

KINGDOM OF CAMBODIA

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MINISTRY OF INDUSTRY, SCIENCE, TECHNOLOGY & INNOVATION

Opening Remarks

By **H.E. Kittti Settha Pandita CHAM Prasidh**
Senior Minister
Minister of Industry, Science, Technology & Innovation

At “The Fifth ASEAN Inclusive Business Summit”
Siem Reap, 26 October 2022

- **H.E. Ms. Armida Salsiah Alisjahbana**, Under Secretary-General of the United Nations and Executive Secretary of United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
- **H.E. Domingos Lopes**, Vice Minister of the Ministry of Tourism, Commerce and Industry, Timor-Leste
- **H.E. Dr. Tan Monivann**, representative of ASEAN BAC Chair 2022 and chairman of ASEAN Business Awards 2022
- **Mr. Luhur Pradjarto**, Senior Adviser to Minister for Inter-Institutional Relations, Ministry of Cooperatives and SMEs, Indonesia
- **Mr. Christian Jahn**, Executive Director of Inclusive Business Action Network (iBAN)
- **Dr. Alexander Bohmer**, Head of South and Southeast Asia, Organisation for Economic Co-operation and Development (OECD)
- **Mr. John Samuel**, Regional Director of Asia, OXFAM
- **Representatives from ASEAN Member States,**
- **Representatives from Line Ministries,**
- **Representatives of Business Associations, Development Partners, Impact Investors,**

- **Ladies and Gentlemen,**

1. First of all, allow me to extend to all of you my warmest greetings from Siemreap, Cambodia, and warmly welcome you to “**the Fifth ASEAN Inclusive Business Summit**”, which is organized in a hybrid format on 26-27 October 2022 in Siem Reap, Cambodia by the Ministry of Industry, Science, Technology & Innovation of the Kingdom of Cambodia in cooperation with the ASEAN Secretariat, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Inclusive Business Action Network (iBAN), the Organization for Economic Co-operation and Development (OECD), and OXFAM International.
2. The theme of our Summit is dealing with a type of enterprise or company that governments all over the world start to focus on: the inclusive businesses. *“Inclusive Businesses provide goods, services, and livelihoods on a commercially viable basis, either at scale or scalable, to people at the Base of the economic Pyramid (BoP), making them part of the value chain of companies’ core business as suppliers, distributors, retailers, or customers”*. Inclusive Businesses are companies that are fully commercially viable, often highly innovative, and making good returns. However, their business lines are different from other businesses in the way they are engaging low-income populations across their companies’ value chains and they are developing affordable products and services that meet the needs of low-income populations.
3. These low-income populations who are the largest but poorest socio-economic group in every society, are categorized as the **Bottom of the Pyramid**, the **Bottom of the Wealth Pyramid**, or the **Bottom of the Income Pyramid**. In the economic terms, it is the **Base of the economic Pyramid (BoP)**. How many people are living at the BoP? In the world, there are about 62% of the world population who are living on less than 10 US\$ a day. It means we have currently 4.94 billion people out of 7.98 billion people living in this category. Current COVID-19 pandemic and the war in Ukraine have certainly negative effects on the world population, increased their vulnerability, and send more people down into this BoP. Even 4.94 billion people is a

huge number if we are talking about consumption markets. These 4.94 billion poor people indeed constitute a staggering market opportunity, but without buying power (income) and transaction capacity (credit, infrastructure, distribution systems, and other institutional frameworks), these poor are doomed to be locked into poverty. These people's business fall into the Micro-Small and Medium-Scale Enterprise (**MSME**) category. But hopefully men are innovative and creative enough. They have to think of a solution. They have to survive and thrive. It is called the survival instinct, it can be also called a business instinct too. That's why governments, companies, civil society, international organizations have come with this concept of "**inclusive business**". Hence, they try to identify opportunities to engage these low-income communities across the value chain at every step: **Design – Procurement – Manufacturing – Distribution**.

In each of these 4 steps in the value chain, they try to turn these low-income communities to be either their suppliers, their distributors, their retailers, or their customers of the Inclusive Business. I would like to share some of the activities that can be considered and explored, based on past experiences in other parts of the world.

- **Design:** Designing affordable and appropriate products and services that meet the needs of low-income populations
 - Understand how people use products & services and individual/family needs & aspirations through research
 - Adapt products to needs & incomes of low-income markets
 - Be aware of cultural dynamics, including the influence of status symbols and gender roles
 - Consider maintenance & packaging options for available infrastructure
 - Engage stakeholders including NGOs and communities in design of products
- **Procurement:**
 - Sourcing from local producers

- Building the skills of small-scale, often low-income producers to be part of a company and industry's supply chain
 - Identify local skills and find ways to leverage them
 - Build new skills and capacities among producers
 - Support primary and secondary education
 - Act as guarantors for micro-medium loans for suppliers
 - Advocate for regulatory environments that support SMEs
 - **Manufacturing:**
 - Mitigating negative impacts of operations on communities surrounding sites and supporting access to basic services for employees and communities
 - Support local employment as well as fair and healthy working conditions
 - Work with communities to manage negative impacts of operations
 - Comply with & enhance labor and environmental standards
 - Increase direct local employment
 - Support community access to basic services
 - Promote the empowerment of women
 - **Distribution:**
 - Developing distribution networks for products and services among small-scale businesses and improving access to products and services
 - Consider low-and high-tech modes of distribution
 - Understand the barriers to access to markets and basic services for communities
 - Use local knowledge of the market
 - Consider educational campaigns with distribution
4. Since Inclusive Businesses scale their impact on society is large and hence such companies create **triple wins for the government, for the poor, and for business as well.**
5. Inclusive Business was not a new concept. It was developed years back by the UN (in our region by the UN-ESCAP), the Organization

for Economic Co-operation and Development (OECD), by large-scale companies, and well advocated by NGOs such OXFAM International. I will not forget to also mention the **Inclusive Business Action Network (iBAN)**, funded by the German Federal Ministry for Economic Cooperation and Development, and implemented by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. It manages the largest online knowledge platform (*www.inclusivebusiness.net*) on inclusive business. iBAN creates a space where evidence-based knowledge transforms into learning and new partnerships.. An earlier phase of this project (01/2017 – 12/2021) was supported by the European Union.

6. I would like to recall when the **Inclusive Business agenda in ASEAN** was introduced to the ASEAN leaders in 2017, the Leaders approved it and called for “... *greater emphasis on creating an enabling environment for Inclusive Businesses (IB) in ASEAN Member States ... to achieve the ASEAN Economic Community Vision 2025 of a resilient, inclusive, people-oriented and people-centered community, through market-driven and innovative solutions to economic empowerment and social impact to over 300 million people at the Base of the Pyramid in ASEAN....*”.
7. From that onwards, the Inclusive Business agenda has been inserted into the framework of the **ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME)**, receiving great attention and acknowledgement of its importance from ASEAN member states. In August 2020, the **Guidelines for the Promotion of Inclusive Business in ASEAN** was endorsed at the 52nd ASEAN Economic Ministers Meeting in August 2020. ASEAN Inclusive Business Summit were subsequently held with the support of the ASEAN Secretariat, the ASEAN BAC, iBAN, OECD, ESCAP, OXFAM International...
8. Four ASEAN inclusive business summits were held since 2017:
 - a. First ASEAN IB Summit organized by the Philippines in 2017,
 - b. Second ASEAN IB Summit organized by Thailand in 2019,

- c. Third ASEAN IB Summit organized virtually by ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME) with the support of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) in 2020, and
- d. Fourth ASEAN IB Summit organized virtually by Brunei Darussalam in September 2021.

And today's Fifth ASEAN IB Summit in Siemreap, Cambodia, held in dual format: in-person or virtually.

9. Since the introduction of Inclusive Business in ASEAN, Cambodia has been at the forefront of championing the agenda at both national and regional levels. In August 2022, the Royal Government of Cambodia, under the wise leadership of **Samdech Techo Hun Sen, Prime Minister of Cambodia**, recognized the great importance of inclusive businesses in the country and issued a **decision on the establishment of the Inclusive Business Steering Group**, under the leadership of the Ministry of Industry, Science, Technology & Innovation, with the involvement of high-level representatives from relevant line ministries and business associations to formally lead the Inclusive Business Agenda in Cambodia. The Steering Group is supported by an **Inclusive Business accreditation committee** and a **secretariat**. Cambodia has the **landscape study of Inclusive Business in Cambodia** prepared by the Ministry of Industry, Science, Technology & Innovation with the support of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Inclusive Business Action Network (iBAN). We also held the **1st Inclusive Business Accreditation in 2021** with the support of the Inclusive Business Action Network (iBAN), recognizing 18 companies as IB companies. The 18 companies engaged a total of approximately 1,7 million people in Cambodia in 2021. Cambodia has actively engaged in different policy discussions at national and regional levels for the sake of the promotion of inclusive business.
10. In the national framework, the promotion of inclusive business is mainstreamed into the Royal Government's Rectangular Strategy

Phase IV and the National Strategic Development Plan (NSDP) 2019-2023, which aimed at fostering sustainable and inclusive development, particularly fostering national economic growth, reducing poverty, and reducing the income gap among low-income people.

Excellencies, Ladies and Gentlemen,

11. Under the wise guidance of **Samdech Techo Hun Sen, Prime Minister of Cambodia**, we have identified **Inclusive Business** as one of the most rewarding ways to complement our endeavor to reduce poverty at scale in a very systemic way, with qualitative impact able to reach more women, youth income and employment for the economic advancement on the basis of business circularity, green mind, and innovation.
12. According to the landscape study and recent studies supported by iBAN on the Impact of Inclusive Business for women and resiliency to climate change, Inclusive Business have proven to be resilient during the COVID-19 pandemic while generating better revenues, even higher revenues as most Inclusive Businesses created higher synergies and adapted themselves quite well to economic shocks and climate change.

Excellencies, Ladies and Gentlemen,

13. Let us think and act to address challenges together and let us together create an **Inclusive Business Enabling Environment (IBee)**. With less time at rest, I wish to outline our key roles to further promote the Inclusive Business journey alongside with ASEAN, Asia, Africa, and Latin America where Inclusive Business matters the most.
14. Cambodia strives forward to working on the review and finalization of the **Inclusive Business Enabling Environment for Cambodia Strategy (IBeeC)**. The strategy is a much needed reference to enable us to support inclusive businesses. In the

meantime, we are also working with government agencies, private sectors, and development partners on various plans including the ongoing discussions on incentive support for inclusive businesses, accreditation, and Inclusive Business Coaching and Mentoring tools.

15. The Royal Government of Cambodia continues to support Inclusive Business on policy grounds and we are optimistic that our effort to set the **Inclusive Business Technical Assistance** and the **Inclusive Business Risk Reduction Fund** could be further explored and shaped.
16. At the ASEAN level, I wish to thank for the adoption of the **Guidelines for the Promotion of Inclusive Business in ASEAN**. We also learned that various countries are using this tool as a good reference for inclusive business guiding principles. I hope that ASEAN continues to spearhead the Inclusive Business agenda and put forward more concrete programs on Inclusive Business with close cooperation with **ASEAN Business Advisory Council (ASEAN BAC)**.

Excellencies, Ladies and Gentlemen,

17. We have the honor to host the **Fifth ASEAN Inclusive Business Summit** here today in our Kingdom of Wonder with a rich cultural history, especially in Siemreap, near the famous world Heritage-listed Angkor Wat Temple. This evening, we will host **“ASEAN Inclusive Business Awards 2022”** in cooperation with the ASEAN Business Advisory Council (ASEAN-BAC) through the Cambodia Chamber of Commerce in the Gala Dinner, in which 10 ASEAN IB award-winning companies will be honored.
18. I wish to take this opportunity to urge all business associations, business facilitators, investors, development partners, and relevant stakeholders to stand with ASEAN and Cambodia in the endeavor of promoting inclusive business in order to spread far-reaching impacts in the region as well as the world.

19. I sincerely thank the ASEAN Secretariat, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), the Inclusive Business Action Network (iBAN), the Organization for Economic Co-operation and Development (OECD), and OXFAM International for supporting in the organization of the Fifth ASEAN Inclusive Business Summit.

To conclude, I wish to take this opportunity to express my sincere thanks to Your Excellencies, Ladies, and Gentlemen for attending this important event, and I would like to wish you good health and great success in all your endeavors. I wish you have a wonderful stay in Siemreap and please do take time to visit our cultural and historic sites in the province. By so doing, you are also supporting IB in Cambodia!

I hereby announce “The Fifth ASEAN Inclusive Business Summit” Opened.

Thank You! សូមអរគុណ!