

# PROJECT INFORMATION SHEET

PIP No :

1343

(To be allocated by MOP)

## PART A : BASIC PROJECT INFORMATION

(Must be completed in all cases)

1. PROJECT NAME: **THE INCLUSIVE BUSINESS RISK REDUCTION AND SOCIAL INNOVATION (IB-RRSIF) FOR CAMBODIA**
2. PROJECT DATES:
- PROJECT START: **1/1/2023**
- ESTIMATED COMPLETION: **1/1/2023**
3. TOTAL PROJECT COST: **\$25,000,000**
4. RESPONSIBLE MINISTRY: **Ministry of Industry, Science, Technology & Innovation**
- RESPONSIBLE UNIT: **Inclusive Business Secretariat of MISTI**
- អង្គភាពទទួលខុសត្រូវ: **លេខាធិការដ្ឋានអាជីវកម្មបរិយាប័ន្ន នៃក្រសួងឧស្សាហកម្មវិទ្យាសាស្ត្រ បច្ចេកវិទ្យា និងនវានុវត្តន៍**
5. PROJECT STATUS: **Planned**

## DETAILED PROJECT INFORMATION

6. TYPE OF PROJECT: **Investment project**
7. SOURCE OF PROJECT FUNDING: **Concessional Loan**
8. THE POLICY AREA OF THE PENTAGON STRATEGY PHASE I THAT THIS PROJECT FALLS UNDER:V  
**Side 4. Strengthening of Efficiency and Attractiveness of Special Economic Zones, including Industrial Parks, Agro-Industrial Parks, and Domestic Free-Trade Zones**
9. THE CONTRIBUTION OF THE PROJECT TO ACHIEVE THE ABOVE POLICY:  
**The IB-RRSIF would help in promoting the investment trust for SMEs companies/enterprises operating in the Inclusive Business Model.**
10. SUPPORT TO CAMBODIA INDUSTRIAL DEVELOPEMENT POLICY:  
Does this Project support to the implementation of the Cambodia Industrial Development Policy? **Yes**  
**Expansion and Modernization of SMEs (Institutional arrangements and incentives, Registration and Accounting Practices, and Promotion of Agro-Industrial Development)**
11. SECTOR:
- |  |                                      |
|--|--------------------------------------|
| <b>Manufacturing, Mining and Trade</b> | <b>Industry and Support Services</b> |
|  | <b>Industry and Support Services</b> |
|  | <b>Industry and Support Services</b> |
12. PROJECT LOCATION: (Describe the location of the project and its components.)  
**All Provinces,**
13. PROJECT OBJECTIVE: (Describe the major purpose of the project.)  
**IB-RRSIF aims to provide a mode of attracting investment to IB companies, improving investment readiness and support the development of IB businesses in Cambodia.**
14. PROJECT DESCRIPTION: (Provide a description of the project and all its components.)

How would an IB-RRSIF work? The IB-RRSIF would be a convertible debt fund, where the IB risk reduction fund would co-invest equity and other forms of patient capital as seed funding in the initial growth stage (not start-up) of a company (say 10%-15% of costs) to kickstart the investment, while the impact investor would finance the remaining. If the investment is a financial success, the investment from the government would be converted into a loan, had to be returned to the government, and would then be re-invested in other companies (revolving fund mechanism). If the total investment does not meet the agreed financial results criteria, the IB-RRF share would serve as a grant. It is assumed that any investment which qualifies as IB has sufficient social impact so that impact for the public (society) is given. Hence, in any case the joint fund investment is successful, as it would yield social results, even if the financial performance may not fully meet the initial expectation. There are many business models, where such risk reduction facility would help unleashing funding and investments, which otherwise would not mature.

15. PROJECT JUSTIFICATION: (Give reasons why this particular project is considered worthwhile.)

**Rationale for social impact incentives: Companies designing new business lines for creating social impact among the BoP welcome incentives for doing so and passing on to their clients through higher ay or better and cheaper goods and services. To encourage companies strengthening their social impact. A social innovation incentive (SII) component is proposed to be added to the IB-RRF and a combined IB-RRSIF being created. The SII component would only be for strengthening the growth of social impact; through the IB business model. It would not finance the social impact per se. The incentive would be between \$100.000 and \$250.000, and be given as a grant to the final beneficiaries, but structured through the impact investors. Not all IB-companies promoted through the RRF would automatically also receive the SII financing. The necessity for SII financing would be assessed separately. The funding would also go through impact investor and company to the final beneficiary; it shall not be used by the company to increase profitability of the business nor to subsidize otherwise unviable aspects of the firm. The payment would be result based.**

16. BENIFITS: (Who will benefit, directly and indirectly, from the project?)

**Social Impact will be measured according to the investment and IB Businesses. From the perspective, of Inclusive Business, with better investment and promotion, the IB companies will generate impact at scale for the people at the base of the pyramid, mainly poor and low income people, by connecting them into the value chain, increase income exponentially, skill attainment and livelihoods improvement from the fact that most inclusive business could also provide affordable products and services that are necessary and relevant for the poors.**

17. FEASIBILITY STUDY

Is a Feasibility Study for the project required? **Yes**

If YES, has it been carried out? **Not yet**

18. SOCIAL & ENVIRONMENT IMPACT: (Briefly describe the effects of the project, if any, on the people and the surrounding enviroment. Will the project assist in alleviating poverty?)

**THE IB-RRSIF will definitely be part of the Inclusive Business support mechanism which aim to reduce poverty incidence rate and promote innovative business models that provide better solution to both society and environment.**

19. CLIMATE CHANGE

a. Is any activity or output of the project related to Climate Change? **Yes**

If Yes, please indicate **Adaptation**

b. How is the project relevant to Climate Change?

Please select a Climate Change related sector of the project and fill up the contribution of the climate change related expenditure compared to the total project cost.

Climate Change-Related Sector	Percentage	Climate Change Relevance
<b>13. Livelihoods (of CC vulnerable)</b>	<b>85</b>	<b>Very Significant</b>

20. DISASTER RISK REDUCTION

Is any activity or output of the project related to Disaster Risk Reduction? **Yes**

If Yes, please indicate **Preparedness**

21. GENDER ANALYSIS: (How does the project affect the roles of the men and women in the project area? Will women be actively involved in the implementation of the project?)

**The set up of IB-RRSIF will attract impact and angel investment to IB businesses thus improving the business operation which benefiting and improving the livelihoods of women, children and families at scale from the perspective of inclusive business.**

22. CAPACITY TO IMPLEMENT: (Does the Ministry have the skills and experience required to implement the project?)

**MISTI in connection and cooperation with various partners including both public and private sector has agreed on the initiative to promote Inclusive Business. With existing IB Structure including IB Secretariat, IB FOCAL POINT led by senior official at the Secretary of State Level, and strong partnership in the IB Stakeholders, MISTI is capable of coordinating and supporting the implementation and management of the facility.**

23. STATUS OF PROJECT IMPLEMENTATION: (Provide a brief update on the progress of the project to date. Discuss any major problems causing delays in project implementation.)

**MISTI is in the discussion stage (starting point). MISTI is seeking the set up of the IB-RRSIF facility with AfD according to the Asian Development Bank (ADB)'s Trade & Competitiveness Program.**

24. PROJECT PRIORITY: (Please indicates the priority ranking of the project decided by the ministry/agency.)

**1**

25. DONOR INVOLVEMENT: (Provide any information on current or potential donor involvement in the project.)

**AfD, ADB,**

**PART B : PROJECT COSTS AND FUNDING SOURCES**  
(In US\$'000)

INVESTMENT COST	2023		2024 Budget	2025 Estimate	2026 Estimate	2027 Estimate	3yr Total 2025-2027	Recurrent Cost Est.
	Budget	Actual						
<b>Operational Expenditure</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Salaries	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials + Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Capital Expenditure</b>	0.0	0.0	0.0	5,000.0	10,000.0	10,000.0	25,000.0	0.0
Construction	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Consultancy (i.e. TA) + Admin	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment+ Furniture	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Training	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	5,000.0	10,000.0	10,000.0	25,000.0	0.0
<b>TOTAL COST</b>	0.0	0.0	0.0	5,000.0	10,000.0	10,000.0	25,000.0	0.0
FUNDING SOURCES	2023		2024 Budget	2025 Estimate	2026 Estimate	2027 Estimate	3yr Total 2025-2027	
	Budget	Actual						
<b>Project Revenue</b>	0.0	0.0	0.0	250.0	250.0	250.0	750.0	
<b>Government Funding</b>	0.0	0.0	0.0	500.0	500.0	500.0	1,500.0	
Cash Input	0.0	0.0	0.0	250.0	250.0	250.0	750.0	
Other Resources	0.0	0.0	0.0	250.0	250.0	250.0	750.0	
<b>Donor Funding</b>	0.0	0.0	0.0	4,500.0	9,500.0	9,500.0	23,500.0	
French Development Agency	0.0	0.0	0.0	4,500.0	9,500.0	9,500.0	23,500.0	
<b>TOTAL COMMITTED FUNDING</b>	0.0	0.0	0.0	5,000.0	10,000.0	10,000.0	25,000.0	
<b>FUNDING REQUIRED</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
(Total Cost - Funding Available)								

**Seen and Approved by  
Minister**

(Signature)

Date :