



Cambodia Social Innovation Ecosystem

Infographic Report

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Foreword

With a future defined by health uncertainty, economic instability and a climate emergency, social innovation is becoming an increasingly powerful tool to build a better world for tomorrow.

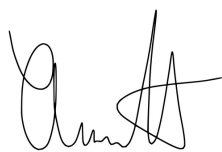
In order for us to viably meet targets like the Sustainable Development Goals, it is essential that social innovation is fostered. We need a multi-lateral approach that harnesses bottom-up innovation to address the increasingly complex and diverse challenges the world- and Cambodia- faces.

Support for entrepreneurship in Cambodia has been growing over the last few years, and with this comes a huge opportunity to collectively look at how we can as an ecosystem promote, support and inspire entrepreneurs to solve pressing challenges. All types of innovators need to be building responsible business models that care for both people and planet. Cambodia has unique features that make it ripe for bottom-up social innovation, with a nascent entrepreneurship scene, a young, energised population, and an abundance of both need and opportunity.

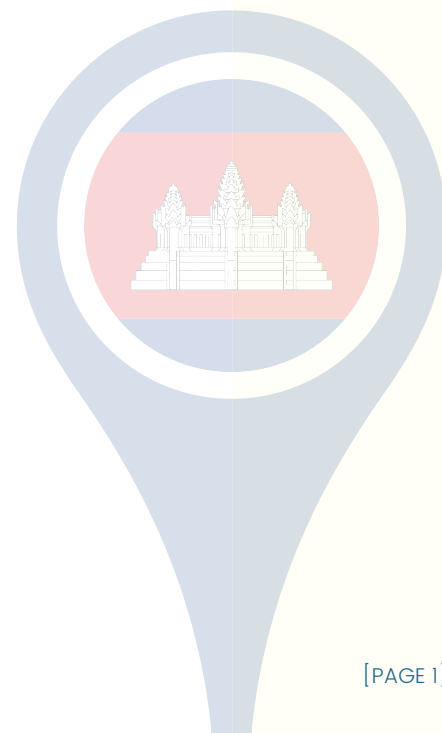
This research comes at a historical moment, with COVID19 still at large creating economic downturn, communities and livelihoods at risk, and unprecedented environmental disasters. The precious time we have left to radically change our lives has never been more apparent. Circumstances will no doubt change for Cambodia over the next 12 months, but we hope this research provides some insight into where the social innovation ecosystem stands today, and more importantly, what could be done to promote social innovation in Cambodia over the next few years.

A critical decade lies ahead, and we look forward to working alongside social innovators and entrepreneurs to tackle the new wave of challenges we'll face.

Signature



Olivia Hough
Managing Director, Impact Hub Phnom Penh



Background

The prior research into social innovation demonstrates the transformative effect that it can have on communities suffering from social or environmental sustainability issues, especially if the innovations are led by the communities themselves in bottom-up social innovations (Kruse et al., 2019).

Whilst social innovation in Cambodia is growing, data related to the sector remains limited and the understanding of how to improve social innovation emergence and scale is thin. Certainly, the challenges facing Cambodia around poverty, COVID-19, housing and education (to name a few) are significant, and social innovators will play an important role in development.

Such change can only occur at a critical mass if the barriers inherent to the ecosystem are properly understood. This research seeks to develop this understanding and provide the basis for improving the social innovation ecosystem moving forward. This comes at a critical time, when social innovation in Cambodia is at an early, but rapidly evolving stage.

About Impact Hub Phnom Penh and University of Northampton

This research has emerged out of a new partnership and collaboration between the University of Northampton in the UK, and Impact Hub Phnom Penh, funded through Global Challenges Research Funding held by the University and provided by the Higher Education Funding Council for England (HEFCE).

The University of Northampton is a globally leading Higher Education Institution (HEI) in the field of social innovation and an Ashoka U Changemaker Campus (the first to be designated in the United Kingdom) . The University is committed to supporting social innovators locally and globally.

Impact Hub Phnom Penh is a social enterprise based in Phnom Penh committed to supporting impact driven entrepreneurs across Cambodia through training and mentoring programs, raising awareness of social impact and social entrepreneurship, and building an ecosystem that is ready to support young, local innovators.

Methodology

Quantitative data was collected from 53 Cambodian organisations that were identified as being socially oriented.

Qualitative interviews were conducted with 16 stakeholders that represented both social entrepreneurs and representatives from the social innovation ecosystem and support organisations.

The data was analysed using Constant Comparative Method, a thematic analysis that is particularly useful for identifying new theoretical insights from data gathered in nascent ecosystems.

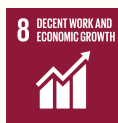
Understanding Social Innovation in Cambodia

Most prominent SDGs:



15%

Quality Education



10%

Decent Work and Economic Growth



9%

Climate Action

Strengths of the Ecosystem



Personal and Business



Networks



Business Support Services



Marketplace

Weaknesses of the Ecosystem



Recruitment & HR

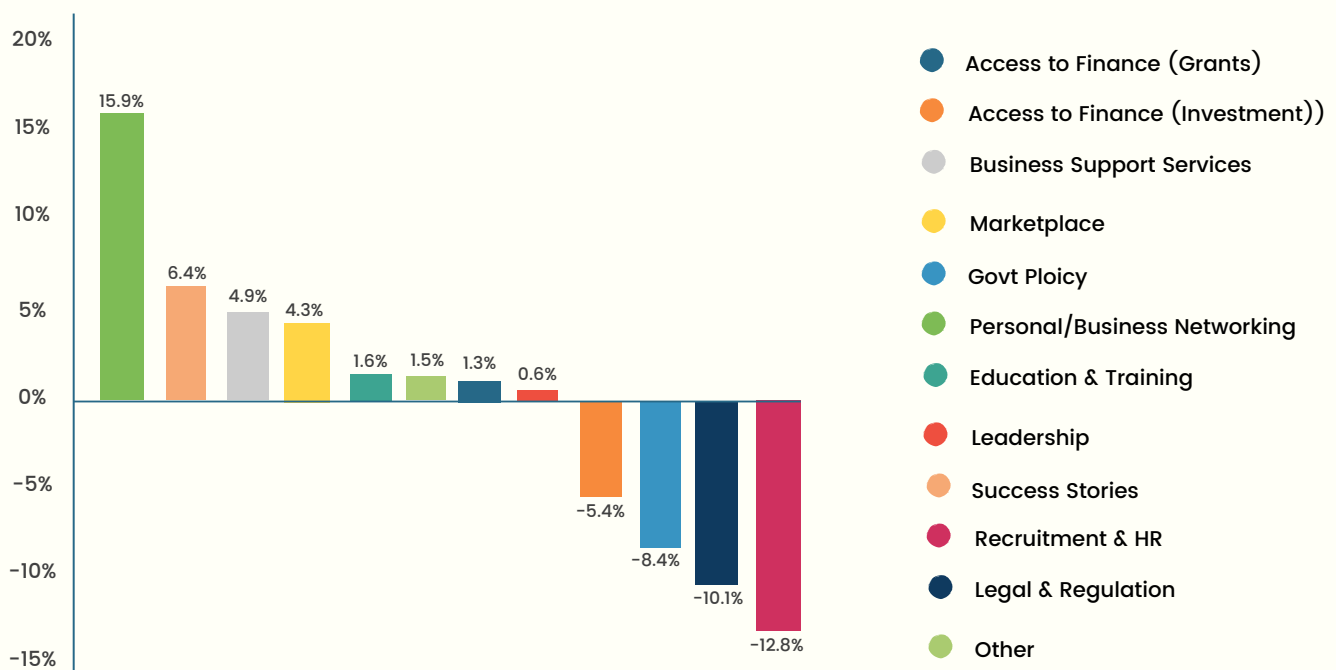


Legal & Regulation



Government Policy

Composite Scores:



Social Innovation Ecosystem Stakeholders Importance & Networks

Most important stakeholders

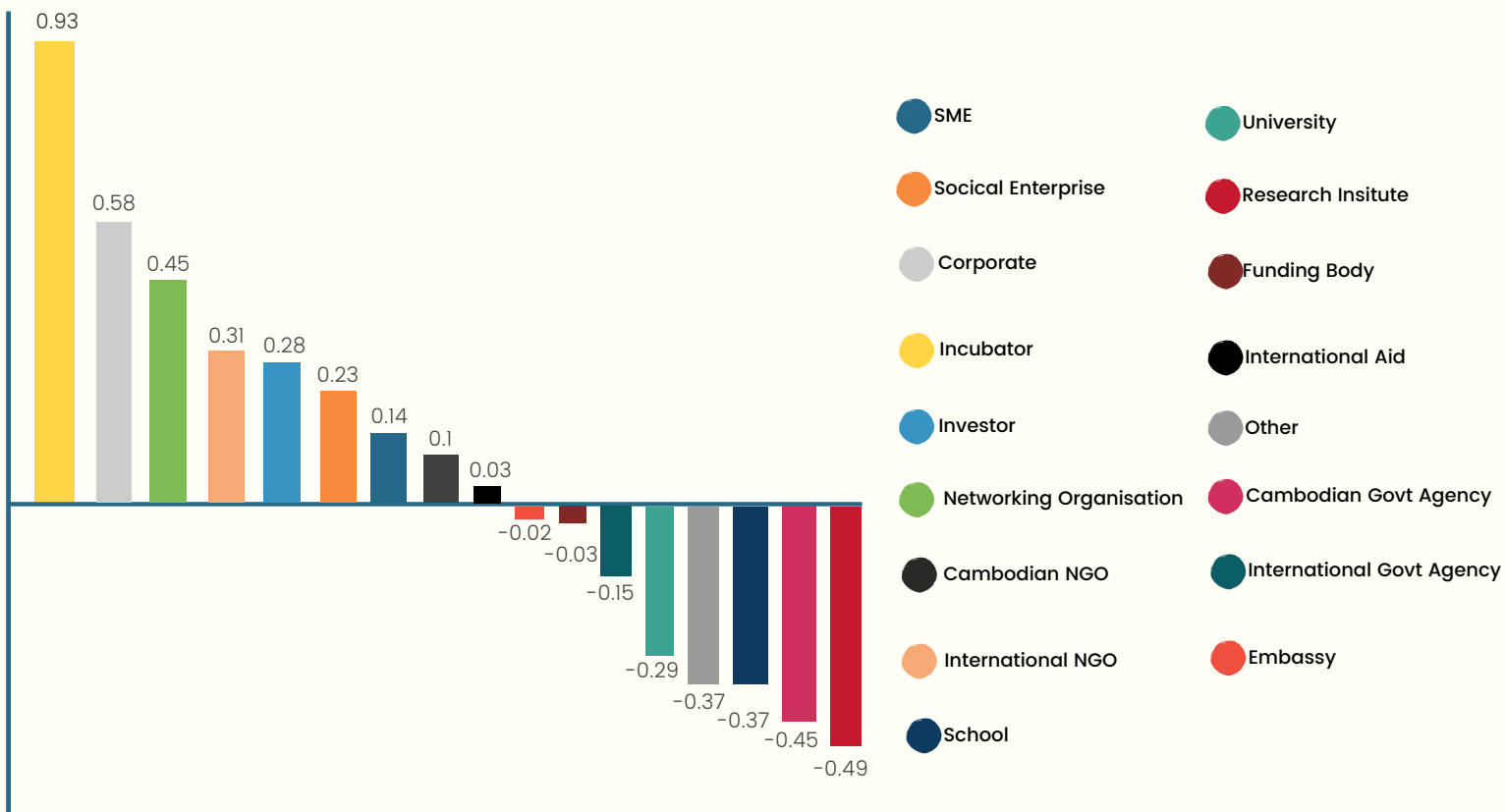
- Social enterprises
- Investors
- Incubators
- Funders
- Small Medium Enterprises

Most networked stakeholders

- Incubators
- Corporates
- Networking organisations

Least networked stakeholders

- Research institution
- Cambodian Government agencies
- Schools/Universities



The data illustrates a social innovation ecosystem that is nascent, with international third sector and investor support, but that is yet to receive strong support from the government, universities/research partners, schools/educators and international government agencies.

Core interconnected ecosystem:

Very well-connected core group of social innovators, generally in Phnom Penh

Cambodia's social innovation ecosystem is characterised as **nascent, abundant, small and accessible**. These unique features bring both opportunities and challenges for social innovators.

“And that's the craziness of this country, that there are so many opportunities, for an entrepreneur it's a dream. Even if then you have difficulties, there are so many opportunities.”

P2, Impact Consultant

The ecosystem has benefited from **significant third sector support** that can inject capital and provide institutional knowledge and connections to innovators.

Stakeholders are **well-connected and closely knit**, a result of a small and accessible network, and the role of ecosystem builders in creating connections.

And there is a strong support offering available for the early stages of entrepreneurship development.

Up to this point, the ecosystem has primarily **benefited certain types of social innovators**. These innovators are high performing, passionate, driven, and often internationally educated (or foreign) founders, and based in Phnom Penh.

The result is that **not all innovators have equal access** to support services, an insight supported by a Social Network Analysis by SwissContact and Impact Hub Phnom Penh that found social businesses were split into two groups – those that are well connected and those on the periphery.

“And then you have the typical entrepreneurs who already have a business – as I said, we just did a baseline so those who have done university, studied abroad, etc, they have access to the most amazing things because usually they also come with a pocket of money, let's face it.”

P7, International NGO leader



Fragmented ecosystem activity:

Lack of coordinated/joined up policy, funding, capacity building, network-building and advocacy

Social innovation support actors play an essential role in growing bottom-up social innovation. Although the ecosystem is well-connected, a lack of coordination and joining of efforts has so far resulted in fragmentation and concerning inefficiencies.

International funders and development agencies are seen to lack long-term vision and a collaborative mindset, resulting in a duplication of efforts.

“It’s almost like the desire of donors to make an impact in that group is so high that we’re going to be stumbling over each other. At the same time, having said that, if we coordinate our actions we can do great work.”

P7, International NGO leader

Similar observations were made across government (failing to collaborate across departments), venture support organisations (exhibiting gaps in the startup development cycle) and investors/financiers (failing to provide early stage and a diversity of funding options).

“Oh, that’s the big issue. That’s really a big issue. For me this [lack of collaboration] is what prevents evolution of a lot of positive trends because you have this willingness... But if you do not force them to collaborate, the impact will be isolated and very limited.”

P8, Ecosystem Builder

There is significant awareness around this fragmentation, as well as efforts by several actors to resolve them by connecting the dots.

“So, you can have a network but I think a network becomes a successful network when you are able to dot connect between who should be helping the other person and I think there is still a lot of that lacking in that so many people are trying to reinvent the wheel. Or people not understanding that there’s so many other people making the wheel. If we all got together and tried to, instead of protect our own little areas, got together and worked out, ‘How can we do this best? What is the best that you’ve got and we’ve got? Maybe we can make something really, really impactful by all working together’.”

P9, Education Leader



Lack of Bottom-up social innovation:

Fewer locally driven social innovations that are scalable due to nascent ecosystem and gaps in support

A nascent entrepreneurial ecosystem in Cambodia means that there are few examples of bottom-up social innovation, particularly locally driven and scalable solutions.

“And for innovation, it’s not, I would say, here yet. Social innovation, it’s something else. I would say that what I have seen is that you have a lot of ideas in order to improve, indeed like the world where they live, it’s cool, especially at the start-up level. You also have some initiatives in CSR to improve the life of people from companies. But it’s nothing like that, it’s nothing that develops from what I have seen so far... But it’s still all small scale or really - yes, in terms of impact it’s not completely here yet. We have not built a full ecosystem. It’s starting but - yes.”

P8, Ecosystem Builder

This is a result of multiple factors including a young population, both skills gaps and cultural norms of social innovators, a lack of human resource capacity to staff initiatives, and gaps in support that mean certain types of innovators (such as rural, female, micro-entrepreneurs and community-based leaders) are not accessing the opportunities available.

“Yes, a lot of this is experience. Cambodia’s still a really young country. Something like half the country is under the age of 25 so given the quality of education in the country, given the age of people, in some ways you wouldn’t really expect to see a whole lot of high growth type entrepreneurship.”

P1, Impact Investor



Foreign Influence:

Social innovation initiatives are often led by individuals or organisations with international experience or exposure

The existing gaps in human resources and locally driven social innovation has left room for foreign influence in the priorities, direction and growth of the ecosystem. Even the concept of social innovation and social enterprise is still “foreign” to many innovators in Cambodia, including for example, rural and micro-entrepreneurs. The existing gaps in human resources and locally driven social innovation has left room for foreign influence in the priorities, direction and growth of the ecosystem. Even the concept of social innovation and social enterprise is still “foreign” to many innovators in Cambodia, including for example, rural and micro-entrepreneurs.

As a result, founders of social and scalable enterprises are frequently foreign, and Khmer founders have significant international education and exposure that has influenced them.

“In Cambodia it’s still, I would say 60–70% foreign owned. We do have Cambodian owned companies but it’s a lot more challenging and we have to spend a lot more time and it’s harder to reach them, which is not the case in other countries because we don’t only do this in Cambodia, we do it in other countries as well. In other countries it’s like 100% locally owned.”

P2, Impact Consultant

There are few local role models and mentors to inspire and guide the next generation of Cambodian innovators, holding back the development of bottom-up social innovation.

“And if you’ve seen a successful business in your country from someone that looks like you then that encourages you and gives you more comfort in doing it also, gives you licence from your family to do it, which is really critical here given family pressure”

P1, Impact Investor

International exposure for local innovators and young people, a stronger education system, and moving away from the historic reliance on aid (for example, through examples of social innovation), were all highlighted as ways to shift the current pattern toward more locally driven social innovation.



Cultural and Social Capital:

Market challenges, ecosystem gaps and cultural context mean that connections and networks are especially relevant to innovator success

Social innovators face a range of barriers and hurdles to launching and scaling projects in Cambodia resulting from various features of the existing entrepreneurial ecosystem, policy and legal environment, and a lack of data. Combined with a relatively small market, informal business structures and low international awareness (and therefore interest), has resulted in few notable social businesses with investment and impact scale.

“And then the overall ecosystem is really tough. It’s really – and this is an analogy – but it’s really tough to start a business if you have to not only build the factory to make the product but then build the power cables to it and also build the roads to provide to it. And that’s kind of what Cambodia is.... You hear about entrepreneurs all the time, they have problems building supply-chains, especially in a place like Cambodia where there isn’t the same level of development of business infrastructure.”

P1, Impact Investor

In this context, an innovators network and connections are essential in making progress and addressing the acute and common challenges experienced by all types of innovators in Cambodia.

Ecosystem players highlighted the importance of tapping into networks to recruit (due to the lack of human resources in-country to support scaling), access market intelligence (due to the lack of reliable data), and bridging gaps in infrastructure and supply-chains.

“Honestly, personal and professional connections help us connect to the market for us. When I use a personal and professional network it basically helps me provide new market access.”

P5, Social Enterprise Manager



Recent Rise of Social Innovation in Cambodia:

Recent developments and collaborations, between government, education and private sector, brings hope

There are features of the Cambodian ecosystem that facilitate innovation. With many gaps in the market and acute environmental and social needs, there also comes an abundance of opportunity for social innovators to fill them.

Although a lack of effective collaboration between stakeholders was identified as a significant gap, examples of impactful collaboration exist. For example, the private sector is being engaged in market and supply-chain development, and corporate social responsibility initiatives are being recruited to catalyse the startup ecosystem.

“If you see a sector that needs development, but investors are holding back, speak to them. Understand why they’re not investing there. Usually because it’s not commercially viable, and then you figure out, ‘Okay, fine, what level of subsidy would we need to do in order to make this commercially viable for them, in order to get them to invest in it, to take the leap to jump into this?’”

PI, Impact Investor

Across stakeholders, the Government is considered an essential partner and driver of social innovation. While areas of improvement remain, there have been several interesting steps taken and the development of an agenda that is focused on strengthening the entrepreneurship ecosystem, economic growth and diversification, and improving education.

The government has launched a private entity called Khmer Enterprise that is leading on the development of the startup and SME ecosystem through support for accelerators and ecosystem builders, as well as an SME Bank and Fund.

“I think it’s imperative. You can’t do it without the Government. When you talk to development agencies and they go, ‘How is this received by the Government?’ Because even really good ideas, if the Government blocks it then you are lost. I think the Government wants to help here in this country and I think they are starting to take measures to really think about that. I think it’s absolutely pivotal. I think the way they’re trying to change education; they understand that needs to happen.”

P9, Education Leader

Cambodia’s social innovation ecosystem may be nascent, but recent examples of innovation and collaboration are building a critical mass that is leading to hope in long term progress. Innovations can be found in the market, the government, the education system and more, all areas that have been identified as needing transformation in order to support community led social innovation.

Recommendations for Supporting the Ecosystem

1. Education and Training

Increase the quantity and improve the quality of education and training around social innovation in Cambodia. By raising awareness of environmental and social issues specific to Cambodia, the aim is to create entrepreneurial individuals and “Changemakers” who see these problems as opportunities.

Private initiatives can pilot innovative approaches to education, and these can go mainstream through collaboration with the government.



Liger Leadership Academy is a privately funded, six year program that uses project based learning to create the next generation of impactful leaders.



New Generation School project based learning curriculum focused on STEM education and led by the Ministry of Education, Youth and Sports

Skills can continue to be developed into adulthood by networking and capacity building organisations working with youth and social innovators.



EnergyLab supports the growth of the clean energy market, with a particular focus on innovation, startups and entrepreneurship.

2. Social Innovation Champions

Social innovation role-models should be identified and championed across the sector in order to inspire others. Such champions should actively be involved in education and training programmes to impart their knowledge. These champions could raise awareness and the profile of social innovation, in the same way that traditional entrepreneurs are used in the corporate world.



Cambodia SDG Super Heroes- a part of the CSDGs project from UNDP Cambodia Accelerator Labs, Ministry of Planning and Impact Hub Phnom Penh, showcasing Cambodian social innovators and changemakers through the lens of the Sustainable Development Goals. It aim to acknowledge their impact and inspire other to become the action takers.

Recommendations for Supporting the Ecosystem

3 . Foreign Influence

Whilst the influence of foreign nationals in Cambodian social innovation can be positive, the need to empower more local people to lead social innovation organisations is important. However, learning from abroad and knowledge transfer of best practice should be encouraged to rapidly upskill the sector. Knowledge transfer and exchange could be particularly interesting from countries such as Malaysia, India or Vietnam who have faced shared challenges.



The Entrepreneurship Platform for Engagement and Exchange saw a partnership between Impact Hub Phnom Penh and the Malaysian Global Innovation and Creativity Centre (MaGIC) to bring experience and learnings from MaGIC to government representatives and entrepreneurs in Phnom Penh.



NUMA in India hosts Learning Expeditions, a series of modules, events and training to understand the latest innovation trends, connect with the leaders of tomorrow and learn how to apply new working methodologies to foster innovation.

4 . Networking

There is a need to expand networks across the ecosystem, to ensure that all social innovators can access resources and utilise social capital to support and grow their innovations. Within this there is also a need to enhance connectivity and collaboration within these networks, to ensure that linkages deliver social value and scale.



The BHEARD project led by the Royal University of Agriculture, and supported by the University of Michigan and Impact Hub Phnom Penh, is funding five researchers to test their ideas using design thinking skills and partnering with entrepreneurs.

Collaborations between sectors can become commonplace, and the creation of a national social innovation membership network body could provide a unified voice, creating linkages and gathering data from across the country.

Recommendations for Supporting the Ecosystem

5 . Regulatory Frameworks

Cambodia's commitment to delivering on the UN SDGs means that the government should actively seek to empower social innovators through legal and regulatory reform. Defining social enterprise and creating legal frameworks for social impact organisations would assist here, especially if tied to tax-breaks, procurement reform and improved supply-chain management.

Signs of interest are emerging, however Cambodia can learn from social innovation policy frameworks in the region, such as Malaysia, South Korea, Thailand and others.

Academia could play a key role here in producing evidence-led policy papers designed to influence policy-makers and shape policy reforms.



The forum for Inclusive Business hosted by the Ministry of Industry and Handicrafts in August 2019 recognised the importance of inclusive business in achieving the SDGs and a framework for support

These recommendations are challenging, and some will be more medium to long-term goals. Nevertheless, it is important to aspire to achieve maximum impact and set stretch targets when seeking to change the nature of and scale the social innovation ecosystem. There is huge potential in the Cambodian social innovation sector, with high impact already being achieved. What is needed now is to achieve the critical mass required to exponentially grow the sector.



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