The Current Situation of SME in Cambodia - MSME Financing

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I. Introduction

SME is Playing Important Role in Cambodia’s Economy.

70% of employment,
99.8% companies, and
58% Contribute to GDP.  
(source: Annual report of MIH2018)

<table>
<thead>
<tr>
<th>ISIC</th>
<th>Sector of Economic Activities</th>
<th>Relevant Ministries/Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>11-13</td>
<td>Agriculture</td>
<td>MAFF</td>
</tr>
<tr>
<td>31-39</td>
<td>Manufacturing</td>
<td>MIH</td>
</tr>
<tr>
<td>63</td>
<td>Restaurant and Hotel</td>
<td>MOT</td>
</tr>
<tr>
<td>71</td>
<td>Transport and storage</td>
<td>MWAT</td>
</tr>
<tr>
<td>93</td>
<td>Social and Related Community Services</td>
<td>MLVT</td>
</tr>
</tbody>
</table>

Source: Technical report 2007, by SME Secretariat
The Role of Ministry of Industry and Handicraft (MIH)

• Ministry of Industry and Handicraft is the chair of SME Sub-Committee which it’s followed by 18 ministries as the member.

• General Department of SME and Handicraft plays the role as coordination agency to engage with line ministries.

• Responsible for SME Manufacturing sector
SME Definition: To be determined by capital investment but excluded land property.

<table>
<thead>
<tr>
<th>Category</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Less than USD 50,000</td>
</tr>
<tr>
<td>Small</td>
<td>USD 50,000 – USD 250,000</td>
</tr>
<tr>
<td>Medium</td>
<td>USD 250,000 – USD 500,000</td>
</tr>
<tr>
<td>Large</td>
<td>Over USD 500,000</td>
</tr>
</tbody>
</table>

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SME Definition: To be determined by employee

- **Micro**
  - Less than 10 employee

- **Small**
  - Range 10-50 employee

- **Medium**
  - Range 51-100 employee

- **Large**
  - Over 100 employee

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MSME in Cambodia in total aprox: 500,000

Manufacturing Statistics

• **Large Industry**
  - 1,522 factories registered
  - Labor 982,203

  Source: Annual report from MIH 2017

• **MSME**
  - 155,640 MSMEs
    - SME = 15,707
    - Micro= 139,933
  - Labor 1,016,745
II. Actual Situation of SMEs in Cambodia

- Governance
- Access to Finance
- Customer/Market
- Products/Services
- Human Resource

MSME
The Common Challenges of MSME Financing (Access to Finance)

• Hard to get loan from financial institution
• High interest rate
• Term of loan
• Complexity of document submitting
• MSME Financial statement
• Collateral matter
• Others....
III. Strategy and Policies on MSME

  - National Strategic Development Plan (**NSDP**)

- **Industrial Development Policy 2015-2025**

- **SME Development Framework (2005)**

- **Line Ministries’ Policies**
  - MOC, MAFF, MOT, MEF, etc.

- **Sub-Degree MSME Tax Incentive**

- **SME Bank (not yet launching)**

- **Entrepreneurship Fund (Not yet launching)**

- **SME Development Policy (expect to launch it by the end of 2019)**
What next we should do for MSME Financing?

- Bank
- Micro Finance
- Non Banking Financial
- Development Financial Institution
- FinTechs
- Government Agency

MSME Financing
Thank you very much for your attention