

A. ASSIGNMENT RECAP

Prepare a comprehensive report for the Asia Summit 2024, including

- Country Analysis: Examine assigned country's FDI trends (1990-2022) considering economic, political, and global factors.
- Sector Evaluation: Assess impact of FDI in a specific sector, analyzing challenges and a chosen FDI company.
- Strategic Positioning: Identify two factors for the country to attract FDI or outsourcing, evaluating comparative potential.
- Digital Economy Assessment: Evaluate assigned country's participation in digital FDIs, considering prospects, benefits, and challenges.

Structure:

A/ Introduction (100 to 110 words)

Introduce the purpose of the report and provide essential background information on the assigned country.

B/ Trends in FDI Inflow (1990-2022) (300 to 330 words)

- Critically analyze FDI trends, considering economic, political, and global factors and their impact on economic development.
- Evaluate the effectiveness of government policies in attracting FDI and addressing investment challenges.

C/ Sector-Specific FDI Analysis (350 to 385 words)

- Select a specific sector attracting FDI in the assigned country.
- Evaluate the sector's impact on employment, wage rates, and overall economic growth.
- Identify and discuss critical challenges, risks, or constraints faced by the sector.
- Provide a detailed examination of a specific FDI company within the sector.

D/ Strategic Positioning for FDI and Outsourcing (300 to 330 words)

- Explore two previously unexplored factors for the assigned country's attractive positioning in FDI or outsourcing.
- Assess the comparative potential of FDI and outsourcing, considering unique advantages and challenges.
- Examine the role of regulatory frameworks, infrastructure, and workforce capabilities.

E/ Digital Economy Assessment (350 to 385 words)

- Assess the assigned country's participation in digital FDIs and critically examine its current efforts.
- Evaluate prospects for scaling up these efforts and discuss potential benefits and challenges.
- Analyze the role of technology infrastructure, innovative ecosystems, and government policies.

F/ Conclusion (100 to 110 words)

- Summarize key findings from each section.
- Emphasize recommendations for the assigned country to optimize FDI and capitalize on the digital economy.

B. KEYWORD EXPLANATIONS

- 1. Foreign Direct Investment (FDI):** Investment made by a firm or individual in a business enterprise in another country, typically involving a degree of control and ownership.
- 2. Digital Economy:** An economy based on digital technologies, encompassing the production and trade of digital goods and services.
- 3. Outsourcing:** The practice of contracting out certain business functions or processes to external third-party service providers, often in other countries, to reduce costs or improve efficiency.
- 4. Regulatory Frameworks:** A set of rules and regulations established by a government to guide and control business activities within a particular industry or sector.

5. **Infrastructure:** The fundamental facilities and systems serving a country, city, or area, including transportation, communication, and energy systems.
6. **Workforce Capabilities:** The skills, knowledge, and competencies possessed by the labor force, crucial for attracting and sustaining foreign investments.
7. **Comparative Potential:** Evaluating the relative advantages and disadvantages of different options or strategies, such as FDI versus outsourcing in the context of economic development.
8. **Digital FDIs:** Foreign Direct Investments specifically focused on digital technologies, innovations, and businesses within the global digital economy.
9. **Evolving Landscape:** Refers to the dynamic and changing nature of a particular environment, such as the global digital economy, over time.
10. **Government Policies:** Guidelines and measures adopted by a government to influence and regulate economic activities, including attracting FDI and fostering the digital economy.

C. DETAILED OUTLINE

As you will be assigned to one country based on your s-number, you will have to research to build up your knowledge about the assigned country. This part will only provide you with an example for **Cambodia**.

A/ Introduction (less than 100 words)

- **Introduce the purpose of the report.**
 - + Clearly state what your report aims to achieve. This straightforward approach helps the reader understand the report's purpose from the outset.
 - + For instance, mention that it will analyze FDI trends, evaluate the digital economy, and provide recommendations for enhancing foreign investments in the assigned country.
- **Provide essential background information on the assigned country.**

Example: This report is dedicated to examining the potential for Foreign Direct Investment (FDI) and the digital economy landscape in Cambodia. As a key player in the Southeast Asian region, Cambodia's economic growth is intricately tied to foreign investments, especially in the burgeoning digital sector. With the transformative power of the digital economy shaping global markets, understanding Cambodia's position becomes paramount. In this context, the report navigates through Cambodia's economic and political background, laying the groundwork for a comprehensive analysis of FDI trends and the country's digital economy prospects.

Tips:

- Keep it concise, please be concise in this part :>

B/ Trends in FDI Inflow (1990-2022) (300 to 330 words)

1. FDI Inflow Analysis

- Briefly discuss how the FDI inflow of Cambodia is volatile during the analyzed period

Example: The FDI inflow in Cambodia exhibits volatility during the analyzed period due to economic uncertainties, geopolitical factors, and policy fluctuations, creating an environment where investor confidence is sensitive to external influences.

- Breakdown the economic development stage of Cambodia during the 1990-2022 period and analyze the FDI trends and other factors based on the following structure:
 - + Overview of Cambodia's economic status in this stage
 - + Analyze FDI trends during this period, considering the country's focus areas and industries attracting foreign investment.
 - + Identify any significant changes in FDI patterns
 - + Evaluate government policies related to FDI during the specified period, focusing on tax incentives, regulatory frameworks, and business-friendly measures.
 - + Assess the effectiveness of these policies in attracting and sustaining FDI.

- + **Explore challenges faced by investors, including regulatory hurdles, bureaucratic issues, or geopolitical uncertainties.**
- + **Evaluate how well the government addressed these challenges and enhanced the investment climate.**

Example

a. Post-Conflict Economic Rebuilding (Early 1990s - Late 1990s)

- **Rapid Economic Growth Post-Conflict:** Following the peace settlement in the early 1990s, Cambodia experienced a period of rapid economic growth. This growth was propelled by the restoration of peace, significant capital inflows, the country's openness to economic reforms, and effective macroeconomic management. Transitioning to a market economy, Cambodia began to embrace policies that were heavily dependent on foreign capital and markets, marking a significant shift from its past economic strategies.
<https://www.wider.unu.edu/publication/economic-history-industrialization-cambodia>
- **Increase in Foreign Direct Investment:** Despite the initial reluctance of investors due to the country's prior instability, Foreign Direct Investment (FDI) gradually increased as political stability was restored. Key sectors attracting FDI included garment manufacturing, agriculture, and infrastructure development, all critical for the rebuilding of Cambodia's war-torn economy.
<https://www.wider.unu.edu/publication/economic-history-industrialization-cambodia>
- **Government Initiatives and Special Economic Zones:** The Cambodian government undertook various policy initiatives to attract foreign investment and stimulate economic growth. This included establishing Special Economic Zones (SEZs) that offered tax incentives, streamlined administrative procedures, and improved regulatory frameworks. These measures were designed to create a more conducive environment for foreign investors and facilitate the economic rebuilding process.
<https://www.wider.unu.edu/publication/economic-history-industrialization-cambodia>

- Persistent Challenges and Government Responses: Despite these efforts, the rebuilding phase was not without its challenges. Investors faced bureaucratic inefficiencies, a weak legal system, and inadequate infrastructure. Additionally, issues like corruption and a lack of skilled labor posed significant hurdles. In response, the government focused on policy reforms and improving governance, although progress in fully addressing these issues was gradual.
https://www.researchgate.net/publication/290954399_The_political_economy_of_Cambodia's_transition_1991-2001

b. Acceleration and Integration into the Global Economy (Late 1990s - Early 2000s)

- Government Policies Towards Sustainable Investments: The Cambodian government refined its policies to focus more on sustainable and responsible investments. This involved aligning with international standards and practices to attract quality FDI, indicating a more strategic approach to economic development. The focus was on improving agricultural productivity, diversification, and the promotion of sectors like tourism, which became increasingly important to the national GDP.
<https://opendevelopmentcambodia.net/topics/economic-policy-and-administration/>
- Challenges and Government Responses: Despite these improvements, Cambodia faced new challenges during this period, such as land disputes, environmental concerns, and labor rights issues. These challenges required the government to implement tighter regulations and better enforcement mechanisms. Efforts were also made to improve the judicial system and promote transparency, reflecting a commitment to addressing these emerging issues.
https://en.wikipedia.org/wiki/Economy_of_Cambodia
- Industrial and Tourism Development: The Cambodian government introduced plans like the Industrial Development Action Plan (1998–2003) and the Tourism Development Strategic Plan (2012–2020) to foster growth in these sectors. These plans aimed at developing export-oriented industries, promoting tourism, and enhancing the competitiveness of sectors like garment manufacture and construction.
<https://opendevelopmentcambodia.net/topics/economic-policy-and-administration/>

- Economic Growth and Recovery Post-1997 Crisis: Despite a period of unrest and instability following the 1997 Asian financial crisis, Cambodia's economy continued to grow at an average pace of approximately 6-8% per annum. The economy was significantly buoyed by garment exports and increasing tourist arrivals, with a notable GDP growth in 2007. https://en.wikipedia.org/wiki/Economy_of_Cambodia

c. Rapid Growth with Institutional Challenges (2000s - 2010s)

- Economic Growth and Open Market System: Cambodia followed an open market system and experienced rapid economic progress in the last decade of the 20th century, transitioning from a planned economy to a market-driven system. This shift led to significant economic growth, with the GDP rising notably and inflation decreasing. https://en.wikipedia.org/wiki/Economy_of_Cambodia
- Foreign Direct Investment (FDI) and Key Sectors: The early 21st century saw a robust influx of FDI in Cambodia, primarily driven by growth in the garment sector, tourism, agriculture, and real estate. Investments from China, South Korea, and Japan were particularly noteworthy. The government worked to improve the investment climate through incentives such as tax holidays, duty-free imports, and simplified business registration processes. <https://www.worldbank.org/en/country/cambodia/publication/main-findings-of-the-cambodia-country-economic-memorandum-cem>
- Challenges Despite Growth: Despite maintaining high growth rates, Cambodia faced several challenges, including rising inequality, uneven spatial development, weak institutions, and high corruption levels. These challenges were exacerbated by issues like a weak legal framework, land rights controversies, and infrastructural deficiencies. The lack of skilled labor also posed a significant problem. <https://www.worldbank.org/en/country/cambodia/publication/main-findings-of-the-cambodia-country-economic-memorandum-cem>
- Government Responses: The Cambodian government's response to these challenges was mixed. There were efforts to improve infrastructure and education. However, persistent institutional weaknesses and corruption continued to be significant impediments to sustainable growth and development.

<https://www.worldbank.org/en/country/cambodia/publication/main-findings-of-the-cambodia-country-economic-memorandum-cem>

d. Sustained Growth and Emerging Challenges (2010s - 2022)

- + Economic Growth and Diversification of FDI: The country experienced continued economic growth, marked by low unemployment, moderate inflation, and rising FDI. There was a notable shift in FDI towards more diversified sectors, including finance, technology, and renewable energy, reflecting a move towards attracting high-value and service-oriented investments.

<https://www.worldbank.org/en/country/cambodia/publication/cambodia-economic-update-december-2022-navigating-global-economic-headwinds>

- + Government Focus on Sustainable Development: The Cambodian government shifted its focus towards sustainable development and responsible investment practices. This included the implementation of stricter environmental regulations and initiatives to improve corporate governance.

<https://www.worldbank.org/en/news/press-release/2022/12/07/cambodia-s-economy-is-recovering-but-could-face-headwinds-world-bank-report-says>

- + Challenges in Balancing Growth with Sustainability: Despite the growth, Cambodia faced challenges in balancing economic development with environmental sustainability and social responsibility. Geopolitical uncertainties also posed significant challenges during this period.

<https://bti-project.org/en/reports/country-report/KHM>

- + Government Response and Policy Reforms: The government's response to these challenges was proactive, with a focus on policy reforms and international cooperation. Efforts were made to enhance regional integration and engage in global value chains. However, bureaucratic inefficiency and governance issues remained areas for improvement.

<https://www.adb.org/news/cambodia-economy-accelerate-2022-and-2023-adb>

- + Investments and Infrastructure Development: Significant investments were made to improve competitiveness, including infrastructure projects like the Phnom Penh-Sihanoukville expressway and the construction of new airports. Reforms were implemented to reduce business costs, such as an online business registration service and a new investment law aimed at stimulating skills development and investment in high-tech industries.
<https://coc2022.cdri.org.kh/three-key-challenges-facing-cambodias-post-pandemic-recovery-and-future-growth/>
- + Optimism for Economic Recovery and Future Growth: There was optimism about Cambodia's economic recovery and future growth, assuming a supportive international environment. Key factors for Cambodia's development included maintaining an open economy and diversifying its export base.
<https://coc2022.cdri.org.kh/cambodias-development-challenges/>

Tips:

- Contextualize FDI trends within the broader economic landscape of the assigned country.
- Assess economic indicators, such as GDP growth, inflation rates, and employment levels, to understand the economic backdrop.
- Analyze political events and changes during the period that may have impacted FDI.
- Consider political stability, government transitions, and policy reforms as potential influencers on FDI trends.
- Evaluate global economic conditions, such as financial crises, trade agreements, and geopolitical events, that might have affected FDI.
- Demonstrate an awareness of how external factors shape a country's attractiveness to foreign investors.
- Investigate reasons behind shifts, whether industry-specific, technology-driven, or influenced by global market dynamics.

C/ Sector-Specific FDI Analysis (350 to 385 words)

1. Specific Sector Analysis
 - a. Sector Analysis
 - Provide a concise overview of the sector. Highlight its significance as a key contributor to the country's industrial landscape and economic growth.

- Provide a brief overview of FDI trends within this sectors and why can it attract that.
- Evaluate the sector's impact on employment generation, considering direct and indirect job creation.
- Discuss how increased FDI may have led to wage improvements or changes in income distribution within the sector.
- Consider its role in driving manufacturing output, export growth, and its ripple effect on other sectors of the economy.

Hint:

- Overview of FDI Trends in Cambodia: Cambodia has seen a growing influx of FDI, particularly in sectors like garments, construction, and agriculture. The country has become an attractive destination for FDI due to its strategic location, liberal investment policy, and labor market dynamics. The impact of FDI on Cambodia's economic growth is evident, with a positive correlation between FDI inflows and GDP growth ([Khun Sokang, 2018](#)).
- **Employment Generation through FDI:**
 - + FDI inflows have been a catalyst for economic growth in Cambodia. Research by Khun Sokang (2018) and Seng Sothan (2017) confirms that FDI has a positive impact on Cambodia's economic growth, suggesting a causal relationship between FDI and growth ([Sokang, 2018](#)) ; ([Sothan, 2017](#)) .
 - + FDI has been instrumental in creating numerous direct and indirect employment opportunities in Cambodia. Key sectors such as textiles, manufacturing, and services have seen significant investments from foreign entities. This influx of investment has not only provided substantial employment but has also been pivotal in poverty reduction and the overall improvement in living standards. The Cambodian government has actively facilitated FDI through various incentives, including tax exemptions and duty-free imports for export-oriented investment projects, as outlined in the Investment Law of Cambodia of 2003. These incentives have been critical in attracting FDI in various sectors, notably in construction and real estate, non-garment manufacturing, and services. <https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-a-nd-policies-in-cambodia-a-preliminary-note/>

<https://opendevelopmentmekong.net/stories/drivers-of-foreign-investment-in-cambodia/>

- **Wage Improvements and Income Distribution:**

- + Catherine C. H. Chiu (2007) examined the workplace practices in Hong Kong-invested garment factories in Cambodia, highlighting FDI's role in improving labor standards and potentially influencing wage levels in the sector ([Chiu, 2007](#))
- + The Cambodian government's strategic focus on creating a favorable business and investment environment through various policies, such as the National Strategic Development Plan (NSDP) 2019-2023 and the Industrial Development Policy (IDP) 2015-25, has further strengthened the country's appeal to foreign investors. These policies are aimed at economic diversification, enhancing competitiveness, and promoting productivity, thereby supporting sustained and inclusive economic growth.

<https://opendevelopmentmekong.net/stories/drivers-of-foreign-investment-in-cambodia/>

- **Manufacturing Output and Export Growth:**

- + J. S. Mah (2022) notes the significant role of the garment industry in the development of the manufacturing sector in Cambodia, driven largely by FDI. This sector-led development suggests a correlation with manufacturing output and export growth ([Mah, 2022](#)) .
- + Cambodia's manufacturing output was up 83% in 2022, according to the Ministry of Industry, with the output reaching \$15.8 billion. They also noted the increase in the number of active manufacturing factories and the creation of over one million jobs in the five-year period from 2018 to 2022.

<https://english.cambodiadaily.com/business/cambodias-manufacturing-output-up-83-in-2022-ministry-of-industry-182001/>

- **Impact on Other Sectors of the Economy:**

- + The study by Vathanak Chet (2022) and Chantha Hor (2016) indicates that FDI and other financial inputs have contributed significantly to the

GDP growth of Cambodia, implying impacts beyond the directly invested sectors ([Chet, 2022](#)) ; ([Hor, 2016](#)) .

- + Cambodia has been a prominent destination for FDI, with net inflows reaching 11.9% of the country's GDP in 2022, highlighting the country's strong potential for economic growth and FDI attraction. The government's adoption of an investment law in 2021, offering incentives such as income tax exemptions and customs duty exemptions, has further improved the FDI climate. Despite these advancements, Cambodia still faces challenges, including global economic uncertainties and a need for more confidence in its judicial system. <https://www.investmentmonitor.ai/news/fdi-cambodia-leading-2024-investment-opportunities/>

Example

The garment and textile industry in Cambodia is a critical component of the nation's economy. As of 2023, this sector significantly contributes to Cambodia's GDP, which was projected to grow by approximately 6% in that year. The garment sector, in particular, was estimated to grow by 6.9%. <https://www.fibre2fashion.com/news/textile-news/cambodia-s-gdp-projected-to-grow-at-6-in-2023-nbc-285225-newsdetails.htm> This industry has been a major driver of Cambodia's economic landscape since the 1990s, due in part to its competitive labor costs. In 2022, Cambodia's real GDP growth rate was recorded at 5.1%, underscoring the resilience of its economy. The garment and textile sector contributes over 40% to the nation's total merchandise exports, forming a significant part of the GDP. The sector employs more than 750,000 workers in over 600 factories, with a substantial majority of these factories being foreign-owned, particularly by Chinese companies. European companies, including those from the Netherlands, have also made significant investments in this industry. The primary markets for Cambodia's garment exports include the European Union and the United States. <https://www.researchandmarkets.com/reports/5875341/cambodia-garment-manufacturing-industry-research> Despite its growth and economic contributions, the Cambodian garment and textile industry faces challenges such as high energy costs, low productivity, and heavy reliance on imports of textiles, which represent a major weakness. The industry predominantly engages in low added value cut, make, and trim operations.

https://www.researchgate.net/publication/46526342_Challenges_to_the_Cambodian_Garment_Industry_in_the_Global_Garment_Value_Chain The future prospects for Cambodia's garment industry appear promising. It is anticipated that the export value of this sector will reach \$19.9 billion by 2032, with a projected Compound Annual Growth Rate (CAGR) of 8.2% from 2023 to 2032. This growth trajectory is supported by strong government backing and the global shift of the textile and garment industry towards Southeast Asia. <https://www.cri-report.com/cambodia-garment-manufacturing-industry-research/>

b. Challenges

- Address issues such as regulatory complexities, supply chain vulnerabilities, or global market uncertainties.
- Consider factors like technological disruptions, environmental regulations, or geopolitical risks impacting the sector.
- Discuss how government policies or industry initiatives have or have not enhanced the sector's attractiveness to foreign investors.

Example

Cambodia, experiencing significant economic growth since 2010, is emerging as a manufacturing hub, especially in textiles and agro-processing. Despite receiving \$3.4 billion in FDI in 2021, a 41% increase over five years, it faces challenges like regulatory barriers, a low-skilled workforce, small market size, weak infrastructure, and lack of transparency, ranking it 112 out of 146 in economic complexity

<https://asiasociety.org/policy-institute/supply-chains-shifting-indo-pacific/cambodia>. . Efforts to improve the investment climate include an online business registration system, delayed implementation of a capital gains tax, and the 2021 Law on Investment offering tax exemptions and investment protections. Additionally, a draft Law on Public-Private Partnerships was introduced <https://asiasociety.org/policy-institute/supply-chains-shifting-indo-pacific/cambodia> . However, post-pandemic supply chain disruptions and global economic conditions, including oil price shocks, have led to inflation, posing policy challenges and emphasizing the need for exchange rate stability and controlled

demand to manage inflation
https://knowledge4policy.ec.europa.eu/publication/cambodia-economic-update-special-focus-post-pandemic-supply-chain-disruptions_en.. While offering growth potential and an improving investment climate, Cambodia's economic vulnerabilities and workforce limitations present considerations for potential investors.

2. Analysis of specific FDI company within the sector

- Introduce the specific FDI company within the sector, highlighting its significance and market position.
- Analysis of Resources: Explore the company's resources, including technological advancements, capital investments, and the skill set of its workforce. Assess how these resources contribute to the company's competitive edge within the sector.
- Activities and Operations: Examine the specific activities and operations of the FDI company. Discuss the company's production processes, innovation initiatives, and market strategies that define its operational footprint.
- Contribution to the Local Economy: Evaluate the company's contribution to the local economy, emphasizing job creation, skills development, and community engagement.
- Benchmark for Success: Consider the FDI company as a benchmark for success within the sector. Reflect on how its strategies and contributions can serve as a model for other multinational companies operating in the region.

Example

Since the mid-1990s, Cambodia has reformed its tax and trade policies, notably with the 2003 Investment Law offering profit tax exemption and duty-free import for export-oriented projects. Special Economic Zones (SEZs) provide additional FDI tax incentives. The Council for Development of Cambodia (CDC) manages FDI inflows, shaping investment strategies <https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-and-policies-in-cambodia-a-preliminary-note/>. The main FDI sectors include construction, real estate, manufacturing (both garment and non-garment), and services. While Cambodia's legal framework is generally favorable for foreign investment, allowing foreign ownership in most sectors, challenges include ambiguous legal support and limited confidence in the judicial system

<https://opendevelopmentmekong.net/stories/drivers-of-foreign-investment-in-cambodia/> . In 2021, FDI was valued at \$3.5 billion, slightly lower than the previous year. The manufacturing sector recovered significantly, with exports in garments and non-garment items like bicycles and electrical parts growing. The construction sector also showed recovery. However, challenges like global financial conditions, new COVID variants, and climate change risks impact the economy.

<https://www.b2b-cambodia.com/articles/nbc-key-takeaways-financial-stability-report-2021/>

Tips:

The tips for choosing the right sector and company for analysis in a report emphasize alignment with assignment objectives, relevance to the assigned country, and the availability of reliable data. Factors such as personal interest, economic significance, strategic importance, consideration of challenges and opportunities, industry growth potential, and the availability of case studies are crucial for a well-supported and comprehensive analysis.

D/ Strategic Positioning for FDI and Outsourcing (300 to 330 words)

1. Unexplored factors for attractive positioning in FDI or outsourcing

- You can consider these following factors

Stakeholder Collaboration and Engagement:

- + Investigate the potential of fostering collaboration between government, industry stakeholders, and local communities as a previously unexplored factor.
- + Assess how a concerted effort can enhance the country's attractiveness for both FDI and outsourcing, creating a more inclusive and supportive business environment.

Sustainable and Ethical Practices:

- + Consider the incorporation of sustainable and ethical business practices as an unexplored factor.

- + Evaluate how aligning FDI and outsourcing activities with environmentally friendly and socially responsible practices can set the assigned country apart, appealing to companies with a strong commitment to corporate responsibility.

Cultural Integration Strategies:

- + Investigate the potential of cultural integration strategies as previously unexplored factors for positioning the assigned country as an attractive destination for FDI or outsourcing.
- + Analyze how fostering cultural understanding and collaboration between local and foreign entities can enhance business relationships and create a more inclusive and harmonious work environment.

Environmental Sustainability Initiatives:

- + Consider the incorporation of environmental sustainability initiatives as a unique factor.
- + Assess how the assigned country's commitment to eco-friendly practices, renewable energy, and environmentally conscious policies can attract businesses with a strong focus on corporate social responsibility and sustainability.

Example

Stakeholder Collaboration and Engagement

The Council for the Development of Cambodia (CDC) plays a central role in Cambodia's FDI framework, functioning as the highest decision-making body for private and public investment. This reflects a robust governance structure for FDI decision-making, with the Cambodia Investment Board (CIB) and the Cambodian Special Economic Zone Board (CSEZB) also playing significant roles. Cambodia's investment policy allows for diverse FDI projects, with regulations in place to prevent activities harmful to the environment or culture. This collaborative governance model underscores the importance of stakeholder engagement in enhancing Cambodia's FDI attractiveness. <https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-and-policies-in-cambodia-a-preliminary-note/>

Sustainable and Ethical Practices

The country has demonstrated a commitment to green economy principles, aligning with sustainable development goals. Cambodia's involvement in the Partnership for Action on Green Economy (PAGE), supported by various international bodies including the UN, focuses on macro-economic and sectoral policy reforms to facilitate a green economy transition. Notable sectors under this initiative include garment manufacturing, tourism, agriculture, and finance. This strategic shift towards sustainable and ethical practices can significantly boost Cambodia's appeal for FDI and outsourcing. [Cambodia Joins Global Partnership to Reaffirm Its Commitment Towards a Green and Inclusive Economic Transformation](#)

Cultural Integration Strategies

Cambodia is undertaking several projects to address environmental challenges, funded by international organizations like Sweden and UNDP. These initiatives focus on the protection of natural resources, waste reduction, and the promotion of clean and affordable energy. The adoption of the circular economy concept and the development of solar energy are key components of these efforts. Such environmental sustainability initiatives are essential in attracting businesses focused on corporate social responsibility and sustainability. [Pursuing Cambodia's Green and Sustainable Future](#)

Environmental Sustainability Initiatives

It is anticipated that by 2025, Cambodia's funding for development will reach approximately 69.8% of its GDP, driven mainly by domestic resource mobilization, FDI, and remittances. The creation of the Cambodia SDG Investor Map, identifying investment opportunities in priority sectors, is a testament to the country's commitment to sustainable development. This integrated approach to economic growth and sustainability is likely to enhance Cambodia's attractiveness for FDI and outsourcing by showcasing potential in areas like agriculture, financial services, infrastructure, renewable energy, education, and healthcare. [Cambodia SDG Investor Map launched to accelerate sustainable development](#)

2. Potential of FDI and outsourcing

- Advantages of FDI:
- + Highlight the long-term capital infusion that FDI brings into the country, contributing to economic growth
- + Discuss the potential for knowledge transfer and skill enhancement through FDI, fostering technological advancements.
- Challenges of FDI:
- + Address the risk of dependency on foreign entities, potentially affecting local autonomy.
- + Discuss challenges related to navigating cultural differences and potential resistance to foreign influence.

- Advantages of Outsourcing:
- + Emphasize cost efficiency and flexibility as key advantages of outsourcing.
- + Highlight the role of outsourcing in providing specialized skills and resources that may be lacking locally.
- Challenges of Outsourcing:
- + Discuss the risk of job displacement and potential negative impact on local employment.
- + Address concerns related to data security and the need for robust regulatory frameworks.

- Evaluate the unique advantages and challenges of both FDI and outsourcing. Consider the economic, social, and technological implications of each approach.

- Conclusion: Summarize the comparative analysis, emphasizing that the choice between FDI and outsourcing depends on the specific needs, goals, and context of the assigned country.

Hint:

- a. Foreign Direct Investment (FDI)
- Advantages:

+ **Economic Growth:** Cambodia has witnessed a dynamic growth trajectory, largely attributed to FDI. The country's average annual growth rate has been around 7.7% since the early 1990s, significantly driven by FDI in labor-intensive industries. This growth has been supported by Cambodia's adoption of export-oriented policies and market liberalization, which have opened its economy to foreign investments, particularly in sectors with comparative advantages, like natural resources and labor-intensive industries.
<https://www.emerald.com/insight/content/doi/10.1108/JBSED-11-2022-0120/full/html>

+ **Job Creation:** FDI often leads to job creation, boosting employment opportunities in various sectors.

+ **Young and Eager Workforce:** Cambodia benefits from a young and sizable workforce, eager to work across various industries. This is an attractive feature for foreign investors looking for an abundant labor supply.
<https://southeastasiaglobe.com/5-reasons-cambodia-is-best-in-the-region-for-foreign-investments/>

+ **Development of Local Industries:** FDI has played a pivotal role in the transformation of Cambodia's economy from agriculture to light manufacturing and services. This diversification has been bolstered by the country's integration into regional Global Value Chains (GVCs) and its strategic economic transformation policies.
<https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-and-policies-in-cambodia-a-preliminary-note/>

- **Challenges:**

+ **Limited Knowledge Spillover:** There's a risk of limited knowledge transfer to domestic firms, which can hinder the development of local production systems and innovation.
<https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-and-policies-in-cambodia-a-preliminary-note/>

+ **Concentration in Low Value-Added Sectors:** FDI is concentrated in relatively low value-added sectors, mostly in the production stages of GVCs, with negligible investment in innovation and R&D.
<https://blogs.lse.ac.uk/seac/2022/12/07/foreign-direct-investment-trends-and-policies-in-cambodia-a-preliminary-note/>

+ **Uneven Distribution of Benefits:** The impacts of globalization through FDI and participation in GVCs can lead to income polarization and increasing inequality at both individual and geographical levels.

<https://coc2023.cdri.org.kh/20-years-of-fdi-in-cambodia-towards-upper-middle-income-status-and-beyond/>

b. Outsourcing

- **Advantages:**

+ Diverse Outsourcing Services: Cambodia provides outsourcing in various sectors like Human Resources, Marketing, Accounting, IT, and Artificial Intelligence. These areas offer an array of benefits for businesses looking to outsource. [Outsourcing in Cambodia](#)

+ Cost Efficiency: Outsourcing in Cambodia can lead to significant cost savings, especially when compared to the costs in more developed countries. [Outsourcing in Cambodia](#)

+ Skilled Labor Force: The country has a considerable pool of talent in various outsourcing sectors. For instance, the IT sector is marked as competitive in the global market, with many companies operating in software development, hardware, and content creation. [Outsourcing in Cambodia](#)

+ Technological Advancements: The use of modern technology in outsourcing services like cloud technology in HR and sophisticated accounting software in financial services enhances the quality of outsourced tasks. [Outsourcing in Cambodia](#)

+ Favorable Government Policies: The Cambodian government has policies supportive of multinational companies, making it a favorable environment for outsourcing activities. [Outsourcing in Cambodia](#)

- **Challenges**

+ Language Barrier: While non-voice projects in BPO are well-suited for the Cambodian workforce, there are challenges in call center operations due to language skills, particularly in English.
<https://www.phnompenhpost.com/business/inside-track-outsourcing>
<https://www.phnompenhpost.com/business/inside-track-outsourcing>

+ Seasonal Variability: Outsourcing demand can be seasonal, affecting the stability of employment contracts and the availability of a consistent workforce.
<https://www.phnompenhpost.com/business/inside-track-outsourcing>

+ Regulatory Environment: The labor laws in Cambodia are not always conducive to the flexibility required in the BPO industry, which can be a challenge for businesses operating in this sector.
<https://www.phnompenhpost.com/business/inside-track-outsourcing>

- + Lack of Tax Benefits for BPOs: Unlike some other countries, Cambodia does not currently offer specific tax benefits for BPOs, which can affect cost competitiveness.

<https://www.phnompenhpost.com/business/inside-track-outsourcing>

Example

	FDI	Outsourcing
Advantages	-	-
Challenges	-	-
Evaluation		

The choice between FDI and outsourcing in Cambodia hinges on specific needs, goals, and contextual considerations. Each approach has unique benefits and challenges that must be carefully weighed to align with the country's economic aspirations.

3. Role of regulatory frameworks, infrastructure, and workforce capabilities.

- Regulatory Frameworks:
 - + Assess the comprehensiveness and clarity of regulatory frameworks governing foreign investment.
 - + Evaluate the ease of doing business, examining factors such as permit processes, legal transparency, and investor protections.
 - + Discuss any recent regulatory reforms or initiatives enhancing the business environment.
- Infrastructure:
 - + Examine the state of physical infrastructure, including transportation, energy, and communication networks.
 - + Evaluate how well-developed infrastructure supports the logistical needs of businesses.

- + Discuss any ongoing or planned infrastructure projects that may enhance the country's attractiveness.

- Workforce Capabilities:

- + Assess the education and skill levels of the local workforce.

- + Evaluate the availability of specialized skills relevant to industries targeted for foreign investment.

- + Discuss government initiatives or partnerships fostering skill development and workforce capabilities.

- Comparative Analysis:

- + Compare how regulatory frameworks, infrastructure, and workforce capabilities align with the requirements of potential foreign investors.

- + Consider the role of these factors in creating a conducive environment for diverse industries.

- Conclusion:

- + Summarize the collective impact of regulatory frameworks, infrastructure, and workforce capabilities on the country's attractiveness for foreign investment.

- + Emphasize recommendations for improvement or enhancement in areas that may positively influence investor decisions.

Hint:

- **Regulatory Frameworks:**

- + In Cambodia, the development and implementation of regulatory frameworks for nursing professionals face challenges such as conceptual and cultural issues, limited stakeholder capacity, and an unstandardized system with limited coordination ([Matsuoka et al., 2021](#)).

- + Property Tax Reform and Revenue Mobilization: Cambodia has made significant progress in land management and land use policy, crucial for economic development. These reforms include recognition of private property rights and a system for granting economic land concessions ([Fung & McAuley, 2020](#)).

- + Investment Promotion through Special Economic Zones (SEZs): The SEZ mechanism in Cambodia has positively influenced foreign direct investment

(FDI) inflow and diversification, enhancing the business environment for foreign investors ([Therith, 2022](#)).

- Infrastructure:

- + Impact of Foreign Direct Investment in Construction: The Belt and Road Initiative (BRI) has significantly contributed to Cambodia's infrastructure, particularly in construction, although there are challenges regarding benefits to local workers ([Ly, 2021](#)).

- + China's Role in Transport Infrastructure: China's Official Development Assistance (ODA) has been a major contributor to Cambodia's transportation infrastructure, positively impacting GDP growth ([Vathanak, 2021](#)).

- + Challenges with Flooding and Rural Access: The transport network in Cambodia faces challenges from flooding, affecting access to critical services like health facilities, highlighting the need for resilient infrastructure ([Alegre et al., 2020](#)).

- + For instance, the completion of the submarine fiber optic cable network by 2024 is expected to significantly boost Cambodia's internet infrastructure, crucial for the growing digital economy. [Cambodia anticipates a brighter digital future as its submarine fiber optic cable network is set for completion in 2024](#).

- Workforce Capabilities:

- + Developing Research Skills in Undergraduates: MOOCs have been used to improve research self-efficacy and information literacy among Cambodian undergraduates, essential for meeting the demands of foreign investments ([Seng et al., 2021](#)).

- + Skilled Labour in ASEAN Economic Community: Cambodia faces challenges and opportunities in skilled labor mobility within ASEAN, with a need for improved education and English language proficiency ([Chantola, 2020](#)).

- + Employability in English Language Education: English proficiency is increasingly important in Cambodia's internationalized labor market. Curriculum revisions in higher education are focusing on developing employability skills ([Chea & Lo, 2022](#)).

- + Government Initiatives for Skill Development: The government has been focusing on attracting private sector investors through the expansion of international markets, provision of tax exemptions, and development of infrastructure. Initiatives like the Cambodian Special Economic Zone Board

(CSEZB) under the CDC aim to promote SEZs, expected to provide a one-stop service to zone investors. [Investment policy and regulations](#)

+ For instance, Cambodia has a considerable pool of talent in IT, with many companies operating in software development, hardware, and content creation. [Outsourcing in Cambodia](#)

- Comparative Analysis:

+ **Regulatory Frameworks**

- Cambodia's investment law, revised in 2021, is designed to create a more open, transparent, and conducive environment for both local and foreign investors. It offers several incentives, including tax exemptions and deductions for encouraged industries. This legal framework aligns well with the needs of potential foreign investors seeking clarity and predictability in their operations. However, the law also includes a Negative List, which restricts investment in certain areas due to concerns for human, animal, and environmental well-being.

[Foreign Direct Investment Framework in Cambodia](#)

+ **Infrastructure**

- Infrastructure development in Cambodia, particularly the establishment of Special Economic Zones (SEZs), is a significant move to attract FDI. These SEZs provide essential services like utilities, tax services, and customs clearance, which are vital for the smooth operation of businesses. While this is a positive step, Cambodia's infrastructure in terms of transportation, energy, and communication networks still requires considerable improvement to fully support the logistical needs of various industries.

[2021 Investment Climate Statements: Cambodia](#)

+ **Workforce Capabilities**

- The Cambodian workforce is characterized by its youth and motivation. However, there exists a gap in specialized skills relevant to industries targeted for foreign investment. The government's initiatives, such as the Cambodian Special Economic Zone Board, aim to foster skill development and attract investment. Nevertheless, further efforts are needed in education and vocational training to bridge the skill gap. [Investment policy and regulations](#)

Example

	Regulatory Frameworks	Infrastructure	Workforce Capabilities
Positive Impacts	Transparent regulations	Robust infrastructure	Skilled and diverse workforce
Challenges	Potential regulatory changes	Infrastructure gaps	Need for continuous skill development

The combined impact of regulatory clarity, advanced infrastructure, and skilled workforce positions Cambodia as an attractive destination for diverse foreign investments. Continuous improvements in these areas will further enhance the country's appeal.

E/ Digital Economy Assessment (350 to 385 words)

1. Digital Economy Overview

- **Digital Economy Definition:** Introduce and define the concept of the digital economy, emphasizing its transformational impact on industries through digital technologies.
- **Assessment of Country's Digital FDI Participation:** Evaluate the assigned country's current level of participation in digital FDIs, considering factors such as investment trends, technology adoption, and the integration of digital solutions within key sectors.
- **Highlight Noteworthy Initiatives:** Provide examples of noteworthy digital FDI initiatives in the country, showcasing specific projects or partnerships that demonstrate a commitment to digital transformation.
- **Consider Economic Impact:** Discuss how the country's engagement in digital FDIs contributes to economic growth, job creation, and the overall competitiveness of its digital economy.

- **Benchmark Against Global Standards:** Benchmark the country's digital FDI participation against global standards or regional peers, providing context for its standing in the digital economic landscape.

Hint:

- **Digital Economy Definition:**

- + The digital economy can be defined as the economic activity resulting from online connections among people, businesses, and devices. It fundamentally changes economic activity by reducing market frictions and inefficiencies in ways not available in the non-digital environment ([Pangestu & Dewi, 2017](#)) .

- + **Impact on Industries:** Digitalization, which is at the core of the digital economy, is revolutionizing industries by changing business models and processes, driving innovation, and leading to the creation of new products and services. This transformation is evident across diverse sectors such as retail, media, manufacturing, and agriculture ([Saint-Amans, 2017](#)).

- **Assessment of Country's Digital FDI Participation:**

- + Cambodia has seen significant foreign direct investment (FDI) inflows, with a special focus on sectors like construction, casino, and manufacturing, primarily influenced by Chinese investments ([Buckley & Eckerlein, 2020](#)) . The country's economic conditions have been positively influenced by dynamic factor models indicating that acceleration in economic conditions contributed to an increase in FDI inflow in the short term ([Sa, 2020](#)) .

- **Highlight Noteworthy Initiatives:**

- + Notable initiatives in Cambodia include the Special Economic Zone (SEZ) mechanism, which positively affects both FDI inflow and diversification across the country ([Therith, 2022](#)). Another significant initiative is the Cambodian government's collaboration with China on various economic infrastructure projects under the Belt and Road initiative ([Chum, 2021](#)) .

- **Consider Economic Impact:**

- + Cambodia's engagement in digital FDIs has substantially contributed to its GDP growth, as evidenced by China's ODA (Official Development Assistance) in transportation infrastructure significantly influencing Cambodia's GDP growth ([Vathanak, 2021](#)) . However, this also brought about challenges in sustainable natural resource management and potential impacts on long-term industrial upgrading and job creation ([Grimsditch, 2021](#)) .

- **Benchmark Against Global Standards:**

+ Cambodia's FDI participation can be contrasted with global standards, such as the ASEAN+3 region. Studies suggest that foreign direct investment significantly influences economic growth, with Cambodia being part of a region that includes economic powerhouses like China, Korea, and Japan ([Suidarma, Maitri, Darta, & Diatmika, 2020](#)) .

Example

In the digital economy, Cambodia actively pursues transformative advancements through digital technologies. The country's commitment to digital Foreign Direct Investments (FDIs) is evident in initiatives like smart cities and technology parks, showcasing its dedication to fostering digital infrastructure. These efforts contribute to economic growth, job creation, and position Cambodia as a rising player in the global digital landscape, aligning with regional peers.

2. Current Digital FDI Efforts

- Current Initiatives:

+ Briefly outline existing programs, such as smart city projects or technology hubs.

+ Evaluate their success in attracting digital FDIs.

- Investment Climate:

+ Assess the overall business environment for digital investments.

+ Consider regulatory frameworks, ease of doing business, and government support.

- Technological Infrastructure:

+ Examine the state of digital infrastructure and technological capabilities.

+ Identify strengths and weaknesses.

- Industry Collaboration:

+ Evaluate collaboration between government, industry, and academia in fostering digital innovation.

- + Assess the effectiveness of public-private partnerships.
- Prospects for Scaling Up:
 - + Discuss potential areas for improvement in attracting more digital FDIs.
 - + Explore strategies for scaling up efforts, such as policy enhancements or targeted incentives.
- Global Benchmarking:
 - + Compare Cambodia's current standing with global leaders in digital FDIs.
 - + Identify best practices that can be adopted for further enhancement.

Hint:

- Current Initiatives: Cambodia has engaged in several initiatives to boost its digital economy, such as the Cambodia ICT Master Plan 2020. These initiatives aim to improve ICT industry and human resources development, internet connectivity, cybersecurity, and government e-services. However, specific smart city projects or technology hubs and their success in attracting digital FDIs are not explicitly mentioned in the available literature.
- Investment Climate: Cambodia has undertaken initiatives to attract FDIs, particularly through participation in ASEAN investment agreements and FTAs. The country's arbitration law, investment law, and efforts to improve the business environment are key factors influencing FDI. However, challenges such as regulatory and business burdens and corruption impact the investment climate ([Weeramantry, 2017](#)).
- Technological Infrastructure: While specific data on Cambodia's digital infrastructure is not detailed in the studies, the digital transformation, especially in rural areas, is underway. This includes efforts to integrate various data sources into big data platforms, enhancing public and private sector efficiency. However, the extent of digital infrastructure's readiness to support large-scale digital FDIs is not clearly outlined.

- **Industry Collaboration:** There is mention of collaboration between government, industry, and academia in the context of e-business infrastructure and its impact on FDIs in developing countries. While Cambodia is part of these discussions, detailed evaluations of public-private partnerships in fostering digital innovation within Cambodia are limited in the available research.

- **Prospects for Scaling Up:** To improve and scale up efforts in attracting digital FDIs, Cambodia could enhance policy frameworks, provide targeted incentives, and further develop digital infrastructure. However, specific strategies or areas for improvement in the context of Cambodia are not extensively discussed in the literature reviewed.

- **Global Benchmarking:** Comparing Cambodia's efforts with global leaders in digital FDIs is challenging due to the lack of direct comparative data. However, best practices from other nations, such as enhancing digital infrastructure, improving regulatory frameworks, and fostering public-private partnerships, could be beneficial for Cambodia.

Example

Cambodia's current efforts in hosting digital FDIs demonstrate a strategic approach to technological advancement. Initiatives like smart city development and innovation hubs underline the country's commitment to fostering a digital ecosystem. The investment climate, with supportive regulatory frameworks and government incentives, has attracted notable digital players. However, challenges in digital infrastructure and global competitiveness persist. To scale up these efforts, Cambodia could focus on bolstering technological capabilities, fostering stronger industry collaborations, and aligning policies with global standards. This proactive strategy positions Cambodia as an emerging player in the evolving landscape of digital FDIs.

3. Benefits and Challenges:

- Briefly introduce the potential benefits and challenges associated with increased participation in digital FDIs.
- Benefits

- + Discuss how increased participation can lead to technological advancements, knowledge transfer, and innovation.
 - + Highlight the potential for economic growth and job creation within the digital sector.
 - + Emphasize the role of digital FDIs in enhancing global competitiveness and market positioning.
- Challenges:
 - + Address potential challenges such as cybersecurity risks, data privacy concerns, and the need for robust regulatory frameworks.
 - + Discuss the impact on the existing job market and potential disruptions to traditional industries.
 - + Examine challenges related to infrastructure development and the digital divide, considering inclusivity in the evolving digital landscape.
 - Conclusion: Summarize the key points, emphasizing the need for a balanced approach to maximize the benefits and address challenges associated with increased participation in digital FDIs.

Hint:

- Briefly
- Benefits
- + Technological Advancements, Knowledge Transfer, and Innovation: Digital multinationals play a key role in FDI attraction, leading to a new round of transition to the digital economy. This change in business operations and the use of digital platforms, technologies, solutions, and related products and services can significantly benefit economies like Cambodia ([Finley, Tyrkba, & Verenikina, 2022](#)).
- + Economic Growth and Job Creation: FDIs have been recognized as promoters of growth, supplementing income sources for economies and spurring innovation and infrastructural development, which can lead to job creation in the digital sector ([Menyah, Zhuang, Sappor, & Akrashei, 2021](#)).
- + Enhancing Global Competitiveness and Market Positioning: Digital transformation is crucial for promoting FDI inflows, which can help Cambodia overcome challenges like the COVID-19 pandemic and enhance its position in the global market ([Ha & Huyen, 2022](#)).

- Challenges:
- + Cybersecurity Risks and Data Privacy Concerns: With the increase in digital FDIs, Cambodia must address potential cybersecurity risks and data privacy concerns. This includes establishing robust regulatory frameworks to protect data and ensure cybersecurity.
- + Impact on Existing Job Market and Industry Disruptions: FDIs can have adverse effects on local entrepreneurship, as foreign firms compete with local businesses for market share and resources. This could disrupt traditional industries and impact the existing job market in Cambodia ([Menyah et al., 2021](#)).
- + Infrastructure Development and Digital Divide: Addressing challenges related to infrastructure development and the digital divide is crucial for inclusivity in the evolving digital landscape. Developing countries must focus on creating favorable environments for FDI attraction, with an emphasis on human capital, business ecosystem, and technological capabilities ([Finley et al., 2022](#)).
- Conclusion:
-

Example

Cambodia has made significant strides in hosting digital FDIs, leveraging its strategic location, skilled workforce, and supportive government policies. The country's current efforts focus on developing technology infrastructure, fostering innovative ecosystems, and implementing regulatory frameworks to attract digital investments. Prospects for scaling up these efforts are promising, given Cambodia's commitment to digital transformation. The potential benefits include heightened technological capabilities, economic diversification, and increased global competitiveness. However, challenges such as addressing cybersecurity risks, ensuring data privacy, and bridging the digital divide require careful consideration to sustain the positive trajectory of digital FDIs in Cambodia.

4. Technology Infrastructure Analysis

- Briefly introduce the significance of technology infrastructure, innovative ecosystems, and government policies in fostering the success of digital FDIs.
- Technology Infrastructure: Discuss the existing technology infrastructure in your assigned country, emphasizing factors like internet connectivity, digital networks, and technological capabilities.
- Innovative Ecosystems: Analyze the innovative ecosystems that support digital FDIs, considering the presence of research institutions, startup culture, and collaborative environments.
- Government Policies: Examine the role of government policies in shaping the digital FDI landscape, focusing on regulatory frameworks, incentives, and support for innovation.
- Conclusion: Summarize the collective impact of technology infrastructure, innovative ecosystems, and government policies on the success of digital FDIs in your assigned country.

Hint:

- Technology Infrastructure:
 - + Cambodia's technology infrastructure, which is crucial for digital FDIs, has seen significant development, particularly with China's involvement. Chinese Official Development Assistance (ODA) has contributed to the growth of Cambodia's transportation infrastructure, positively impacting the country's GDP growth. This development is critical for supporting digital FDIs by enhancing connectivity and accessibility ([Vathanak, 2021](#)).
 - + Additionally, the focus on infrastructure development under initiatives like the Belt and Road Initiative (BRI) has furthered technological capabilities in Cambodia, although concerns over the quality of some infrastructure projects have been raised ([Chum, 2021](#)).
 - + Cambodia has been actively working on enhancing its technology infrastructure to foster a digital economy. A significant development in this regard is the completion of a submarine fiber optic cable network, set for 2024. This project is expected to significantly boost Cambodia's internet infrastructure, catering to the growing digital economy and expanding internet user base. [Cambodia anticipates a brighter digital future as its submarine fiber optic cable network is set for completion in 2024.](#)
 - + Additionally, the introduction of 5G technology has been a key focus, with the Cambodian government and mobile service providers upgrading the nation's telecom infrastructure to support 5G networks. The commercial rollout of 5G networks was targeted for 2023, which is expected to enhance internet

access speed and reliability, thus benefiting various sectors including banking, healthcare, and education. [5G technology in Cambodia](#)

- Innovative Ecosystems:

- + Innovative ecosystems in Cambodia, particularly those that support digital FDIs, are still developing. Challenges such as a lack of skilled personnel, limited resources, and underdeveloped infrastructure have been identified. Efforts are being made to improve public services and invest in technology to enhance these ecosystems ([Henson, 2023](#)).

- + The presence of Special Economic Zones (SEZs) has positively affected both FDI inflow and diversification in Cambodia, indicating an emerging environment conducive to innovation([Therith, 2022](#)).

- + Cambodia's pathway to a digital economy and society by 2035 involves fostering innovative ecosystems. This includes building a framework that aligns with other technology-related policies of the government. Key aspects of this strategy include training human resources, enhancing the quality of work, and public service delivery, and implementing technology governance. The focus is on creating an environment conducive to digital business, digital government, and digital citizens. The push towards digitalization is seen as a catalyst for economic growth, and the government aims to foster development in high-speed internet networks, digital payment systems, logistics systems, and more. [Cambodia's Pathway To A Digital Economy and Society by 2035](#)

- Government Policies:

- + The role of government policies in shaping Cambodia's digital FDI landscape is significant. Policies aimed at investment promotion through mechanisms like SEZs have shown to attract diversified foreign investment activities. Additionally, efforts and characteristics at the provincial level, including government expenditure and infrastructure development, significantly influence FDI inflow ([Therith, 2022](#)).

- + However, the region still faces challenges in fully developing its digital agenda, with a dependence on foreign aid for digital development, particularly from China ([Emerald Expert Briefings, 2020](#)).

- + The Cambodian government has laid out a comprehensive digital strategy plan for 2023-2027, aiming to capitalize on rapidly growing digital technology. Key objectives include strengthening work efficiency, improving public service delivery, enhancing national security and transparency, building technological infrastructure, and strengthening cybersecurity. There is also an emphasis on researching, developing, and innovating to enhance the quality of work and

public service delivery. The government is focused on legally managing digital users, maintaining national security, social order, and training human resources according to social needs. [Cambodia unveils digital strategies](#)

Example

Combodia has made significant strides in cultivating a conducive environment for digital FDIs. With a robust technology infrastructure, including widespread internet access and digital networks, the nation provides a solid foundation. Innovative ecosystems thrive with the presence of dynamic startup communities and collaborative spaces. Government policies play a pivotal role, offering regulatory frameworks that encourage digital innovation, along with incentives for foreign investors. Combodia's commitment to fostering technological advancements positions it as an attractive destination for digital FDIs, showcasing a harmonious blend of infrastructure, innovation, and supportive governance.

F/ Conclusion (100 to 110 words)

- Summarize key findings from each section.
- Emphasize recommendations for the assigned country to optimize FDI and capitalize on the digital economy.

Example

In conclusion, the comprehensive analysis of Combodia's economic landscape, spanning FDI trends, sector-specific evaluations, and digital economy participation, reveals a multifaceted approach to economic development. The nation's pre-development stage showcased resilience, post-crisis recovery demonstrated adaptability, growth stages emphasized diversification, and recent global integration highlighted technological prowess. Key recommendations for Combodia include fostering stakeholder collaboration, embracing sustainable practices, and strategically leveraging technology for sustained FDI and digital economy growth. This holistic strategy positions Combodia to optimize FDI and harness the full potential of the digital era, ensuring long-term economic prosperity.