.</p>	<ul style="list-style-type: none"> <li>• The Cambodia Chamber of Commerce (CCC) is implementing a business mentorship program with about 100 firms over 3 years.</li> <li>• The Cambodia Women Entrepreneurs Association (CWEA): capacity building programs for women entrepreneurs to transition into IB.</li> <li>• The Federation Association of Small and Medium Enterprises of Cambodia (FASMEC)</li> <li>• The Young Entrepreneur Association of Cambodia (YEAC) is implementing a business mentorship program, which will mentor up to 50 companies by 2023.</li> <li>• The European Chamber of Commerce in Cambodia (EuroCam)</li> </ul>
<p><b>Consulting Companies</b></p>	<p>Consulting Companies can provide an additional resource based on their broad exposure and experience in different business sectors.</p>	<p>The top 4 Big Consulting/Audit companies include:</p> <ul style="list-style-type: none"> <li>• Deloitte</li> <li>• E&amp;Y</li> <li>• Price Waterhouse</li> <li>• KPMG</li> </ul>

<sup>6</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019) pg. 41

	<p>Other consulting firms that represent potential stakeholders include:</p> <ul style="list-style-type: none"> <li>• Mekong Strategic Partners (MSP)</li> </ul>
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### 1.1.3 IB Facilitators

ROLE OF IB FACILITATORS	IB FACILITATORS IN CAMBODIA
<ul style="list-style-type: none"> <li>• Assist with business coaching.</li> <li>• IB coaching would comprise an overall strategic business discussion resulting in a general orientation for an IB focused business plan of the company<sup>7</sup>.</li> <li>• The target audience is the high-level decision-makers in a company.</li> <li>• Other forms of business coaching can comprise matchmaking with impact investors.</li> </ul>	<ul style="list-style-type: none"> <li>• The Cambodia Partnership for Sustainable Agriculture (CPSA).</li> <li>• The Impact Hub Phnom Penh (IH-PP).</li> <li>• Oxfam</li> <li>• Platform Impact (P-I): (i) is doing business coaching for 30 impact-driven enterprises over 3 years.</li> <li>• Swisscontact (i) SwissContact is doing commercial business coaching of about 10 companies per year.</li> </ul>

### 1.1.4 Impact Investors

ROLE OF IMPACT INVESTORS	IB IMPACT INVESTORS IN CAMBODIA
<ul style="list-style-type: none"> <li>• Provide support for IB mainly through the provision of access to capital and frequently through technical assistance, mentorship, and other enterprise development assistance to ensure the success of IBs to achieve financial targets and expected social impact<sup>8</sup>.</li> <li>• In Cambodia, while funding for impact investors is available, they may not necessarily be directed for IB. Therefore, what needs to be developed in the Cambodian ecosystem is the facility that reduces the risk of impact investors.</li> <li>• Cambodia bias: 90% of capital invested in financial services sector according to MISTI Secretariat Advisor</li> <li>• Large deals in microfinance sector but also in SME financing (debt) to improve access to finance</li> <li>• Other sectors: ag, education, energy and ICT</li> <li>• Impact investors see market potential in the following sectors: agrobusiness, health, education, water &amp; urban utilities, housing, energy, eco-tourism and fintech solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• SNV, the implementor of the Poverty Innovation Fund.</li> <li>• The International Finance Corporation (IFC).</li> <li>• Insitor</li> <li>• Uberis Capital established an NGO for business coaching and investment readiness support.</li> <li>• Other impact investors in Cambodia (e.g. Nexus, Blue Orchard) and the region (e.g. IIX, responsAbility, Bamboo Finance, etc.)</li> <li>• Some impact funds are covering Cambodia from abroad: IIX Impact Investment Exchange, TAU investment management, Triple P Capital, New Forests Asset Mgmt, Armstrong Asset Mgmt.<sup>9</sup></li> </ul>

<sup>7</sup> 6.-ASEAN-IB-Promotion-Guidelines-Endorsed-at-the-52nd-AEM.pdf

<sup>8</sup> INCLUSIVE BUSINESS AND IMPACT INVESTMENT AS STRATEGIES FOR INCLUSIVE GROWTH IN NIGERIA (1).pdf

<sup>9</sup> AVPN presentation in Oct 2021, Ratana Phurik-Callebaut, - MISTI Secretariat Advisor

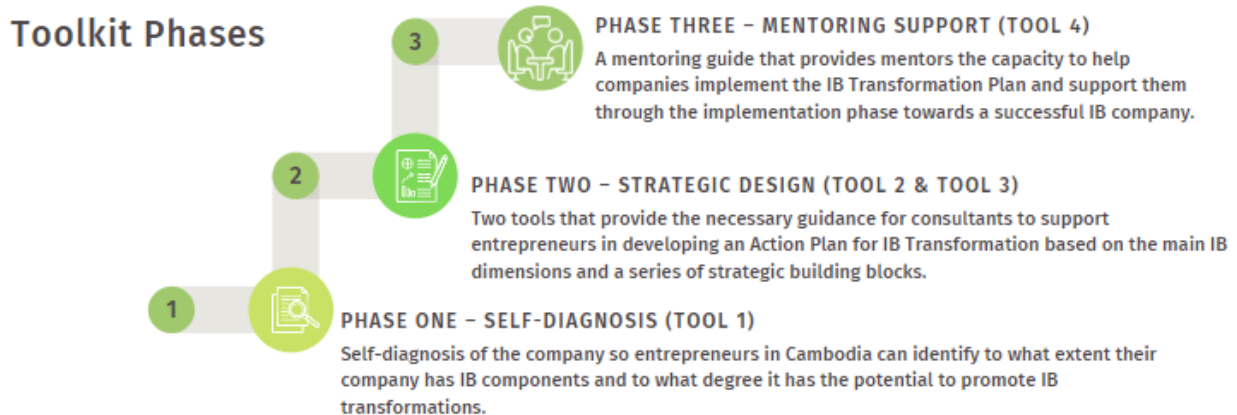
### 1.1.5 Development Partners

ROLE OF IMPACT INVESTORS	IB IMPACT INVESTORS IN CAMBODIA
<ul style="list-style-type: none"> <li>Support many private sector development programs in the region including business coaching, business development, marketing support and access to finance<sup>10</sup>.</li> </ul>	<ul style="list-style-type: none"> <li>The European Union (EU) welcomes EuroCham’s possible involvement in the IB business coaching.</li> <li>GIZ: supports inclusive business development alongside iBAN, MISTI and ASEAN. Some of the previous IB support experiences are:               <ul style="list-style-type: none"> <li><u>GIZ project on climate resilience in agro-systems (CRAS)</u></li> <li><u>European Chamber of Commerce</u></li> <li><u>SME development and poverty reduction program for Battambang</u></li> </ul> </li> <li>KOICA: developing IB agrobusiness.</li> <li>The Swiss Agency for Development and Cooperation (SDC): Skills development and Climate adaptation and agro-business program.</li> <li>UNIDO</li> <li>USAID</li> <li>ESCAP</li> <li>Other development partners such as AFD, DFAT, JICA, UNDP, World Bank, etc.</li> </ul>

## 2. The Four IB Tools Process

### 2.1 Toolkit Phases: The Four Tool Framework

The following guideline proposes four tools that will help drive the company from a traditional organization to a successful Inclusive Business company. This consists of three specific phases:



<sup>10</sup> CAM IB Background Document\_Draft v01\_Digital.pdf (unescap.org)



## 2.2 Overview of the Tools

Overview of Tool 1	
<b>Tool Name</b>	Tool 1 “Inclusive Business Readiness Assessment” A tool to analyse the status quo of a company and identify its potential for Inclusive Business.
<b>Goals &amp; Objectives of the tools</b>	This tool is an analysis of the status quo and identification of the potential IB of the companies. It is an IB self-assessment designed for quick decision making. The tool can also be used for a portfolio assessment of impact investors, governments, business service providers (facilitators), members of business associations, and development partner assistance programs. IB preparation is for the respective IB line of business and not necessarily company-wide. It is intended for companies and business support institutions (especially from business associations, government agencies, impact investors and development partners) to perform a rapid (self-)assessment of the line of business against key IB criteria. Therefore, the evaluation will help companies to understand the Inclusive Business potential of their business models.
<b>Target audience</b>	It is recommended that the test be conducted by someone who knows and can assess the business and operational strategies of the companies as a whole. This is usually someone from top management.
<b>Tool sections and content</b>	<p><b>1. Company Information</b></p> <p><b>2. Assessment of IB Potential</b> This section reflects on the current state of the company from the perspective of IB. You will look at the four key characteristics of inclusive business: 1) BoP commitment, 2) financial viability, 3) scale, and 4) impact measurement and management, and apply them to your business. This section is subdivided into:</p> <p>2.1 Engaging the base of the economic pyramid (BoP) intentionally</p> <p>2.2 Pursuing financial viability</p> <p>2.3 Scaling the business</p> <p>2.4 Measuring and managing impact on the BoP</p> <p><b>3. Results of the Assessment</b> This section analyzes the results of the assessments to identify the IB potential of companies. After this section, you will be able to identify the approach that companies can use to become or approach IB or to improve their current approaches to IB. This section is subdivided into:</p> <p>3.1 Status quo of your company</p> <p>3.2 IB approaches</p> <p>3.3 Possible IB transformations</p> <p>3.4 Assessment Overview of Results</p> <p><b>4. Next steps and how to make use of the IB Readiness Assessment</b> After completing the assessment, companies will better understand their company's IB potential and the changes that need to be implemented to become an IB or move toward an IB.</p> <p><b>5. More Information on IB</b></p>

	Annex: considerations and support
<b>Expected Results</b>	With this tool it is possible to diagnose if the respective line of business of a company qualifies as a potential IB and to know the potentialities of transformation towards an IB.
<b>Time estimated</b>	30-60 minutes

<b>Overview of Tool 2</b>	
<b>Tool Name</b>	Tool 2 “Inclusive Business Transformation” A tool to identify the areas of a company with the greatest potential for Inclusive Business and to formulate a transformation strategy.
<b>Goals &amp; Objectives of the tools</b>	This tool is intended for business consultants with specific IB-focused training or knowledge. It can be used in IB specific business advice or as an additional component to conventional business advice services. It is important to note that this tool is not intended for the formation of start-ups, but should be used for established companies (medium and large and also smaller, but not for micro-enterprises).
<b>Target Audience</b>	This tool is meant for business consultants with specific IB focused training or awareness. It can be used either in dedicated IB business coaching or as an additional component to mainstream business advisory services.
<b>Tool Sections and Content</b>	<p><b>Section 1: General Information of the Company</b> This section provides an understanding of a company’s business lines and identifies potential IB business lines.</p> <p><b>Section 2: Understanding the IB Dimensions for Transformational Potential</b> To understand a company’s IB Transformational potential, a table matrix provides a guide for the consultant to identify and evaluate how a company’s business operations and value chain activities intersect with 5 key dimensions to identify areas of transformational potential. This is done through a SWOT analysis approach to understand a company’s core building blocks and processes. The questions and examples in each section are a guide (but not exhaustive) to facilitate dialogue with the company</p> <p><b>Section 3: Designing an IB Transformational Plan</b> In this section the consultant seeks to formulate recommendations for a strategy to transform the company to IB.</p> <p><b>Annexes</b> Annex 1: Glossary Annex 2: Development Goals Annex 3: Resources &amp; Complementary Tools</p>
<b>Expected Results</b>	With the use of this tool, it will be possible to clearly visualize the main weaknesses, strengths, opportunities and threats of companies to develop IBs. This will allow companies to create a strategic plan to overcome these weaknesses, deepening the analysis and planning with the Tool 3.
<b>Time Estimated</b>	6 hours to 8 hours

<b>Overview of Tool 3</b>	
<b>Tool Name</b>	Tool 3 “Deep Dive on Inclusive Business Transformation” A tool to formulate an action plan for Inclusive Business transformation using practical tools and guidelines for Inclusive Business models.
<b>Goals &amp; Objectives of the tools</b>	<p>The final result of Tool 2 is a transformational action plan with the definition of identified opportunities that companies can take advantage of to become better IBs.</p> <p>Tool 3 provides detailed IB transformation resources so that consultants can support companies to excel in their selected transformation areas. To do this, companies will be</p>

	able to formulate an action plan for transformation. Therefore, the objective of tool 3 is to provide business consultants with a tool for in-depth analysis of potential strategies that companies can carry out to develop BI models. With these detailed analysis resources, consultants can help companies improve the transformation areas they have selected with the implementation of Tool 2.
<b>Target Audience</b>	This tool is meant for business consultants with specific IB focused training or awareness. It can be used either in dedicated IB business coaching or as an additional component to mainstream business advisory services.
<b>Tool Sections and Content</b>	<p><b>Section 1: Understanding the IB transformation Challenges</b> This section aims to understand the types of potential IB transformations and the methodological approach that these transformations require.</p> <p><b>Section 2: Enhancing IB Transformation through your business operations</b> Section two contains the necessary tools to carry out transformations in the three most important building blocks of IBs:</p> <ul style="list-style-type: none"> <li><b>2.1 Transformations through Business Operations:</b> Strengthening the commercial viability of the company</li> <li><b>2.2 Transformations through the Value Chain:</b> Strengthening the IB building blocks of the company through its value chain</li> <li><b>2.3 Transformations through Impact Measurement:</b> Improving how the company is measuring its BoP impact</li> </ul> <p><b>Section 3: Designing an IB Transformational Action Plan</b> In this section the companies will find a powerful tool to synthesize and propose concrete activities that allow them to transform into IBs. The design of the action plan should serve as a final study of the data provided by both Tool 2 and Tool 3. This analysis also makes it possible to visualize a company's future prospects through an in-depth analysis of its capacity to positively impact the communities of the BoP, organizing and systematizing a lasting process and viable strategy.</p> <p><b>ANNEX</b> Resources &amp; Complementary Tools</p>
<b>Expected Results</b>	With the implementation of this tool, in conjunction with the results of tool 2, it will be possible to design a specific strategic plan that responds to the weaknesses and threats, and enhance the strengths and opportunities detected in tool 2, to promote the effective and efficient development of IB in cambodian companies.
<b>Time Estimated</b>	6 hours to 8 hours

<b>Overview of Tool 4</b>	
<b>Tool Name</b>	Tool 4 "Inclusive Business Mentoring" A guide for experienced Inclusive Business entrepreneurs who want to mentor entrepreneurs looking to establish new inclusive business lines or turn their existing business lines inclusive.
<b>Goals &amp; Objectives of the tools</b>	Inclusive Business Mentoring aims to enable entrepreneurs, who are developing IB models, to encourage other entrepreneurs in their network to become IBs. Tool 4 of the IB C-M guide provides an overview of the mentoring process, the roles and skills of the IB, combined with a hands-on approach to tracking progress and a good understanding of the mentoring process.
<b>Target Audience</b>	This tool is designed for any entrepreneur who wants to encourage other entrepreneurs to develop IBs especially those who operate in the same sector.
<b>Tool Sections and Content</b>	<b>1. Block 1: Setting the Stage</b>

	<p>In block 1, expectations and limitations are defined, where the mentor coordinates the mentoring process with the mentee according to his/her needs. The mentor helps the mentee to identify the expectations and to define his/her main goals and objectives.</p> <p><b>2. Block 2: IB Mentoring Framework</b> In block 2, the mentoring plan is co-created, using the tools provided by the IB Mentoring Tool.</p> <p><b>3. Block 3: Moving On</b> In block 3, the mentor can acknowledge the overall development of the mentee in terms of their IB transformation and jointly build an independent strategic plan for the IB mentee.</p>
<b>Expected Results</b>	<p>By using this tool, the mentor and mentee will be able to:</p> <ul style="list-style-type: none"> <li>• Develop an understanding of the breadth and complexity of the IB mentoring role.</li> <li>• Experiment and learn more about tutoring techniques and processes.</li> <li>• Track the key stages of a mentoring relationship and what happens within them.</li> <li>• Improve the skills and competencies of a mentor.</li> <li>• Better identify the needs of the trainee to develop an inclusive business model.</li> </ul>
<b>Time Estimated</b>	The estimated time will depend on the number and intensity of the sessions agreed between the mentor and the mentee.

## 3. Understanding IB

### 3.1 What is Inclusive Businesses?

Inclusive Business (IB) are commercially viable core business lines of private sector companies that deliberately create systemic, innovative and scaled-up solutions to relevant problems of income and living standards of the poor and low-income (BoP). IBs differ from social enterprises, NGO-driven and corporate social responsibility (CSR) in their commercial viability and growth orientation, as well as the scale of their impact, and from conventional businesses in their deliberate design for risk reduction and poverty.

The IB-CM guide is based on the G20 definition of IB, which has been extended to include the BoP engagement mode "workers".

*IBs provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people from the base of the economic pyramid (BoP) making them part of the value chain of a company's core business as suppliers, distributors, retailers, customers or employees<sup>11</sup>.*

An Inclusive Business purposefully integrates the base of the pyramid (BoP) into the business by engaging them as suppliers, distributors, retailers, employees or customers in a way that seeks to generate a net positive social impact, such as improved livelihood opportunities, increased income or better access to relevant services and affordable goods and services for the BoP. Intentionality is explicitly mentioned in this characteristic because it means that the company deliberately has set out to create positive engagement with the base of the pyramid as part of its business strategy. Whether motivated by a business opportunity or a desire for social impact or both, the positive impact on low-income populations is intentional and not an indirect consequence.

While IBs can be found across all sectors and operate a broad range of business models, they have four key common features:

- Have commercially viable, bankable and for-profit IB models that are core to business operations;
- Provide systemic solutions for the relevant problems of the poor and low-income people;
- Have scale in business operation, growth and social impact;
- Display degrees of innovation, needed to reduce risks, be impactful and profitable while engaging the BOP.

IB models deliver solutions to the BoP through two main ways:

<sup>11</sup> [https://www.inclusivebusiness.net/sites/default/files/2018-12/g20\\_call\\_on\\_financing\\_for\\_iibb.pdf](https://www.inclusivebusiness.net/sites/default/files/2018-12/g20_call_on_financing_for_iibb.pdf)

- Providing goods and services to the BoP relevant to overcome poverty (and thus involve them as consumer) or
- Creating income opportunities for the BoP, to bring them out of poverty or substantially improve their economic basis, and engaging them as suppliers (e.g. in agrobusiness and tourism), laborers (in manufacturing), distributors (in trading) or as shareholders. Most IB engage the poor as income earners.

### 3.2. What is the BoP?

The base of the economic pyramid (BoP) refers to poor and low-income people who lack access to goods, services and opportunities and are generally described as income-constrained. It is generally accepted that the base of the pyramid extends beyond the extreme poor and includes those who are at risk of falling back into poverty. A commonly used global income threshold for the base of the pyramid is \$8 PPP per capita per day (G20/N4B). Some organizations also use the concept of the “bottom 40%” of a country's income pyramid to account for country-specific contexts. In Cambodia, the IBeeC initiative understands BoP as those with a monthly household income of less than KHR 1,500,000 (375 US \$).

To effectively engage the BoP, companies can consider multiple inclusive lenses. Depending on the market context, the base of the pyramid may include women and gender minorities, displaced populations, people with disabilities and individuals with other social identities that could influence the method of participation.

### 3.3. What does financial viability mean for IB?

Financial viability is the ability of an inclusive company to survive and compete in the long term in a self-sufficient way: covering its costs and meeting the needs of its investors, employees and other stakeholders. Financial viability helps ensure inclusive activity is underpinned by a functional business model designed to sustain over the long term. It also encourages the company to treat BoP stakeholders as business partners and/or valued customers, not beneficiaries. A financially viable company can leverage multiple forms of capital to advance its work, including commercial, concessional or purely philanthropic. It could also allow the company to reinvest profits and expand its commitment to the base of the pyramid.

The traditional financing requirements of IBs are very clear: cash, credit, or working capital. However, there are a broad range of financial mechanisms that need to be taken into account when considering ensuring access to finance for IB. Some of the most common ones are the following:

- **Supplier/trader credit.** Such products include cash advances to be repaid after harvest or collection of nonagricultural outputs, input supplier advances that are repaid or subtracted from the purchase price, or guaranteed sales agreements that can be used by farmers to access financing.
- **Credit enhancements.** Establishing models of guarantees and first-loss mechanisms that eventually encourage banks to take greater risk. In this aspect, caution is required to avoid moral hazard, financial institution reliance on credit enhancements, and complacency.
- **IB insurance models:** It is necessary to align financial security to the different constraints the economic sectors might incur in. Thus, insurance to reduce uncertainty is a must, for example for crop failure, weather events, or flooding, as it has been so frequent in South East Asia during these last decades.

Furthermore, it is not possible to apply the same considerations to financing IB as it would to other traditional companies. Not differentiating such differences may limit opportunities for the growth of IB as well as result in foregoing attractive investments for financiers. Some financial mechanisms to consider differentiating:

- **Asset-based lending.** It is often prudent for IBs to establish their businesses with limited capital investment both to reduce risks and to address logistical barriers that result from centralized processing or warehousing functions.
- **Working-capital financing.** IBs often need to provide their suppliers with working capital financing to ensure adequate resources for the acquisition of inputs necessary to meet quality and consistency standards. Such programs are particularly important in agricultural value chains, where the type of seed, fertilizer, and other inputs are critical to the quality of the crop yield.
- **Cash flow-based financing.** Equity transactions can provide challenges relative to cash-flow predictability. IBs in the agricultural sector often need time to train farmers, disseminate inputs, achieve consistent quality, and

optimize logistics. There are opportunities for mitigation of cash-flow risk, such as for examulti cropticrop strategies, optimization of gross margins, fixed-price procurement arrangements, partnerships with philanthropic investors, and technical assistance funding, often provided in so-called “sidecars.”

### **3.4. The importance of scaling your business in IB**

Inclusive Businesses generate triple wins: a) For the poor and low-income populations creating income generation opportunities above the market rate and/or expand access to essential goods and services; b) for companies offering higherprofit business and investment opportunities, help reduce risks, develop new markets and foster innovation. IB models also enhance the branding and visibility of companies; and for governments, creating jobs and addressing essential needs of the poor, low-income and vulnerable people. This includes the generation of income opportunities that lift people out of poverty at scale and the delivery of relevant and affordable goods and services (including education, health, water, energy and housing).

Therefore, scaling up IB is a priority that benefits all. Generally speaking, scaling refers to efficient business growth, where profits outweigh losses as the business adopts more efficient processes. Scaling is also the most effective and efficient way to increase social impact, based on the company's operating model, to meet the demand for relevant products and services. Considering that 4.5 billion people living at the base of the pyramid represent a global consumer market of \$5 trillion a year, with a global BoP income threshold of USD \$8 PPP per capita per day (G20/N4B), indicates an enormous commercial opportunity for IBs in addition to the need to think big. The scaling potential of an Inclusive Business can also attract impact investors as they seek to maximize development impact per dollar invested. Scaling Inclusive Business models can present certain challenges, which determine the best scaling strategy. Targeting the BoP may mean lower revenue per customer, accepting certain risks and/or incurring higher operating costs than in more developed or higher income markets. As a result, Inclusive Businesses must often aim for scale—for example, serving a large base of base-of-the-pyramid customers—for it to be a viable business opportunity.

There are several barriers for scaling-up IB, such as addressing the capability gaps and needs of the company's team when addressing the challenges of growth; taking into consideration the strategic management and operational readjustments that will need to be done in order to adapt the company for a new scale dimension; or ensure the proper access to finance to be able to provide financial liquidity to all the process in a way it does not jeopardize current operations.

In order to scale-up successfully, it is necessary to establish an ecosystem that provides a conducive environment for businesses, thus, it is important to work among stakeholders of the ecosystem through partnership building to generate the enabling environment needed for success in the scaling-up process.

### **3.5. Impact measurement and management IB impact**

Measuring and managing impact is key to promoting positive net results for the base of the pyramid. Impact is a change in positive or negative outcomes for people or the planet. Impact measurement is considered the quantification of changes in outcomes for the BoP, while impact management is the process of mitigating negative changes and maximizing positive changes for the BoP. Through this feature, inclusive businesses gain an understanding of their impact on the BoP to adapt their processes and business model accordingly.

### **3.6. Business Coaching and Mentoring in Cambodia**

The goal of the IB-CM guide is to provide business consultants with a powerful and concrete set of coaching and mentoring tools to help a company transition from a social enterprise, a CSR initiative, a core business to an IB initiative activity and business model, or deepening the social impact of a company with an existing IB model. Thus, the scope of IB advisory services for transformation is twofold:

- Improve business performance: better growth, higher profitability, address business risk, reduce operating costs, improve bankability, address social and environmental safeguards, product focus and governance standards
- Improve social impact: greater reach, better targeting, greater relevance, greater systemic contribution to poverty reduction and social inclusion

### **How does business mentoring differ from business coaching?**

Business mentoring is “an experienced and trusted advisor”. Usually, the main definition is an “employee training system under which a senior or more experienced individual (the mentor) is assigned to act as an advisor, counselor, or guide to a junior or trainee. The mentor is responsible for providing support to, and feedback on, the individual in his or her charge”<sup>12</sup>.

The goals of the relationship between the mentor (senior-expert) and mentee (junior- trainee) are:

- Motivate talented professionals to focus on their career/life development.
- Inspire individuals to see what is possible in their career/life.
- Enhance the professional's leadership development.
- Transfer knowledge from senior to junior professionals.
- Broaden intercultural or cross-cultural ties within the organization.
- Use the mentoring process as an entrée to succession planning.

According to The International Coach Federation (ICF)<sup>13</sup> professional coaching is "partnering with clients in a thought-provoking and creative process that inspires them to maximize their personal and professional potential". Coaching accelerates the advancement of the client's goals by providing greater focus and awareness of her/his choice. Coaching takes as its starting point the client's current situation and focuses on what the client is willing to do to get to where they would like to be in the future, being aware that all results depend on the client's intentions, choices and actions, backed by the effort of the coach and the application of the coaching method<sup>14</sup>.

The goals of business coaching are:

- Develop personal and collective capabilities and strengths.
- Gain efficiency.
- Make decisions with conscience, knowledge, arguments and values.
- Confidence in ourselves.
- Risk for what we want.
- Quickly and efficiently consolidate new promotions or assignment changes.
- Promote the loyalty of internal talent.
- Integrate methodology that multiplies the capabilities of people.
- Innovate in processes or management models.
- Boost business results.

In conclusion, both strategies imply a relationship between two parties in order to enhance business revenues and scalability. Business coaching is more related to a professional drive. It uses techniques and support through sessions focused on responding to the objectives of professional growth. However, business mentoring focuses on professional support and motivation, provided by a business expert to someone who wants to improve their knowledge and performance in a specific business area or sector.

### **What is IB coaching and mentoring?**

IB coaching and mentoring differ from traditional business coaching and mentoring especially in their content. The IB C-M guide seeks to develop IB lines that allow a company to generate a net positive impact on the BoP. To this end, two specific IB coaching tools (tool 2 and tool 3) and one IB mentoring tool (tool 4) are provided.

IB coaching is a professional relationship that can maximize the professional potential of companies through the development of strategic plans in order to achieve the transformation of the IB. Tool 2 and tool 3 are designed for consultants who want to offer an IB coaching service to companies and entrepreneurs, who want to improve their IB lines or transform into IB.

On the other hand, tool 4 is an IB mentoring that aims to increase the level of business performance to enhance the positive economic, social and environmental impact. IB mentoring is a co-learning relationship, guided by a non-structured techniques and methods. Tool 4 is aimed at IB entrepreneurs or IB company leaders who want to support other companies to achieve their IB transformations.

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12 <https://www.kent.edu/yourtrainingpartner/know-difference-between-coaching-and-mentoring>

13 <https://coachfederation.org>

14 <https://coachingfederation.org/research/academic-research>

## 4. The landscape for IB in Cambodia

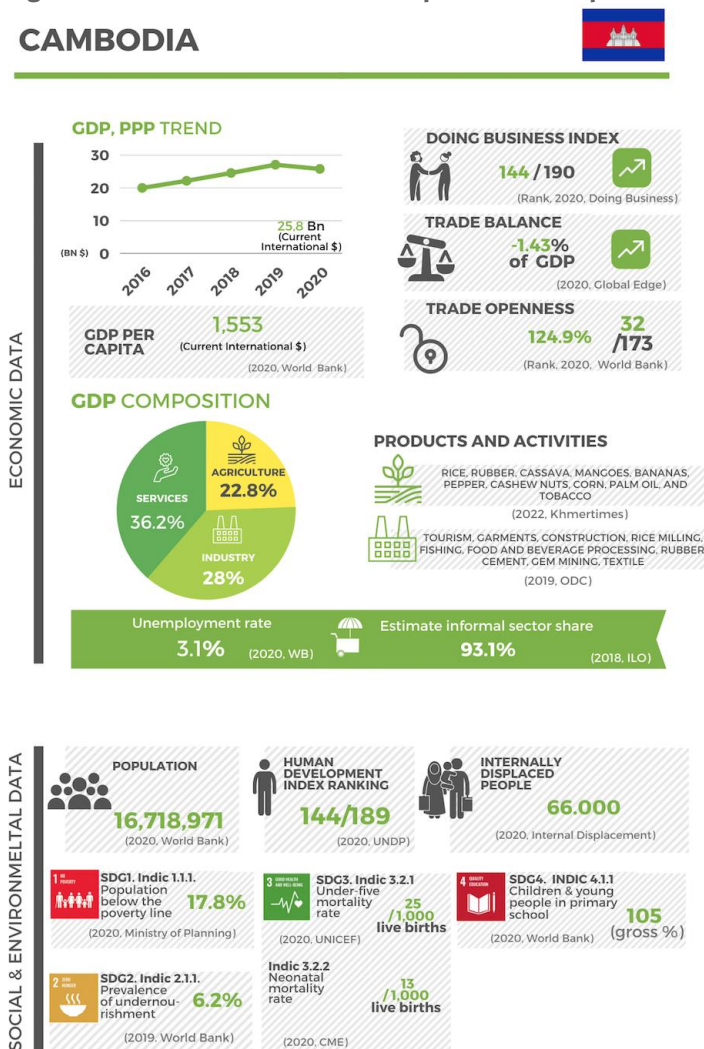
### 4.1 Cambodia's economic context

To know in depth, the potential of IB in Cambodia, it is important to know the general economic framework in which these productive activities will be developed. That is why in these sections the main economic and development indicators of the country in recent years will be highlighted.

Cambodia has achieved an average annual GDP growth of 7 percent in the previous two decades, from 1988 to 2019, due to policies that maintained its macroeconomic stability and having an open economy. Historically, Cambodia's economy has been driven primarily by tourism, clothing and footwear exports, making it one of the fastest growing economies in the world. However, the pandemic led to a reversal, with GDP contracting by -3.1% in 2020, the steepest drop in Cambodia's recent history. For 2021, GDP growth is expected to be 1.9%, but the latest forecast indicates a strong rebound in Cambodia's GDP growth in 2022 which is expected at 5.5%<sup>15</sup>

Cambodia's growth prior to the pandemic has been insufficiently diversified in products, markets, and factor inputs. Five products—garments, footwear, rice, cassava, and tourism—accounted for 80 percent of total exports; two markets—the European Union (EU) and the United States—accounted for 69 percent of merchandise exports; and foreign capital—through foreign direct investment (FDI) and official development assistance—accounted for 72 percent of gross fixed capital formation in 2018.

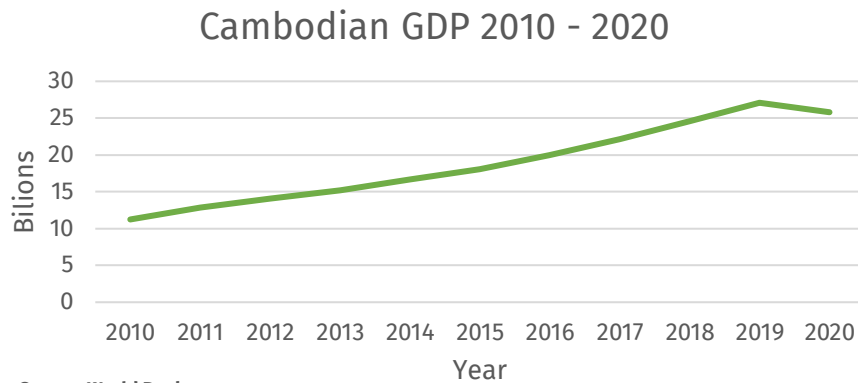
#### Key Progress Indicators and General Development Landscape in Cambodia





### 4.3 IB Sectorial Analysis

The *Asian Development Outlook (ADO) 2021* shows that industrial production is expected to rise 7.0% in 2022 on the back of a rebound in the garments, footwear, and travel goods sector, as well as growth in other light manufacturing such as electronics and bicycles<sup>16</sup>. Agriculture is expected to grow by 1.2% in 2022, underpinned by higher crop production after last year's flood damage, continued growth in aquaculture, and rising agriculture exports to the People's Republic of China.



According to the results of the *Statistical Yearbook of Cambodia 2021*<sup>17</sup>, the 3 sectors of activity with the mayor weight for Cambodia's GDP are:

- Agriculture, fishing and deforestation (20.7%)
- Industry (32.2%)
- Services (38.85)

These sectors add **93.7%** of the total GDP (year 2019). Within these large 3 sectors, their subsectors with the mayor weight are:

- Agriculture: crops 11.9%
- Industry: manufacturing 16.3 and textile 10.7
- Services: trade 9.2%

The small, medium and large companies in these sectors and sub-sectors represent a high opportunity for the transformation of the IB because they are the activities with the greatest economic and financial development in Cambodia and, therefore, with capacity to generate a positive net impact in the BoP and the environment. This does not mean that they are the sectors that are currently developing IB lines the most. In the *IB Inclusive Business Coaching and Mentoring Guide (IB-CM) for Cambodia*, these sectors are only analyzed as a sample of the Cambodian economy because they are the most important in GDP, however, companies in all sectors have the opportunity to develop IB lines.

Compared to other countries, innovations in health, education, job placement, housing, and municipal services in Cambodia are less developed, representing a significant disadvantage in terms of IB development and BoP participation. Although agro-industrial, industrial and service companies are the most powerful sectors in cambodian economy, they also present important weaknesses and opportunities for devolping IB that will be analyzed below.

#### 4.3.1 Agribusiness: Overview Approach

Although the agricultural and agribusiness sector is the 3rd most active sector in Cambodia's GDP (2019), it has low productivity due to the lack of technology and quality agricultural inputs, as well as the issues of access to financing and infrastructure, which in turn leads to value chains with development problems. Small farmers account for much of the country's agricultural production. Agricultural growth averaged 5.3% during 2004-2012, which was among the highest in the world. Agricultural exports increased as prices remained competitive compared to rice producers in

<sup>16</sup> Cambodia's Economy to Recover in 2021, Accelerate in 2022 – ADB | Asian Development Bank

<sup>17</sup> <https://www.nis.gov.kh/nis/yearbooks/StatisticalYearbookofCambodia2021.pdf>

neighboring Thailand, Vietnam and Myanmar<sup>18</sup>. Rice, corn and cassava, the main staple foods, represent more than 4.000.000 cultivated hectares in the country<sup>19</sup>. Other important crops are vegetables, mung beans and soybeans.

Cambodia has many agribusinesses but very few of them are IB. As the report from iBAN, Landscape study on Inclusive business in Cambodia, revealed, companies that buy from traders are rarely IB because they cannot ensure that the poor have a good income. Similarly, few companies with contract farming arrangements are IB because most of them pay market rates and hence keep low-income people in their current low-income level). The study analyzed 21 companies with IB potential and concluded that only 5 of them qualified as IB. Also, it is frequent for agrobusinesses to have different business lines, and only one of them is qualified as IB.

### Weaknesses and strengths:

Agribusiness Weaknesses
<ul style="list-style-type: none"> <li>• Technology, finance, information and entrepreneurship constraints for agricultural expansion.</li> <li>• The impacts of climate change are becoming more severe (incidence of floods and droughts on the rise, disasters on the rise).</li> <li>• Under resourced disaster risk management needs.</li> <li>• Slow progress with administrative, legal, and decentralization reforms.</li> <li>• Impact of the COVID-19 pandemic and the economic recession associated with agricultural expansion, especially for small producers.</li> <li>• Training is lacking and disaster risk management programs remain limited.</li> <li>• Little development of contract farming with decent wages for BoP farmers.</li> <li>• Large Agribusinesses have a diversified productive matrix.</li> <li>• Few agribusiness with transformation capacity IB<sup>20</sup>.</li> </ul>
Agribusiness Strengths
<ul style="list-style-type: none"> <li>• Large and diverse national water resources.</li> <li>• Relatively abundant land and soils suitable for a variety of agricultural activities.</li> <li>• Diversity of ecosystems (flat and hilly lands, flooded forests, riparian and coastal areas).</li> <li>• Young and adaptable labour force.</li> <li>• Underlying comparative advantage in farms in rice production (especially aromatic)</li> <li>• Stable macroeconomic and political framework, large flows of foreign direct investment, sustained economic growth over a long period<sup>21</sup>.</li> <li>• Diversity crops well positioned in the Asian market.</li> <li>• Public sector support for the associations of agriculture.</li> <li>• Strong stakeholder's engagement.</li> <li>• High potential for developing environmentally friendly crops.</li> <li>• Local experiences and experiences of small entrepreneurs of crops without agrochemicals.</li> </ul>
Agribusiness Gender Dimension
Gender Weaknesses
<ul style="list-style-type: none"> <li>• Cambodian women are increasingly finding alternative employment in textile factory and other non-agricultural sectors because agricultural work involves long hours outside the home, which is not easily compatible with domestic and care work.</li> </ul>

<sup>18</sup> World Bank (2015) <https://documents1.worldbank.org/curated/en/805091467993504209/pdf/96308-ESW-KH-White-cover-P145838-PUBLIC-Cambodian-Agriculture-in-Transition.pdf>

<sup>19</sup> <https://www.nis.gov.kh/nis/yearbooks/StatisticalYearbookofCambodia2021.pdf>

<sup>20</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019) <https://www.unescap.org/sites/default/d8files/knowledge-products/Landscape%20Study%20Inclusive%20Business%20Cambodia%20ESCAP%20iBAN%202021%20REPORT%20Final.pdf>

<sup>21</sup> ADB (2021) <https://www.adb.org/sites/default/files/publication/718806/cambodia-agriculture-rural-development-road-map.pdf>

- Access to extension and other agricultural services remains a major constraint to increasing productivity, much more so than for men.
- Mechanization also creates new challenges, as female-headed households are less able to control mechanized service providers<sup>22</sup>.
- Women's needs are often neglected, in part due to the low number of female extension workers and the lack of training and information addressed to women.

#### Gender Strengths

- Women's demand for new services in rural areas, such as a savings market, is increasing. for remittances and childcare options.
- Support from the public sector and international organizations for the promotion of IB agriculture led by women.

### Mapping of the main potential stakeholders of the IB agribusiness:

#### Government Agencies

- The Ministry of Agriculture, Fishery and Forestry (MAFF)
- The Ministry of Economy & Finance (MEF)
- The Council for The Development of Cambodia
- The Cambodia Women Entrepreneurs Association (CWEA)
- The Federation Association of Small and Medium Enterprises of Cambodia (FASMEC)
- The Young Entrepreneur Association of Cambodia (YEAC)

#### Business Associations and NGOs

##### Cambodian:

- The Cambodian Farmers Federation Association of Agricultural Producers (CFAP)
- The Cambodian Organic Agriculture Association
- The Cambodia Partnership for Sustainable Agriculture (CPSA)
- The Cambodia Rice Federation

##### International:

- International Fund for Agricultural Development (IFAD)
- The Food and Agriculture Organization (FAO)
- Asian Farmer's Association for Sustainable Rural Development
- ASEAN Foundation

#### 4.3.1.1 Agrobusiness Case Studies

Below is a series of case studies that have been specially selected from the “Landscape Study of Inclusive Business in Cambodia”<sup>23</sup>. The selected case studies represent successful experiences of IB lines development in agrobusiness sector. These case studies allow you to visualize different ways of efficiently carrying out each building block for the transformation of IB, that is, to promote a strategic design of an IB model from business operations, value chains and social, economic and environmental impact measurements in the BoP.

<sup>22</sup> World Bank (2015) <https://documents1.worldbank.org/curated/en/805091467993504209/pdf/96308-ESW-KH-White-cover-P145838-PUBLIC-Cambodian-Agriculture-in-Transition.pdf>

<sup>23</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019) <https://www.unescap.org/sites/default/d8files/knowledge-products/Landscape%20Study%20Inclusive%20Business%20Cambodia%20iBAN%202021%20REPORT%20Final.pdf>



**LYLY FOOD** ([click here for more information](#))

**Sector:** Agriculture

**BoP engagement type:** Supplier

DESCRIPTION	KEY HIGHLIGHTS
<p>Lyly Food, established in 2002, is a medium-sized agrobusiness making processed foods. The company has two business lines: the mainstream business line purchases inputs from traders and pays market rates (this line would not qualify as IB), and the second business line (established in 2018) works with contract farmers to produce dried-food snacks from vegetable and fruits. The second business line is an IB line, which adds value to farmers products and improves their income.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$3 million (10-20 per cent growth plan over the next three to five years).</li> <li>• Profit margin: 10 percent (expected to increase to 15 per cent in the coming 3 years).</li> <li>• IB target: 5,000 suppliers from poor and low-income households (20 per cent of the suppliers are very poor, 40 per cent are poor, and 40 per cent are low-income).</li> </ul>



**AMRU RICE** ([click here for more information](#))

**Sector:** Agriculture

**BoP engagement type:** Supplier

DESCRIPTION	KEY HIGHLIGHTS
<p>Amru Rice is the biggest organic rice exporter of Cambodia, with a market share of 90 per cent. Given the excellent commercial performance, the high social impact (in reach, depth and systemic change), the high degree of business innovations benefitting smallholder farmers, and the strong strategic intent for IB in the company's management, Amru Rice has one of the best IB ratings in Cambodia. It is a very good example of an IB model.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$45 million. About \$25 million of the revenue comes from its Inclusive Business line of directly working with farmers in organic rice.</li> <li>• Profit margin: high (15 per cent).</li> <li>• IB target: 25,000 farmers, about 30 per cent of the smallholders working with Amru rice come from poor households and 65 per cent from low-income households. The company can pay 20-30 per cent more than the going market rate because of its high productivity and external demand at good prices for high-quality, organic products.</li> </ul>



**AGRIBUDDY** ([click here for more information](#))

**Sector:** Agriculture

**BoP engagement type:** Consumer

DESCRIPTION	KEY HIGHLIGHTS
Agribuddy is an input and market provider which uses an innovative platform to connect farmers to banks, agricultural inputs manufacturers and crop buyers/processors. Its revenues come from commissions generated through the facilitation services it provides to those institutions.	<ul style="list-style-type: none"> <li>• Annual revenue: \$1.3 million by 2022.</li> <li>• Profit margin: very low (5 per cent).</li> <li>• IB target: 3,000 small farmers (2019), half are low-income and the other half very poor or poor (1-3 ha of rice land and up to 5 ha of cassava land).</li> </ul>



**SIGNATURES ASIA** ([click here for more information](#))

**Sector:** Agriculture

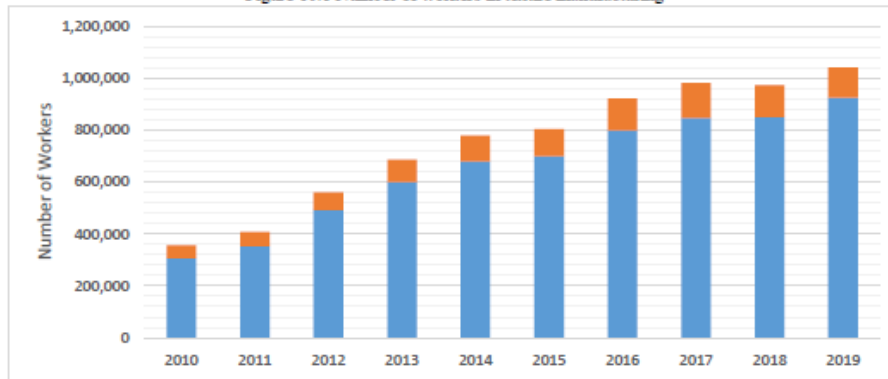
**BoP engagement type:** Supplier

DESCRIPTION	KEY HIGHLIGHTS
Signatures of Asia was established in 2007 by a group of young dynamic people. In 2010, it rapidly expanded its business by operating a milling house investment in Banteay Meanchey, and in 2012 it became one of the top 10 rice exporters in Cambodia. Signatures of Asia sells to the international market organic (15%) and conventional (85%) rice, as well as organic palm sugar and organic black pepper. The company is in a transformation period to be a leading organic rice and ingredient supplier from Cambodia, and seeks to ensure that by 2025 half of its exports will be organic produce.	<ul style="list-style-type: none"> <li>• Annual revenue: \$16 million (2018).</li> <li>• Profit margin: 7 per centtarget: 1,700 households (around 3,500 smallholder farmers and cooperatives). All of them practice sustainable agriculture. Signatures of Asia plans to increase its direct suppliers to about 3,000 households by 2023 and it is committed to supporting sustainable agricultural solutions that bring positive impact to low-income people, especially for women and youth (which are 50 and 20 percent respectively of their supplying farmers).</li> </ul>

#### 4.3.2 Industry and Services: Manufacturing, Handicrafts and Trade

Parallel to the important weight that industry and services have in the national GDP, the number of workers in industry and services, especially textiles, grows year after year in Cambodia, as can be seen in the following graph:

Figure 10.1 Number of workers in textile manufacturing



Source: Ministry of Industry and Handicraft

Regarding the industrial sector, in 2018, the number of small and medium-sized handicrafts establishments was 1,638, but in 2019, 49,949<sup>24</sup> establishments were registered, demonstrating an explosive growth in small and medium-sized businesses. The high growth is mainly due to the food and beverage, tobacco subsector. This shows that the industry is currently one of the most important sectors for the development of IBs. However, the textile industry is the one with the most workers, following the graph, with 361,160 workers in 2019. The growth in the industry and trade is consistent with the export of manufactures. In 2019, 14.875 million dollars US were registered, 5 million more than in 2018, and manufactures represent 91.4% of annual exports<sup>25</sup>.

The sector has specialized on low cost and low value-added products with limited local inputs. As the value added of this industry is low, salaries in the sector are very low (about \$240 per month), despite of large wage increases in recent years. In addition, garment factories do not use innovations to reduce the risks of the poor (except the compulsory health and other insurance packages). The IB landscape report highlighted that given the large size of FDI investment in the textile industry, one would have expected to find some more IB activities in this area (apparently, seven companies in the garment sector were examined but no IB models were found among them).

### Weaknesses and strengths:

#### Industry and Services Weaknesses

- Slow progress with administrative, legal, and decentralization reforms in related topics.
- Impact of the COVID-19 pandemic and the economic recession associated with exports and trade.
- Industry and trade are highly polluting sectors.
- Lack of private local investment in training for sustainable industrial and trade production and distribution.
- Low wages/incomes for BoP producers and workers.
- Low cost specialization.
- Strong presence of informal work and lack of social security for IB workers.
- Scarce presence of IB models in the large-scale industrial sector.

#### Industry and Services Strengths

- Textiles, clothing, and footwear accounted for 74% of the value of Cambodia's exports and generated more than a million jobs (mostly for women) in 1,075 factories<sup>26</sup>.
- Young and adaptable labour force.
- Growing economic sectors.

<sup>24</sup> <https://www.nis.gov.kh/nis/yearbooks/StatisticalYearbookofCambodia2021.pdf>

<sup>25</sup> [https://www.wto.org/english/res\\_e/statis\\_e/daily\\_update\\_e/trade\\_profiles/KH\\_e.pdf](https://www.wto.org/english/res_e/statis_e/daily_update_e/trade_profiles/KH_e.pdf)

<sup>26</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019) <https://www.unescap.org/sites/default/d8files/knowledge-products/Landscape%20Study%20Inclusive%20Business%20Cambodia%20iBAN%202021%20REPORT%20Final.pdf>

- Regional and international competitiveness.
- Stable macroeconomic and political framework, large flows of foreign direct investment, sustained economic growth over a long period<sup>27</sup>.

### Mapping of the main potential stakeholders of the IB industry and trade:

#### Government Agencies

- The Ministry of Industry, Science, Technology & Innovation (MISTI)
- The Ministry of Commerce (MoC)
- The Ministry of Economy & Finance (MEF)
- The Council for The Development of Cambodia
- The Cambodia Women Entrepreneurs Association (CWEA)
- The Federation Association of Small and Medium Enterprises of Cambodia (FASMEC)
- The Young Entrepreneur Association of Cambodia (YEAC)

#### Business Associations and NGOs

##### Cambodian:

- The Garmen Manufactureres Association in Cambodia (GMAC)
- Cambodia International Trade Association
- Cambodia Business Council Association

##### International:

- World Trade Organization
- ASEAN Foundation
- The British Cambodian Chamber of Commerce (BritCham Cambodia)
- The Franco-Cambodian Chamber of Commerce (CCFC)
- The German Business Group Cambodia (ADW)
- The European Chamber of Commerce in Cambodia (EuroCham).
- The Australian Chamber of Commerce in Cambodia (AusCham Cambodia)
- AmCham (The American Chamber of Business in Cambodia)
- The Thai Business Council in Cambodia (TBCC)
- The Malaysian Business Chamber of Cambodia (MBCC)
- French Cambodian Chamber of Commerce and Industry (CCIFC)
- InCham (Indian Chamber of Commerce in Cambodia)
- KoCham Cambodia (Korean Chamber of Commerce Cambodia)
- JBAC (Japanese Business Association of Cambodia)
- Hong Kong Business Association of Cambodia (KBAC)
- CanCham (Canadian Chamber of Commerce in Cambodia)
- The Philippine Chamber of Commerce in Cambodia (PhilCham Cambodia)
- The Italian Cambodian Business Association (ICBA)
- The Swiss Agency for Development and Cooperation (SDC)

#### 4.3.2.1 Industry and Services Case Studies

Following the Agrobusiness Case Studies, below you will find case studies that have been selected from the “Landscape Study of Inclusive Business in Cambodia”<sup>28</sup>. The selected case studies represent successful experiences

<sup>27</sup> ADB (2021) <https://www.adb.org/sites/default/files/publication/718806/cambodia-agriculture-rural-development-road-map.pdf>

<sup>28</sup> Landscape Study of Inclusive Business in Cambodia, UNESCAP (2019) <https://www.unescap.org/sites/default/d8files/knowledge-products/Landscape%20Study%20Inclusive%20Business%20Cambodia%20UNESCAP%20iBAN%202021%20REPORT%20Final.pdf>

in the development of IB lines in the industry and services subsectors. These case studies allow visualizing different pathways of the IB transformation.



**ACE SOLAR ENERGY** ([click here for more information](#))

**Subsector:** Energy

**BoP engagement type:** Consumer

DESCRIPTION	KEY HIGHLIGHTS
<p>ACE is a solar energy company that produces and sells cookstoves equipped with a fan powered by a solar panel. The technology is designed to increase firewood and other organic fuel efficiency and substantially reduce smoke emissions. The ACE business model is also implemented in three African countries, where ACE has already sold 25,000 units.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$1.5 million (expected by 2023).</li> <li>• Profit margin: is still low but is expected to reach 10 per cent by 2022.</li> <li>• IB target: ACE stoves are more expensive than traditional woodstoves. However, they are more energy efficient, safer to use, and healthier (smoke emission free). ACE stove saves about 37 per cent (50 per cent) in energy costs for cooking compared to using wood (LPG gas). Moreover, the solar panel also provides solar lighting and phone charging which helps further reduce energy costs. The company aims to produce the solar cookstove in Cambodia, for the domestic and the global market, creating jobs and developing skills in the country. It may employ about 300 persons by 2023 from 20 persons in 2019).</li> </ul>



**ARTISANS D'ANGKOR** ([click here for more information](#))

**Subsector:** Handicraft

**BoP engagement type:** Worker

DESCRIPTION	KEY HIGHLIGHTS
<p>Artisans d'Angkor first operated in 1992 as a non-governmental organization and in 2003 officially registered as a company co-owned by French investors, the Association of Artisans Angkor employees, and the Royal Government of Cambodia. The company currently has two business lines: producing ancient Cambodian arts and crafts (core business line); and providing décor services for hotels, national institutions and private houses, and stone restoration for temples.</p> <p>The company has a strong IB program providing arts and crafts training for disadvantaged people in rural areas, and recruits some of them as company staff.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: The company plans to double its revenues by 2023. This increase would be supported mainly by growth of its new business line (décor services and restoration), which would form 35 per cent of the revenue in 2023 (up from 10 per cent in 2018).</li> <li>• Profit margin: is still low but is expected to reach 10 per cent by 2022.</li> <li>• IB target: Artsans d'Angkor engages the poor and low-income people mainly as labourer (and a few as supplier). The company has currently about 1,200 staff. About 90 per cent of its employee comes from poor families and 10 per cent came from low-income families.</li> </ul>





**BANHJI** ([click here for more information](#))

**Subsector:** Fintech

**BoP engagement type:** Consumer

DESCRIPTION	KEY HIGHLIGHTS
<p>Banhji is a FinTech start-up providing MSMEs with a financial platform and financial applications that are connected to Cambodia’s payment and financing ecosystem. The platform and applications enable MSMEs to make smart decisions, access digital financial services, and access working capital financing. This company’s vision is to reduce the Cambodian MSMEs \$3.7 billion financing gap. Banhji started its business in October 2016 providing free accounting software to SMEs.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$1 million, and the company expects this to substantially increase to reach about \$30 million by 2023-2025.</li> <li>• Profit margin: 67 per cent in 2018 and 75 per cent by 2023.</li> <li>• IB target: more than 2,500 microenterprises that had a combined asset of \$250 million (about \$0.1 million on average). Their customers are generally low-income people (70 per cent).</li> </ul>



**KHMER WATER SUPPLY HOLDING** ([click here for more information](#))

**Subsector:** Water and sanitation

**BoP engagement type:** Consumer

DESCRIPTION	KEY HIGHLIGHTS
<p>Established in 2013 and rapidly growing since 2016, Khmer Water Supply Holding Co. Ltd. (KWSH) supplies clean water to semi-urban and rural communities in Kratie, Siem Reap and Takeo provinces. The company buys water concessions and reorganizes the management of local water operators to increase household connections and generate meaningful returns on investment. While companies perceive expanding existing water concessions to remote areas as risky, KWSH sees this as an opportunity to reduce poverty and the core of its business model. Unlike many of the other 300 water companies in Cambodia, KWSH’s business model is focusing on inclusion of the non-connected rural households in its concession areas, and providing them with high quality water.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$0.9 million in and it is expected to reach \$4.2 million across 18 stations by 2023.</li> <li>• Profit margin: high (70 per cent).</li> <li>• IB target: KWSH cover almost 40,000 households, of which 10,000 are connected and is a very good example of an IB model that should be replicated across Cambodia given the large market needs (e.g. by 2017 only 11% of rural households had reliable piped water access).</li> </ul>



**PHARE CIRCUS** ([click here for more information](#))

**Subsector:** Handicraft

**BoP engagement type:** Worker

DESCRIPTION	KEY HIGHLIGHTS
<p>Phare Performing Social Enterprise was established as a private limited company (social enterprise) in 2013 derived from the NGO Phare Ponleu Selpak founded in 1994. Phare gives circus performances and generates income opportunities for those involved in the company through the Phare Creative Studio (illustration, painting, video, graphic design, and animation), the handicraft boutique and the coffee shop.</p>	<ul style="list-style-type: none"> <li>• Annual revenue: \$1.25 million in 2018, and aims at achieving a revenue of \$4 million in 2023.</li> <li>• Profit margin: low.</li> <li>• IB target: Phare Performing Social Enterprise has 120 laborers in the circus, including 70 performing artists and 12 visual artists (graphic designers/animators). Most of the employees come from poor or even very poor households. Phare Performing Social Enterprise also purchases products from more than 1,000 poor and low-income producers to sell them in its shops before and after the performances. Phare Performing Social Enterprise uses its net profits to finance the educational fees of 1,200 pupils attending public schools and 500 students attending vocational arts training programs in Battambang province.</li> </ul>

## 5. Resources & complementary tools for the IB Transformation Process

ASIAN & CAMBODIAN RESOURCES & COMPLEMENTARY TOOLS		
RESOURCE & TOOL RECOMMENDED	DESCRIPTION	HOW TO USE IT & CASE STUDIES
<p><a href="#">Cambodia SDG Investor Map</a> UNDP, 2022</p>	<p>The Cambodia SDG Investor Map has been created to showcase business prospects with a supportive policy environment that can have a significant influence on sustainable development. It will serve as the foundation for discussions surrounding policy-level measures to strengthen the ecosystem and to entice private investors and enterprises to raise capital and direct business operations toward the designated SDG-relevant sectors.</p>	<ul style="list-style-type: none"> <li>• SDG Investor Map</li> <li>• 2030 SDG Agenda the focal point of the private sector's actions</li> <li>• Government financing strategy in the Integrated National Financing Framework.</li> </ul>
<p><a href="#">Supporting Young Entrepreneurs Guidebook - Incubator &amp; Accelerator Programmes</a> UNDP, 2022</p>	<p>With the growing number of entrepreneurship activities, UNDP Cambodia has developed an entrepreneurial support guidebook (2021) for stakeholders to understand the diversity of programmes and activities which are available to support young entrepreneurs in Cambodia. Although the information is detailed for each programme and activity, it does not cover all growing numbers of entrepreneurship activities in Cambodia.</p>	<ul style="list-style-type: none"> <li>• Entrepreneurs programming</li> <li>• Startup ecosystem in Cambodia</li> </ul>

<p><u>Small And Medium Enterprises (SMEs) Information Toolkit</u> Opendevelopment Cambodia, 2022</p>	<p>This information toolkit is developed to aid entrepreneurs in Cambodia access open data – data collected for public use and serve public interest.</p>	<ul style="list-style-type: none"> <li>• Useful information about startups and SMEs</li> <li>• Related contents on Open Development Cambodia’s website</li> <li>• Other actors and resources available for further research</li> </ul>
<p><u>Small &amp; Medium Enterprises Development Policies In Cambodia</u> CAMBODIA GOVERNMENT, 2021</p>	<p>Complete and updated systematization of the main definitions, policies and general status of SMEs in Cambodia.</p>	<ul style="list-style-type: none"> <li>• Overview of the SME policies</li> <li>• Specific Schemes of SME Development Policies</li> <li>• Challenges of and Suggestions on Promotion of SMEs</li> </ul>
<p><u>Building Inclusive Supply Chains: Lessons Learned</u> IFC, 2021</p>	<p>Successful case study on MUJI in Asia describing the main value chain strategies, difficulties, stakeholders and outlining a good practice guide for inclusive business development in the region.</p>	<ul style="list-style-type: none"> <li>• The case of MUJI: business, supply chain, and sourcing strategy in emerging markets</li> <li>• MUJI’s inclusive business activities</li> <li>• IFC advisory—project assessment and feedback from stakeholders</li> <li>• Challenges in engaging with small-scale suppliers and solutions</li> <li>• Roles of third-party intermediaries and aggregators</li> <li>• Building partnerships to encourage a thriving inclusive business model</li> </ul>
<p><u>Landscape Study Of Inclusive Business In Cambodia</u> Unescap, 2020</p>	<p>To support the development of such strategy, the Government of Cambodia has requested the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and the Inclusive Business Action Network (iBAN) to conduct the present landscape study, which includes a market study of current inclusive businesses in Cambodia and an assessment of the enabling environment, and provides recommendations for promoting inclusive businesses.</p>	<ul style="list-style-type: none"> <li>• The Inclusive Business approach taken</li> <li>• Market opportunities for Inclusive Business in Cambodia.</li> <li>• Private sector development in Cambodia and the role of Inclusive Business</li> <li>• Market study of Inclusive Business in Cambodia</li> <li>• Building an enabling environment for Inclusive Business</li> <li>• Inclusive Business enabling environment in Cambodia</li> </ul>
<p><u>Business Integrity Toolkit For Young Entrepreneurs</u> UNDP, 2020</p>	<p>The purpose of this Toolkit is to contribute to this goal by encouraging young people starting their own businesses to operate with integrity from the outset. Our hope is that if young people starting new businesses do so correctly – by complementing their new ideas and commercial instincts with clear values, a strong code of ethics, and an embedded purpose to benefit society.</p>	<ul style="list-style-type: none"> <li>• Guideline to good practices, ethics and transparency for entrepreneurs</li> </ul>
<p><u>Guidelines for The Promotion of Inclusive Business In ASEAN</u> ASEAN Secretariat, 2020</p>	<p>As an overview, the Guidelines for the Promotion of Inclusive Business in ASEAN document provides an outline on how inclusive businesses can be supported at the national level, and what institutional setup is required to do so. The guidelines also provide recommendations on how ASEAN policy makers could collectively promote inclusive business at the regional level. We hope that this document would serve as a useful reference document for ASEAN policy makers in</p>	<ul style="list-style-type: none"> <li>• The rationale for Inclusive Business (IB) promotion in ASEAN</li> <li>• IB in ASEAN</li> <li>• Policy instruments</li> <li>• Designing and implementing IB promotion policies in ASEAN</li> <li>• Synergies to promote IB</li> </ul>

	formulating national and regional strategies towards achieving a resilient, inclusive, people-oriented and people-centered ASEAN.	
<a href="#"><u>UNLOCKING THE POTENTIAL OF THE CAMBODIAN PRIVATE SECTOR</u></a> EMC, 2017	This Private Sector Assessment examines recent private sector growth and development in Cambodia and takes stock of current conditions in order to identify the critical factors that could impede future progress. It then recommends a support program to help the Royal Government of Cambodia address important private sector issues.	<ul style="list-style-type: none"> <li>• Cambodia's economic performance</li> <li>• Private sector enabling policy</li> <li>• Gender</li> <li>• SMEs, the missing middle and informality</li> <li>• Banking and finance</li> <li>• Employment, education and skills</li> <li>• Constraints to private sector growth</li> </ul>
<a href="#"><u>THE NATIONAL GREEN GROWTH ROADMAP</u></a> UN ESCAP, 2009	The Roadmap has been produced through repeated consultations and interviews with all involved Line Ministries. In addition, discussions at three Inter-Ministerial Green Growth Working Group (IGGWG) Meetings held in Phnom Penh throughout 2009 have contributed substantially to the contents and structure of this Roadmap. Comments and input were collected and synthesized into this document. It lays out ideas for increased multi-stakeholder collaboration in the design and implementation of projects and programmes that can further inclusive and sustainable development in Cambodia. This kind of development aims at improving resilience to adverse impacts, whilst choosing low-carbon options for "green growth" to mitigate and adapt to a changing climate.	<ul style="list-style-type: none"> <li>• Green growth roadmap</li> <li>• Paths to greening the economic development</li> <li>• Sustainability of agriculture, forests and energy</li> <li>• Sustainability of waste management</li> <li>• Integrating gender equity into green growth</li> <li>• Land use and ecologically sound and healthy urban environment</li> <li>• Decentralization and deconcentration reform</li> </ul>
<a href="#"><u>CAMBODIA'S ROAD MAP FOR SUSTAINABLE DEVELOPMENT</u></a> ADB, 2018	Cambodia's National Environment Strategy and Action Plan, 2016–2023 (NESAP) aims to ensure that environmental protection and sustainable natural resource management are pillars of the country's socioeconomic development.	<ul style="list-style-type: none"> <li>• State of THE Environment and Natural Resources</li> <li>• The Strategy and Action Plan</li> <li>• Financing</li> <li>• Governance and Management</li> </ul>
<a href="#"><u>Cambodia Sustaining strong growth for the benefit of all</u></a> World Bank Group, 2017	Cambodia Development Analysis: Growth and Poverty; sustainability and equity; and inclusive development	<ul style="list-style-type: none"> <li>• Cambodia's development trajectory</li> <li>• Poverty reduction challenges.</li> <li>• Sustaining growth challenges and current model</li> <li>• Priority interventions to encourage strong, inclusive, and sustainable development in Cambodia</li> </ul>



## Inclusive Business Action Network (iBAN)

The Inclusive Business Action Network (iBAN) is a global initiative supporting the scaling and replication of inclusive business models. Through its strategic approach iBAN supports companies with tailor-made investment readiness programmes and develops national inclusive business policy strategies with policymakers. On a global level iBAN manages the largest online knowledge platform ([www.inclusivebusiness.net](http://www.inclusivebusiness.net)) on inclusive business. iBAN creates a space where evidence-based knowledge transforms into learning and new partnerships. With its focus on promoting the upscale of inclusive business models and consequently improving the lives of the poor, iBAN is actively contributing to the achievement of the United Nations Sustainable Development Goals. iBAN is funded by the German Federal Ministry for Economic Cooperation and Development. It is implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. An earlier phase of this project (01/2017 – 12/2021) was supported by the European Union.

- <https://www.inclusivebusiness.net>



## Emerging Markets Consulting (EMC)

Emerging Markets Consulting is a locally based consulting firm bringing best practices to both the private and development sectors in the Mekong Region. With 12+ years uninterrupted service, 350 projects completed and a permanent staff committed to living and working in the region, EMC is entirely invested in your success, and uniquely able to support your long term growth.

- <https://emc-consulting.asia>



## GlobalCAD - The Centre of Partnerships for Development

GlobalCAD is an international consulting firm with more than 15 years of experience leading projects with high social, economic and environmental impact. It constitutes a global network of experts on sustainable and inclusive development. They organize their strategies based on partnerships, offering holistic and transformative solutions that respond to multiple global challenges. These services include research, strategic advice, technical support, training and capacity building in the areas of cross-sector partnerships, inclusive business and private sector development, green economy, climate change adaptation and mitigation, and gender equality.

- <https://globalcad.org/en>

The Inclusive Business Coaching and Mentoring Guide (iB-CM) was produced by Global CAD and EMC and funded by iBAN.

