



Entrepreneurship Ecosystem Actor Learning & Sharing Forum

REFLECTIONS & FEEDBACK



SEPTEMBER 2020

BACKGROUND

In early 2020, the USAID-funded Women Entrepreneurs Act project (WE Act) and the Aspen Network of Development Entrepreneurs (ANDE) organized the first **Entrepreneur Ecosystem Actor Learning and Sharing Forum in Cambodia.**

This Forum was organized in response to interests from a diverse group of actors with similar objectives to support Cambodian entrepreneurs, and the observation that there is **an increasing need to collaborate and coordinate across these many efforts.**

The aim is for the Forum to serve as a recurring platform where all actors can share best practices, insights and opportunities with the **aim to jointly strengthen the Cambodian entrepreneur ecosystem.**

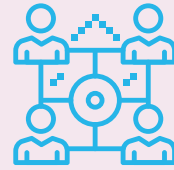


KEY FACTS AND FIGURES



93 people
in attendance.

51 different organizations
or institutions represented.



Presentations made by
10 thought leaders
from Cambodia's entrepreneurship ecosystem.

KEY OUTCOMES

The Forum generated interest and commitment from representatives from Government, civil society, financial institutions, private companies, business associations, chambers of commerce, regional networks, donors, multilateral institutions, researchers and ecosystem actors, to continue with dialogue, to jointly address issues that are impacting the ecosystem, to share best practices and learnings, and to work collectively to strengthen the entrepreneurship ecosystem.

The first Forum successfully proved the concept: there is both a need and the collective will to continue to take this ecosystem strengthening initiative forward!

NOTE ON NEW REALITIES UNDER COVID-19

Since holding the Forum, the entrepreneurship ecosystem in Cambodia, as well as on a global scale, has been profoundly impacted by the COVID-19 pandemic. Entrepreneurs who are starting or running MSMEs have been among the first to feel the negative repercussions of the global economic downturn and restrictions on human mobility. Indeed, surveys of entrepreneurs conducted by multiple ecosystem actors indicate that around 90% of entrepreneurs are feeling negative financial impacts related to the pandemic.

The reality is that the entrepreneurship ecosystem in Cambodia has changed in the last several months, in ways that we are all continuing to discover on a daily basis. What is clear, is that we as **ecosystem actors must adapt so that we can continue to provide support to entrepreneurs in ways that will be most practical and relevant to their needs**. We can see many examples of this adaptation already happening, as many support networks and organizations have moved to providing their services through online platforms, new products and services are being developed to help entrepreneurs navigate the realities of a ‘COVID-19 world’, entrepreneur associations have begun to engage government stakeholders around relief and support measures to be provided to small businesses, and financial institutions have begun to adjust the terms of loans that are to be repaid during this period.

Still, **there is much more that will be needed from ecosystem actors to support entrepreneurs to weather the difficult times that lay ahead**. The reflections that are outlined in the following pages came from the Forum discussions that were held before COVID-19. They remain relevant, and many continue to warrant timely action. We now have the additional role to consider how our ecosystem becomes stronger and more responsive to addressing the challenges presented to entrepreneurs by COVID-19 imposed realities.

Together, we are already taking up that challenge, and we will continue to do so.

Sabine Joukes

Chief of Party for WE Act

Reflections on the Ecosystem Pillars

The Forum provided the space for participants to listen to technical presentations and engage in discussions about the entrepreneurship ecosystem ‘pillars’ that were of greatest interest to them. While many different ideas and perspectives came out of those discussions, the following information represents the key points that emerged from each pillar discussion.



SUMMARY OF KEY REFLECTIONS



Access to finance

- Focus on **developing financial capacity** of entrepreneurs.
- There is a need to **increase mutual understanding between supply and demand** around financing services.



Human Capital

- There is a need to formalize and **professionalize knowledge and skills** about business.
- Many entrepreneurs require **sector-specific technical assistance**.
- Trained business consultants can help to meet entrepreneurs' human capital needs at multiple levels.



Policy and Leadership

- **Clear and accessible information** enables entrepreneurs to make smart and informed choices.
- **Better data** about entrepreneurship in Cambodia would be beneficial for policy makers.
- Engagement with **international markets** presents complex business challenges and opportunities.
- **Business registration** should be linked to appropriate incentives.



Support Structures

- Existing entrepreneurship networks are not accessible to all entrepreneurs.
- **Quality of interaction** and benefits in networks can vary greatly.
- Networks and institutional support structures can **enable constructive engagement with Government**.



Entrepreneurial Culture

- **Embracing failure** or other shortcomings can lead to radical learning and growth.
- **Family approval** plays a key role in supporting the efforts of entrepreneurs.
- It takes a whole **ecosystem approach** to shift cultural norms.



Access to Markets

- Startups often struggle to know **where and how to find the right customers**.
- **Regulations** can serve as both barriers and enablers for accessing large markets.
- Cambodian entrepreneurs have never been more connected.

REFLECTIONS ON

Access to finance



- **There is a need to formalize and professionalize knowledge and skills about business.** Multiple forum participants indicated that business practices are often carried out based on ‘traditional cultural norms’ or ‘what has been done from generation to generation’ and not based on professional best practices. Following on this point, there is a need to provide more opportunities for entrepreneurs from diverse background to access formal business training and professional skills building resources that are made relevant to the Cambodian context and which can be accessed in Khmer language.
- **Many entrepreneurs require sector-specific technical assistance.** Participants noted that many of the skills building programs that do exist for entrepreneurs are about general business development, and don’t go deep into the specific skills required for certain sectors like hospitality, clothing retail, food processing, etc.
- **Trained business consultants can help to meet entrepreneurs’ human capital needs at multiple levels.** Some initiatives are already under way to train and professionalize business consultants, coaches and mentors to be able to better meet the specific needs of Cambodia’s entrepreneurs.

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Human Capital



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REFLECTIONS ON

Policy and Leadership

- **Clear and accessible information enables entrepreneurs to make smart and informed choices.** Participants noted a number of challenges when it comes to accessing and understanding information about key business regulations and policies, including regulations related to business registration and taxation. However, it was also noted that there are multiple initiatives under way to establish platforms that will serve as hubs of information and service points related to a range of business policies and regulations.
- **Better data about entrepreneurship in Cambodia would be beneficial for policy makers.** The data that is currently available about entrepreneurship in Cambodia is often dated and incomplete. As entrepreneurship is an area that has seen significant growth in recent years, there would be great value in investing in the quantity and quality of entrepreneurship-related data that is available to help policy makers and service providers to develop solutions that best meet the current context.
- **Engagement with international markets presents complex business challenges and opportunities.** Participants indicated that many entrepreneurs face challenges when it comes to competing with international businesses and investors that are operating in Cambodia under advantageous regulatory practices. Policy makers have a chance to further develop policies that continue to promote activity from foreign business entities while also better promoting the competitiveness of Cambodian business owners.
- **Business registration should be linked to appropriate incentives.** Much discussion revolved around both the challenges and the potential benefits for businesses to become formalized through registration with the relevant authorities. Recommendations made by participants included for the government to clarify the incentives for registration, and for ecosystem actors to help make information about registration more accessible to entrepreneurs.

Support Structures



- **Existing entrepreneurship networks are not accessible to all entrepreneurs.** Forum participants acknowledged that while there are multiple formal and informal networks and associations that exist to support and serve the needs of Cambodian entrepreneurs, access to these networks can be limited for some entrepreneurs due to lack of information, membership fees that are seen as expensive, and other barriers that make them feel that they don't belong. Some associations discussed initiatives they have under way to make their institutions increasingly accessible to many different types of entrepreneurs.
- **Quality of interaction and benefits in networks can vary greatly.** It was noted that even entrepreneurs that belong to formal networks and associations may see different levels of benefits based on how they engage with the network. In some instances, entrepreneurs lack the soft skills required to be able to effectively form productive connections with others based on the support structure of the network.
- **Networks and institutional support structures can enable constructive engagement with Government.** Association, networks, and other formal entrepreneur support organizations can provide important opportunities to engage with government officials about policies and projects that can provide benefits and support to entrepreneurs. It was recognized that networks play a critical role in representing the collective voice of their members in order to enable a robust and impactful dialogue with government decision makers.



REFLECTIONS ON

Entrepreneurial Culture

- **Embracing failure or other shortcomings can lead to radical learning and growth.** The entrepreneurial culture in Cambodia is such that many entrepreneurs do not want to acknowledge that they may have gaps around business knowledge or skills, or that they may have faced certain failures in starting their businesses. An entrepreneurship ecosystem that can better promote and support entrepreneurs to learn from the challenges they face is likely to enable increased success.
- **Family approval plays a key role in supporting the efforts of entrepreneurs.** Cambodian entrepreneurs often look for their families' perspectives on whether they should go ahead with their business endeavors, and ultimately to provide them with the 'approval' and validation they seek to be able to take on the risks of entrepreneurship. Young entrepreneurs in particular often need to develop the necessary skills to be able to engage and negotiate with their families so they can best communicate what they are trying to achieve in their lives.
- **It takes a whole ecosystem approach to shift cultural norms.** It will require many different types of organizations and institutions to promote the value of entrepreneurship for cultural norms to change over time and to become more accepting of entrepreneurship. Many initiatives are already under way to better promote and celebrate the work of entrepreneurs, including entrepreneur events and awards, increased information and services, and highlighting of entrepreneur role models that have experienced the downs and ups of failure and success, yet it is recognized that it will take considerable time and continued effort to change the cultural norms that have taken hold over modern history.



REFLECTIONS ON

Access to Markets



- **Startups often struggle to know where and how to find the right customers.** Entrepreneurs that are new to their market often find it difficult to access reliable and accurate information about market size, relevant product pricing, location, competition, and other data points that would enable them to better access the markets they are targeting.
- **Regulations can serve as both barriers and enablers for accessing large markets.** Business regulations and requirements set by the government are often seen as being overly complex or confusing and creating obstacles for entrepreneurs to be able to enter into new markets, especially at the regional or international levels. However, in some instances where entrepreneurs are able to successfully navigate relevant business regulations, they find they have clear and open pathways to enter into large market opportunities.
- **Cambodian entrepreneurs have never been more connected.** Participants noted that while entrepreneurs may often express feeling alone and overwhelmed by trying to enter into crowded and complex market environments, the truth is that developments in technology and support structures mean that it has never been easier to connect with people and information that can help their businesses to grow and be successful.

Feedback on the forum

98% of Forum participants said they are interested to attend a future Entrepreneur Ecosystem Actor Forum.



WHAT PARTICIPANTS SHARED ABOUT POTENTIAL TOPICS FOR FUTURE FORUMS:

- Include sector **specific breakout discussions** (e.g. focus on agriculture, renewable energy, textiles, etc.).
- Go deeper into discussion and solutions around **investment in entrepreneurs** and SMEs.
- Look at other cases and models of **strong entrepreneur ecosystems in countries similar to Cambodia**.
- Hear more case studies and role models of **success stories from Cambodian entrepreneurs**.
- Explore tools and **models for enabling more effective mentorship** within the ecosystem.

WHAT ADVICE PARTICIPANTS HAD FOR FUTURE FORUMS:

- Provide more time for discussion between participants.
- Bring more entrepreneurs and startups into the room to be part of the discussions.
- Include capacity development for ecosystem actors as an objective of the Forum.
- Ensure there is a balance between discussion of theory and practical application of information.
- Increase the use of Khmer language in presentations and discussions.

The way forward

The Forum held in January 2020 was the first of its kind to bring Cambodia's entrepreneurship ecosystem actors together in one room to discuss the challenges and opportunities that we are collectively facing. **The overwhelming response from participants was that this should only be the start of this important dialogue, not the end.**

The way forward from here will depend on the motivations and contributions of all ecosystem actors. The following are a few simple next steps proposed by WE Act to take this initiative forward:



Compose a Cambodian entrepreneurship ecosystem advisory group that will help to identify the highest priority areas for analysis, collaboration, and action.



Draft a list of priority actions that can already be taken by ecosystem actors in response to many of the reflections noted from the first Forum, as well as in response to Covid-19 impacts.



Convene a second Forum that focuses on high priority areas of ecosystem strengthening, and which results in collective action plans to resolve pressing issues.



Convene 'pillar discussion' forums that bring together smaller groups of actors that are interested in focusing on a single pillar and developing action plans to resolve issues related to that area of interest.



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