
CONCEPT NOTE and Programme

Cambodia MSME Policy Workshop

“Strengthening National Capacities for Enhancing Micro-, Small and Medium-sized Enterprise (MSME) Resilience and Building Forward Better to Accelerate the Implementation of the 2030 Agenda in Cambodia”

Organized by the Division for Sustainable Development Goals of UN-DESA in collaboration with the Ministry of Industry, Science, Technology and Innovations (MISTI), Cambodia

15-16 November 2022, Phnom Penh, Cambodia

1. BACKGROUND

Micro-, small and medium-sized enterprises (MSMEs) are dynamic engines of economic growth, innovation and employment creation, contributing to implementing the 2030 Agenda for Sustainable Development and advancing progress towards the Sustainable Development Goals (SDGs). MSMEs account for 90 percent of business enterprises and two-thirds of employment worldwide. They also account between 80 to 90 percent of employment in low-income countries. Hence, they contribute a significant share to national income (GDP). In emerging economies, formal MSMEs contribute as much as 40 percent to national income and create 7 out of 10 jobs. In Cambodia, Small and Medium-sized Enterprises (SMEs) account for about 99 per cent of total business entities, contributing to 60 per cent of Gross Domestic Product (GDP) and over 70 percent of all employment.¹ Such contributions will be further augmented when considering those from micro enterprises that are often unregistered and informal business entities owned by groups in vulnerable situations, including women and youth.

MSMEs contribute significant progress towards Sustainable Development Goals (SDGs) in Cambodia. They directly contribute to the eradication of poverty and hunger as well as reductions in inequalities, including gender inequality. It worth noting that more than half of MSMEs in Cambodia are owned by women entrepreneurs. MSMEs have become a crucial livelihood source for the poor and groups vulnerable in vulnerable situations. Nonetheless, most Cambodian MSMEs are concentrated in the service and manufacturing sectors, including in retail, tourism, trade and the garment industry, which are vulnerable to the negative socioeconomic impact of the Covid-19 pandemic.

Moreover, MSMEs must contend with multiple challenges, including credit constraints and the lack of capacity, particularly regarding business development and insufficient marketing and strategic management skills. The challenges have prevented MSMEs from accessing to market opportunities of high value. Combined with the high informality of MSMEs, such challenges have further undermined the resilience of MSMEs to external shocks and uncertainties, such as those brought forth by the COVID-19 pandemic and

¹ <https://www.khmertimeskh.com/50994208/smes-play-seminal-role-in-shaping-economic-growth-in-cambodia/>

disruptions to global supply chains. Such challenges highlight the need for national policies, strategies and interventions that strengthen MSME capacities and enhance their resilience to exogenous shocks and risks.

Strengthening MSME resilience is urgent and crucial to protect jobs and livelihoods, particularly for women, youth and groups in vulnerable situations whose livelihoods heavily depend on the MSME sector. It is vital for building forward better and keeping the momentum on the 2030 Agenda for Sustainable Development amid economic shocks and uncertainties. The lack of enabling policy environment conducive for MSME growth and formalization, combined with infrastructure deficits and capacity and skill constraints among policymakers and MSME entrepreneurs are often recognized as underlying issues undermining MSME resilience. Their effects have been explicitly expressed during the COVID-19 pandemic, giving rise to the collapse of MSMEs and the loss of employment.

To address the myriad challenges facing MSMEs and to help them realize their full potentials, the Ministry of Industry, Science, Technology and Innovations (MISTI), Cambodia and the Division for Sustainable Development Goals of the United Nations Department of Economic and Social Affairs (DSDG/DESA) are working together to provide demand-driven support to strengthen national capacities and enhance MSME resilience for building forward better to accelerate the implementation of the 2030 Agenda in Cambodia. In addition to building a coherent national policy environment conducive for the formalization, growth and resilience of MSMEs, DSDG/DESA will support MISTI and Cambodian MSME entrepreneurs strengthening capacities and skills, particularly in the area of information technology, to fully harness access to market opportunities emerging from e-commerce and MSME business digitization.

To enhance MSME resilience, the UN-DESA funded project that will be launched at this national workshop that will directly address these issues from the perspectives of both policymakers and MSME entrepreneurs, with focuses on MSMEs led by women and youth. Lack of coherent policies, combined with the resultant high transaction costs, is frequently identified as the main barrier to access resources and support that would enhance MSME resilience in the face of exogenous shocks. In this vein, the project will strengthen capacities of policymakers to design and implement coherent policy measures contributing to the enabling policy environment conducive for MSME resilience. An enabling environment includes evidence-based policymaking processes tailor-made to MSME demands and challenges they face, combined with simplified and transparent mechanisms leveraging MSME access to business development services, financial resources, high-value market opportunities as well management and technical innovations. From the MSME entrepreneur perspective, the project will strengthen capacities of MSME entrepreneurs and address their capacity and skill constraints that undermine MSME resilience and constrain their growth and formalization.

2. OBJECTIVES AND EXPECTED OUTCOMES

Objectives

The overall objective of this workshop is to identify and facilitate the exchange of experiences and lessons learnt on enhancing MSME resilience for building forward better and map potential gaps and opportunities for enhancing MSME resilience and their contributions to accelerating the achievement of the 2030 Agenda for Sustainable Development and national development priorities in Cambodia, such as the Industry Development Plan (IDP, 2015-2025). The workshop will also launch DESA's MSME projects together with the Government of Cambodia, MSME entrepreneurs, the UN Resident Coordinator's Office and relevant stakeholder groups. Key messages from the workshop will inform the planning and implementation of the MSME project in Cambodia.

Through intensive knowledge exchange, the workshop will:

- Identify, document and exchange experiences, and lessons learned on enhancing MSME resilience in Cambodia, including relevant policy frameworks and operational mechanisms;
- Facilitate strategic discussions on potential contributions and roles and responsibilities of different stakeholder groups for elevating MSME resilience and building forward better in Cambodia;
- Develop recommendations informing planning and implementation of the UN-DESA MSME project that seeks to enhance MSME resilience to external shocks, ensuring that this critical sector contributes to achieving SDGs and building back better in Cambodia

Discussions will focus on the following questions (non-exhaustive):

- What are the demands, gaps and opportunities for elevating MSME resilience in Cambodia? What are potential contributions of different stakeholder groups towards elevating MSME resilience for building back better in Cambodia? What are existing good practices and effective actions that have achieved demonstrable impacts on elevating MSME resilience and their contributions to SDGs?
- How can different stakeholder groups, including policymakers, MSME entrepreneurs, MSME umbrella organizations, the UN system, development partners and researchers work together to ensure that local MSMEs become more resilient to external shocks and further the implementation of this project?
- What are new and emerging areas of MSMEs for Cambodia that may require policy support? (i.e: Taxation, Custom, International Market Access, Creative Industry Service from MSMEs, Digital MSMEs especially e-COMMERC, block chain and Global Value Chain Access)
- How technology and innovation would add-value to support MSMEs in trade?
- How useful and relevant of business online platform are for MSMEs, such as ASEAN Access, National Trade Repository? What are other areas in Business Development Services and responsible business campaigns shall be established and further tapped into (Standard, Metrology, Tariff information, Investment Matching Events, Business Coaching and Mentorship programs, etc)

3. PARTICIPANTS

The participants will include senior policymakers, national and local government officials, MSME entrepreneurs, representatives from the private sector, experts from the United Nations system, development partners, representatives from the private sector, civil society, national chamber of commerce and the academic community.

4. Workshop date and venue

Date: 15-16 November 2022

Location: Tonle Chaktomuk Room, Hotel Cambodiana (Hybrid via Zoom)

5. Information

For more information, please contact the following officers.

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6. DRAFT PROGRAMME

DAY ONE	
09:00 – 09:30	Arrival and registration
09:30 – 09:35	National Anthem
9:35 – 09:55	Welcome and Opening Remarks <ul style="list-style-type: none">• Welcome Remark by H.E. PEOU Vannda, Director General, General Department of Small and Medium Enterprises and Handicrafts, MISTI; on the status of Cambodia MSMEs and the Economic Outlook• Welcome Remark by Dr. Amson Sibanda, Chief, National Strategies and Capacity Building Branch, Division for Sustainable Development Goals, United Nations Department of Economic and Social Affairs (NSCBB, DSDG/DESA)• Opening Remark by H.E. Dr. HENG Sokkung, Secretary of State, MISTI
09:55 – 10:05	Introduction: strengthening capacities and enhancing Micro-, Small and Medium-sized Enterprises (MSMEs) Resilience for Building Forward Better to Implement the 2030 Agenda for Sustainable Development Mr. Clark Ke Liu , Sustainable Development Officer National Strategies and Capacity Building Branch, Division for Sustainable Development Goals, United Nations Department of Economic and Social Affairs (NSCBB, DSDG/DESA)
10:05 – 10:15	Group Photo
10:15 – 10:30	Coffee Break

10:30 – 12:00	<p>Panel Session I: COVID-19 Pandemic Impact on MSMEs and MSME Supporting Policies in Cambodia</p> <p>Focusing on women and youth-led MSMEs, this session will explore the impact of the Covid-19 pandemic on MSMEs in Cambodia. It will bring onboard senior policymakers from government departments and policy think tanks to review economic stimulus policies and MSME supporting programmes released by the Government during the Covid-19 pandemic and explore opportunities and mechanisms that would strengthen coherent policy frameworks for elevating MSME resilience and their contributions to Sustainable Development Goals (SDGs). The session will facilitate strategic discussions on policy measures that would incentivize MSMEs resilience and expand their contributions to decent jobs, poverty reduction and sustainable livelihood for women, youth and groups in vulnerable situations in the inclusive and sustainable recovery from the Covid-19 pandemic.</p>
	<p><u>Panelist:</u></p> <ul style="list-style-type: none"> • H.E. CHHEA Layhy, Director of SMEs Department, MISTI • Mr. SIN Sideth, Deputy-Director General, Consumer Protection Competition and Fraud Repression Directorate-General (CCF), Ministry of Commerce • Mr. EM Kamnan, Director of Regulatory Policy and Risk Assessment Department, National Bank of Cambodia • Mr. HUONG Rathna, Chief of Office of Department of Customs Procedures, General Department of Customs and Excise of Cambodia • Mr. MA Bora, Deputy Director, General Department of Taxation <p><u>Moderator:</u> Mr. SOK Kha, National Consultant, NSCBB, DSDG/DESA</p> <p>Question and Answer Session</p>
12:00 – 13:30	Networking Lunch
13:30 – 14:30	<p>Focus Group Discussion I</p> <p><i>Guiding questions:</i></p> <ul style="list-style-type: none"> • What are challenges and demands of Cambodian MSMEs are facing during the emergency response and recovery from the pandemic? • To what extent have MSME supporting policies effectively benefited MSMEs during the pandemic? If not, what are the constraints? • And where are areas of improvement to strengthen the effective design and implementation of MSME supporting policies? <p><u>Facilitators:</u> Representatives of UN DESA and SMEs Department of MISTI</p>
14:30 – 15:00	Presentations from group representatives
15:00 – 15:15	Coffee Break
15:15 – 15:30	<p>Summary of Key Takeaway</p> <p>Mr. SOK Kha, National Consultant, NSCBB, DSDG/DESA</p>

15:30 – 16:00	Closing of Day One LCT. PENG Davuthkalyan , Deputy Director General, General Department of Small and Medium Enterprises and Handicrafts, MISTI
DAY TWO	
08:30 – 9:00	Arrival and registration
9:00 – 9:15	Recap of Key Messages from Day One Mr. Clark Ke Liu , Sustainable Development Officer, NSCBB, DSDG/DESA
9:15 – 10:15	Panel Session II: Experience, good practices and lessons learnt of supporting MSME resilience in Cambodia This session will identify, document and facilitate the exchange of experiences and good practices of supporting MSME resilience in Cambodia. It will bring onboard both policymakers and MSME entrepreneurs. The session will highlight policy good practices launched by national and local government departments, which contribute to MSME resilience to uncertainties. Moreover, it will identify self-initiated mechanisms by MSME entrepreneurs to cope with economic shocks brought forth by the Covid-19 pandemic. Challenges and demands of MSMEs for resilience will be further discussed. The session will eventually extract key messages that would inform policies to elevate MSME resilience amid economic shocks and uncertainties. <u>Panelist:</u> <ul style="list-style-type: none"> • Mr. LEM Chansamrach, Member of Cambodia Chamber of Commerce (CCC) • H.E. MAM Dathalineth, Vice-President, Cambodia Women Entrepreneur Association (CWEA) • Mr. SOK Narin, UNIDO Representative, Cambodia • Mr. Sar Kinal, Deputy Chair of Young Entrepreneur Association of Cambodia (YEAC) • Lct. Okhna. SREAT Mom Sophear, Founder and CEO - SOPHIYA Corporation • Ms. NUT Samphois, Founder and Owner, LSV Industry <u>Moderator:</u> H.E. CHHEA Layhy , Director of SMEs Department, <i>MISTI</i> Question and Answer Session
10:15 – 10:30	Coffee Break
10:30 – 11:30	Focus Group Discussion II <i>Guiding questions (non-exhaustive):</i> <ul style="list-style-type: none"> • What are good practices MSMEs have initiated to cope with uncertainties derived from the impact of the Covid-19 pandemic? • What are opportunities to leverage replication of their good practices? • What are gaps and challenges hindering MSME resilience before, during and after the pandemic? • How policy support by both national and local government departments could optimize MSME resilience in the recovery from the Covid-19 pandemic? <u>Facilitators:</u> Representatives of UN DESA and SMEs Department of MISTI

11:30 – 12:00	Presentations from group representatives
12:00 – 13:30	Lunch Break
13:30 – 14:30	<p>Panel Session III: MSME resilience for inclusive and sustainable recovery in Cambodia</p> <p>MSMEs provide critical livelihood resources for the poor, women, youth and groups in vulnerable situations. This session will explore how MSME resilience will contribute to inclusive and sustainable recovery by providing decent job opportunities to the poor and groups in vulnerable situations during the recovery from the pandemic. It will also explore how MSMEs will support sustainable recovery by contributing to sustainable consumptions, innovation and resource efficiency. This session will include the presentation of speakers from international organizations on the good practices of elevating MSME resilience for inclusive and sustainable recovery.</p> <p><u>Panelist:</u></p> <ul style="list-style-type: none"> • Mr. Wai Min Kwok, Senior Governance and Public Administration Officer, United Nations • Ms. Lina Sophat, Secretary General, Cambodia Women Entrepreneur Association (CWEA) • Mr. Clark Ke Liu, Sustainable Development Officer, NSCBB, DSDG/DESA <p><u>Moderator:</u> Mr. SOK Kha, National Consultant, NSCBB, DSDG/DESA</p> <p>Question and Answer Session</p>
14:30 – 14:45	Coffee Break
14:45 – 15:45	<p>Focus Group Discussion III</p> <p><i>Guiding questions (non-exhaustive):</i></p> <ul style="list-style-type: none"> • What are good practices of international organizations in supporting MSME resilience? • What are gaps, challenges and priorities to enhance the effectiveness of international organizations' support? • How DESA's MSME projects will provide added value and synergize with existing MSME supporting policies and programmes in Cambodia? <p><u>Facilitators:</u> Representatives of UN DESA and SMEs Department of MISTI</p>
15:45 – 16:15	Presentations from group representatives
16:15 – 16:30	<p>Summary of Key Takeaway Messages</p> <p>Mr. SOK Kha, National Consultant, NSCBB, DSDG/DESA</p>
16:30 – 17:00	<p>Closing Remarks</p> <ul style="list-style-type: none"> • Mr. Clark Ke Liu, Sustainable Development Officer, on behalf of Mr. Amson Sibanda, Chief, NSCBB, DSDG/DESA • LCT. CHEA Ratha, Under Secretary of State, MISTI