



Ministry of Foreign Affairs



SHE Cambodia

Lessons From A Gender-Focused
Entrepreneurship Incubator

SHE Investments (Support Her Enterprise) is an incubator and accelerator located in Cambodia, which has offered support to more than 1,000 women entrepreneurs since 2015.¹ The organization has developed and executed gender-focused and culturally tailored business incubator and accelerator programs, a unique initiative in Cambodia. SHE's experience in successfully expanding its services beyond Phnom Penh to target women entrepreneurs in rural areas, particularly during the challenges of the COVID-19 pandemic, provides a valuable learning model on how an incubator can expand into rural areas without threatening its financial viability or the quality of its services. This paper centers on identifying SHE's primary success drivers and how these strategies can serve as inspiration for similar incubators and accelerators in different countries or regions.

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¹ Number of entrepreneurs that followed the incubation program from 2015 up until August 2023

SHE Investments Overview

The Cambodian entrepreneurial landscape is grappling with several challenges, most notably the struggle faced by micro-sized businesses expanding to become SMEs. One worrying statistic reveals that only 1.3% of Cambodian enterprises qualify as medium-sized.² While the majority of overall enterprises are women-owned and managed (61%), there is a significant gender gap in business ownership. No less than 90% of women-owned businesses fall under the micro-sized category, with fewer than four employees, whereas men own 74% of SMEs.³ In response to this, SHE Investments has taken on the mission to take these women-owned micro-businesses to the next level, propelling them along a growth trajectory.

Founded in 2015 in Phnom Penh, SHE Investments is a social enterprise pioneering gender-focused, culturally-tailored business incubator and accelerator programs for Cambodian women. Its objective is to narrow the gender gap within the SME sector by bolstering women's micro-small enterprises, facilitating their integration into the formal economy, and fostering long-term social and economic transformation through job creation and economic empowerment. Since its inception, SHE Investments has undergone a transformation, evolving from an early-stage venture to a medium-sized business with strengthened systems and an expanded team of 24 staff.

² World Bank, "Entrepreneurial Cambodia – Policy Note", 2018
³ International Finance Corporation, 2019

| SHE Investments key figures | |
|--|-----|
| Number of women participating in all incubation programs since 2015 | 622 |
| Number of women entrepreneurs supported in the incubation program during the rural expansion (July 2019 – November 2022) | 123 |
| Number of women participating in all acceleration programs since 2015 | 122 |
| Number of women entrepreneurs supported in the acceleration program during the rural expansion (July 2019 – November 2022) | 13 |
| % of entrepreneurs <35 years old in the rural expansion (July 2019 – November 2022) | 56% |

Table 1 – SHE Investments key figures

SHE's six-month incubation program targets both rural and urban-based small and micro-sized businesses, encompassing startups and established family enterprises with under five paid employees. Each cohort comprises a maximum of fifteen women and covers a range of essential topics, from financial literacy, effective problem solving and proficient business models to leadership, marketing, and more. The accelerator program supports women entrepreneurs with businesses at more advanced stages of their development or those who have successfully concluded the incubation program but require additional support in their growth phase. All workshops, peer sessions, and group mentoring are conducted in the local Khmer language by women facilitators.



Keisha Gani (Country Manager) - key gender considerations for the incubation program design:

- Gain a deep understanding of the systemic barriers women entrepreneurs face.
- Look beyond conventional success metrics (e.g., job creation or revenue increases) to integrate qualitative metrics, such as agency, confidence, and decision-making.
- Deploy strategic solutions to overcome the lack of self-confidence that might deter applicants, such as events that spotlight program alumni as role models.
- Involve spouses in the program to provide family backing and nurture self-confidence and self-belief.
- Leverage partnerships and networks to foster trust and credibility, surmount hurdles and champion inclusivity.



Figure 1 – Location of SHE Investment offices

The Rationale For Going Rural

According to the International Finance Corporation (IFC), just 23% of Cambodian SMEs are located in Phnom Penh. Thriving entrepreneurial ecosystems are also present in secondary cities like Siem Reap (accounts for 19% of Cambodian SMEs), Battambang (9%), and Kampong Cham (8%). Previously, SHE Investments concentrated its efforts on aiding entrepreneurs exclusively within Phnom Penh. But then SHE noticed that women from rural areas were coming to Phnom Penh to follow its program. Rural women entrepreneurs have enormous potential but lack adequate support systems and know-how.

In pursuit of broader impact and the inclusion of underserved entrepreneurs across various regions, SHE Investments garnered support from the Dutch Good Growth Fund (DGGF). This collaboration, initiated in July 2019, marked a significant turning point for SHE's operations.

SHE Investments expanded into four provinces beyond Phnom Penh: Siem Reap,

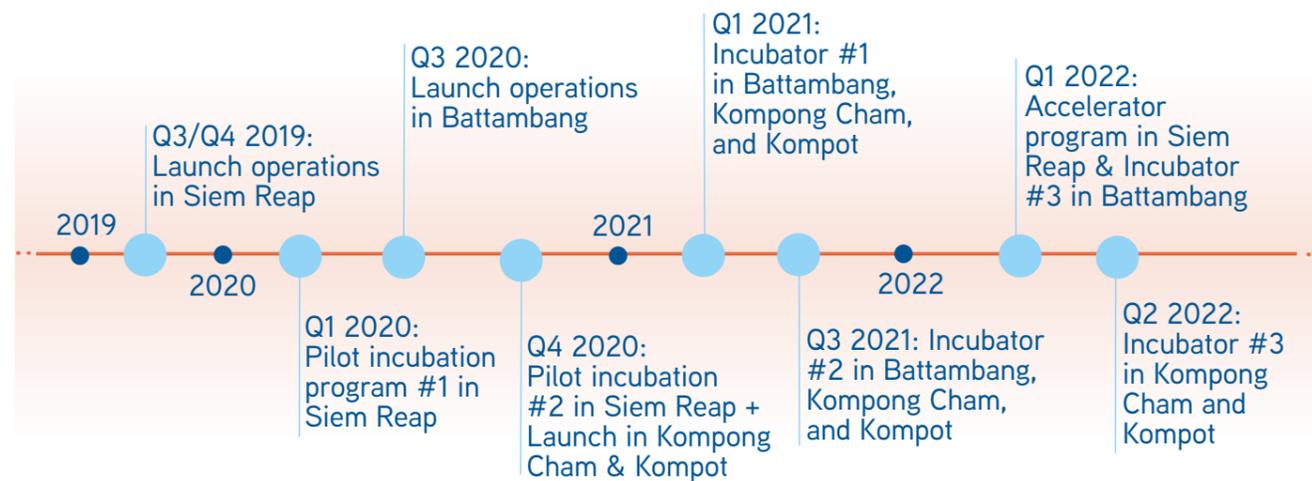
Kampot, Kampong Cham and Battambang. The organization established a presence in these provinces, strategically selecting regions with high economic potential and promising women entrepreneurs. As part of this expansion, the organization set up incubation and acceleration programs and fostered a more extensive network of entrepreneurs, associations, mentors, and partners. On top of this, SHE leveraged its newfound local presence to attract collaborators and donors for local initiatives, thus ensuring sustained operations post-launch.

Crucially, the expansion into secondary cities and rural areas hinged on the investment and support from DGGF. This backing not only enabled physical expansion but also gave SHE a sense of empowerment, enabling the organization to establish and pursue its milestones. As such, the collaboration between SHE and DGGF proved to be a pivotal success factor, driving and sustaining the organization's expansion efforts.

Impact of Going Rural

The expansion process began with the planning process in July 2019 and concluded with an evaluation report in November 2022. During the expansion project, three cohorts were completed in each of the four provinces - Battambang, Kampot, Kampong Cham and Siem Reap - with a total of 12 individual programs rolled out.

During the rural expansion, a total of 301 women applied to join the 12 programs, and 156 (52%) of these applicants were successful. The retention rate, i.e. the number of entrepreneurs who concluded the program, was 87%. The primary reason for drop-out was time constraints, with personal and health issues second. (See Table 2)



The incubation program's impact was evident in key metrics, with SHE successfully maintaining and even improving program quality during its expansion phase. Compared to urban entrepreneurs, where the focus is more on job creation or readiness to register their business, the success metrics of the rural expansion were more focused on financial management and increased agency. According to Lyta Kater, Head of Impact, the most significant change reported by entrepreneurs was increased self-confidence, with 99% attributing this boost to both their businesses and personal lives to SHE Investments.

The program also instilled confidence in terms of accessing future finance, as 22% of entrepreneurs secured funding, a notable feat given that only 3% of Cambodian women entrepreneurs typically access formal credit. The program resulted in the creation of 32 new jobs and an 8% increase in business registrations. Furthermore, 50% of participants who had not registered their businesses said they now felt better prepared to do so. The retention of acquired skills was strong, as 89% of respondents were still using their budgeting and finance skills months after completing the training.



| Profile of entrepreneurs supported in the 4 provinces | |
|---|---|
| Average age | 33.2 |
| Education | 53% bachelors 26% secondary education 21% primary education |
| Industries | 23% food and beverage 23% retail 22% service 14% health & beauty 7% agriculture 7% handicrafts |
| Caring responsibilities | 65% |
| Second jobs besides their business | 33% |

Table 2 – Profile of entrepreneurs supported in the 4 provinces

In the challenging context of the COVID-19 pandemic, 92% of SHE-trained entrepreneurs reported reduced revenues and profits. This impact was particularly acute in regions heavily reliant on tourism, such as Siem Reap. However, 94% of respondents acknowledged that SHE's program played a pivotal role in enhancing their revenue and profit despite the challenges. Notably, 55% of entrepreneurs in the incubation program and 75% of participants in the accelerator program recorded a growth in revenues within 12 months of completing the program, with revenues increasing by an average of US\$400/month. This figure is lower than the impact in urban areas (around US\$2,000/month), but rural businesses also tend to be smaller.

Challenges and Associated Tips For Going Rural

While the rural expansion yielded impactful results, it was not without its challenges. Given the diverse contexts of each province, encompassing industry, culture, and economy, SHE had to make context-specific adaptations to how they offered the program and the program content. Moreover, the entrepreneurs' adherence to more traditional business practices underscored the importance of tailoring the program to suit their specific circumstances. Proactive research is essential before any expansion, to make sure you make the right adjustments in a specific context and avoid a mismatch with the local entrepreneurial environment. It is also important to make sure facilitators

have the right skills to ensure successful outcomes. Recruitment of staff and entrepreneurs also posed a number of challenges, mainly due to the lack of qualified facilitators in the targeted provinces. The lack of any presence in these provinces makes it more difficult to recruit entrepreneurs due to the absence of established local networks. Without these networks, establishing relations with governmental officials proved trickier, which led to delays in the signing of Memoranda of Understanding (i.e., partnership agreement with local authorities), which was key to giving SHE Investments credibility with potential

participants. Network mapping proved pivotal in building stronger local partnerships, such as with the Women's Resource Center (WRC) in Siem Reap. Facilitators in the provinces received training, guidance and tools from the headquarters, including a one-week orientation in Phnom Penh to gain a better understanding of the different departments and projects at SHE. The organization also created additional resources to aid provincial staff with onboarding and training, such as the "Incubator Program Handbook" (in both English and Khmer). New provincial staff received training for facilitation skills, to enable them to deliver the incubator programs and work directly with the selected

entrepreneurs in their province. The recruitment in rural areas demanded more time and resources to effectively tailor information to local conditions. The pandemic created a number of unforeseen challenges, as online recruitment excluded digitally inexperienced women. In response, SHE Investments launched a practical campaign, distributing leaflets and providing support for online applications. Information sessions, both online and in-person, played a crucial role in attracting applicants and offering essential insights into the incubator program, fostering the aspirations of women interested in entrepreneurship.



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Gender-Rural Entrepreneurship Nexus

Rural women entrepreneurs encounter distinct challenges compared to their urban counterparts in Phnom Penh. Entrepreneurs in provinces like Battambang, Kampot, and Kampong Cham exhibit lower levels of literacy and financial management skills than those in the capital. This necessitated adaptations to the incubation program's content and duration, including extending it by one day to a total of 14 days. The program also intensified its focus on digital training, an essential aspect that is often difficult for rural women, as well as financial management and the evaluation of financial products, since levels of indebtedness are higher in rural areas.

Due to traditional gender norms prevalent

in rural areas, SHE often needs to involve the closest male relatives, typically the husband, in the incubation program process. The organization of a preliminary session that explained the program's benefits for male relatives helped them understand the program and gain their consent for women's participation, in part by creating shared goals. Discussions on gender equality were also incorporated in these sessions. During the rural expansion, there were instances when husbands initially objected to their wife's participation. However, facilitators from SHE Investments frequently managed to demonstrate the program's advantages, including heightened income and confidence, outweighing the temporary absence of the wife from household duties.



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Another crucial element is that women entrepreneurs in rural areas often lack networks and have limited exposure to the SME sector, which can hinder their growth ambitions. SHE Investments' incubation program emerged as a pivotal solution by providing an avenue for women entrepreneurs

to expand their network. A significant factor in this was the relationships fostered among groups of women during the workshops, often referred to as the 'sisterhood'. These networking opportunities were scarce in the provinces before SHE Investments' expansion.

Childcare is a key barrier for many women attending training workshops in Cambodia. SHE Investments aims to create a more accessible program by supporting childcare arrangements.

Success story as recounted by Panha Sok (Senior Facilitator in Siem Reap): An entrepreneur in the laundry business started the initial workshop without her husband's full support due to her childcare and domestic responsibilities. She was allowed to bring her children to the training session so she was able to join the incubation program. Although her participation was initially limited, interaction and learning within the group bolstered her confidence. Subsequently, as her business revenues surged, her husband began to contribute by taking care of the children.

Implications For The Business Model Of Going Rural

The expansion into rural areas resulted in changes to SHE Investment’s business model and thinking about its overall financial viability. This expansion not only showcased the feasibility of extending the Entrepreneur Support Organization model to provinces, but also prompted a strategic realignment to ensure sustained growth. SHE Investments’ objective is no longer solely focused on expanding its operations, but also on achieving a balance between financial considerations and providing underserved women with equitable access to business development support.

This strategy aligns with SHE Investments’ commitment to furnishing valuable services

to women in less privileged regions. According to the final evaluation of the expansion program, the quality level of the services provided remained stable, which means that SHE Investments managed to successfully expand into new regions without compromising on the quality of its services. SHE Investments’ additionality is clear, due to the lack of incubation services available to rural women entrepreneurs. Nevertheless, women entrepreneurs in rural provinces need longer-term support. SHE Investments needs to increase its efforts towards donors and funders to ensure that impact goals take into account the depth of the services provided, i.e. the impact per person, and not just the number of entrepreneurs covered.

SHE Investments is a social enterprise that reinvests all its profits in its operations. However, it is registered as a limited liability company due to the lack of a legal framework for social enterprises. This is why SHE Investments is now transitioning from relying on direct fundraising for grants to focusing on a fee-for-service business model. The rural expansion program has enabled SHE Investments to build partnerships and collaborations to secure resources for sustained expansion and comprehensive program delivery across multiple provinces. For instance, SHE has licensed its programs to two NGOs, effectively extending its outreach and generating additional revenues. The rural expansion also paved the way for

a collaborative fee-for-service with project partners. These partners fundraise for their own projects and sub-contract SHE Investments to deliver its services, reducing SHE Investments’ costs incurred when applying for grants directly. In any case, SHE Investments’ business model remains dependent on third parties, mostly financed by grants themselves, paying for its services, because the women entrepreneurs cannot afford to pay for its services directly. SHE Investments is considering charging fees to entrepreneurs who have reached more advanced stages, such as the tailored one-to-one programs, but the evaluation of the impact this would have on its business and entrepreneurs is still ongoing.





The expansion journey also revealed operational challenges that required difficult decision-making. The demand for on-the-ground work in provincial offices, complicated by the complexities of the COVID-19 pandemic, led to a re-evaluation of SHE Investments' operational structure. The

resource-intensive nature of the expansion process and remote management was higher than anticipated, necessitating a recalibration of their approach. This was particularly true with regards to staff recruitment, program promotion, and operational overheads. In response, SHE Investments made the

strategic decision to optimize by concentrating on high-performing regions and rationalizing their operations, leading to the closure of two provincial offices. The facilitators' role changed from a full-time employee position to a contractor-based (freelance) model. Other optimization strategies to reduce the time

and resource investment included leveraging digital technology, such as creating online onboarding systems and a comprehensive training curriculum with video tools. These changes have enhanced the efficiency of staff training and development processes.



CONCLUSION: Key Lessons

SHE Investments' expansion into rural areas provides a compelling and inspiring example of a successful scale-up into underserved areas without threatening business viability and sustainability. This case study provides a number of key lessons that could inspire incubators in other countries and regions. These lessons encapsulate SHE Investments' journey to build support structures that will enable women to lead as role models and change agents in business.

- 1 Allocation of increased resources and leveraging external expertise of partners and funders during program setup to ensure that the specific local context is well-understood.
- 2 Recruitment and upskilling of local staff with existing networks and relationships in new areas to foster trust and lead to easier implementation. The alternative, recruiting staff from other regions and moving them into new areas results in increased costs and delayed implementation.

- 3 Adaptation of operational deployment and program contents to the unique needs of the target group in new regions improves impact outcomes.
- 4 Gender relations and family dynamics need to be taken into account when targeting women entrepreneurs in more traditional business and family environments.
- 5 Financial viability is possible if you limit overheads and find the right partnerships, but continuous advocacy to focus on long-term in-depth support for entrepreneurs' journey is needed.



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The Dutch Good Growth Fund is part of Investment funds for local Small and Medium Enterprises (SMEs), a “fund of funds” investment initiative from the Dutch Ministry of Foreign Affairs. The initiative aims to improve financing for the “missing middle” – i.e. entrepreneurs who have outgrown microfinance but do not yet have access to regular financial services. The Seed Capital and Business Development (SC&BD) program was established to increase the impact of the DGGF by providing technical assistance, seed capital and business support services to intermediary investment funds and local SMEs. The program incorporates a knowledge development and sharing component that supports research, tests assumptions and shares insights into financing SMEs in developing countries and emerging markets - fostering industry-wide knowledge exchange.

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