IMPACT HUB Phnom Penh

Strengthening NGO Resilience in a Changing Funding Landscape

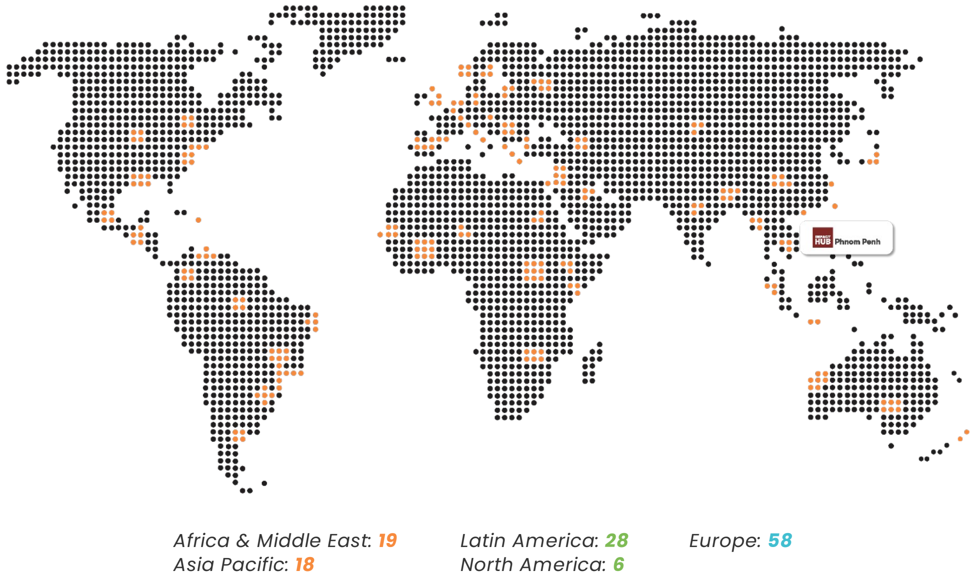
A working session for NGO leaders on funding shifts, resilience, and adaptive revenue models.

BUILD • TEST • LEARN • SCALE

About Impact Hub Phnom Penh

Impact Hub
Phnom Penh

Impact Hub Phnom Penh is a home of impact entrepreneurs and a learning hub for changemakers across the country! We are a part of a global network that spans across **66+ countries** all over the world and in **111+ locations/cities**.



VISION

A more innovative, sustainable, and inclusive Cambodia

THEORY OF CHANGE

IHPP Vision

A more innovative, sustainable, and inclusive Cambodia

Two Impact Pathways

Nurturing Impact Makers

Inspire, connect, and enable a generation of impact makers

Strengthening Ecosystem

Leverage insights and innovations to shift policies and the flow of resources in order to break down barriers to sustained social progress

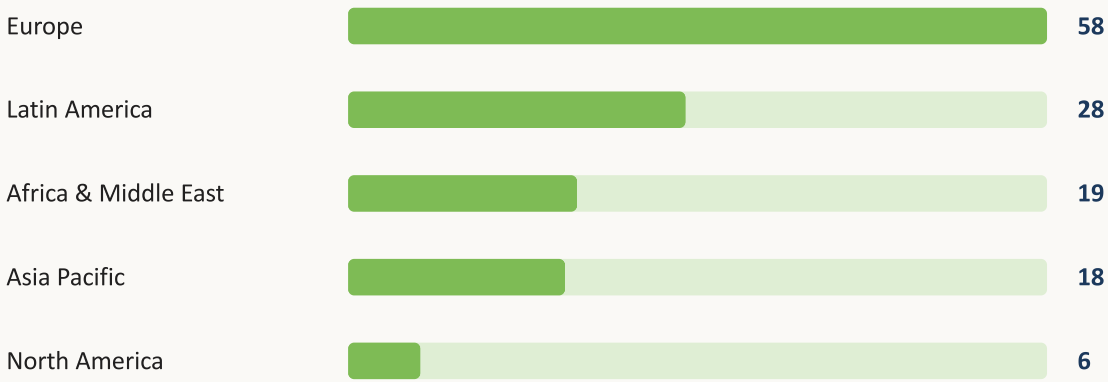
WHO WE ARE

Impact Hub Phnom Penh

IMPACT HUB Phnom Penh

A home for impact entrepreneurs and a learning hub for changemakers across Cambodia — part of a global network spanning 66+ countries and 111+ locations worldwide.

GLOBAL NETWORK BY REGION



VISION

A more innovative, sustainable, and inclusive Cambodia.

130+ Programs

IMPACT HUB

130 Programs

470+ Ventures supported

500+ Youth-led Social projects supported

20,000+ Alumni

1.2 M$ grants capital (R&D purpose) mobilized given to **180** ventures

OBJECTIVES

Strengthening NGO resilience in a changing funding landscape

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1. Understand key shifts in the funding landscape
2. Understand NGO resiliency
3. Explore adaptive strategies
4. Build entrepreneurial & social innovator mindset
5. Enable teams to innovate solutions and consider alternative revenue models
6. Foster psychological safety for open dialogue and innovation

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PART 1

The Changing Funding Landscape

Global donor shifts, funding modalities, priority sectors, and what it means for Cambodia.

Where major donors stand (2024–2026)

Donor	Key Shift / Status
USA (USAID)	82% of programmes terminated (Mar 2025); ODA down 56% from 2023 by 2026
Germany (BMZ/GIZ)	USD 9.2B cut announced for 2025 vs. 2023 baseline
United Kingdom	ODA falling 0.5% → 0.3% of GNI by 2027 (~GBP 4.9B/yr reduction)
Sweden (Sida)	Full exit from Cambodia by end-2024
France	EUR 2.1B cut in 2025 Finance Law; ODA at 0.48% GNI
EU	Sole major donor holding budgets stable through 2027 MFF
Japan (JICA/JBIC)	Modest ODA increase; continued Southeast Asia engagement
Australia (DFAT)	Targeted Pacific/SE Asia increases; Cambodia not a priority country

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Funding modalities

Grants → Contracts

Donors increasingly favour performance-based contracts and fee-for-service procurement, disadvantaging advocacy and grassroots organizations.

Blended Finance Scaling

SE Asia is emerging fast , **US$316.5 million** across 8 active/emerging facilities in Cambodia (DFAT, ADB Frontier, GCF, World Bank, Nexus for Development, AFD, FCDO) (Implementors: Oxfam, Good Return, Banks…) , SMEs Bank, ARDB, CGCC…

Impact Investment Growth

Investors increasingly seek measurable ESG/SDG-aligned returns — rewarding organisations with strong MEL frameworks and proven impact evidence.

CSR / Private Sector Partnerships

Corporations are shifting from philanthropy to shared-value partnerships and ESG-linked community investment, co-designed with capable NGO partners.

https://www.greenclimate.fund/portfolio/projects/fp228

WHERE THE MONEY IS MOVING

Priority sector shifts

Sector	Direction
Climate & Green Transition	Accelerating fast, highest-growth sector
Digital Transformation	Strong growth; expected across all sectors
Gender & Inclusion	Sustained but under pressure post-USAID exit
Health & Nutrition	Sharp reduction (US was 76% of bilateral reproductive health ODA)
Livelihoods / Private Sector Dev.	Shifting to market systems and social enterprise models
Humanitarian Assistance	Declining outside crisis contexts; Cambodia not a priority
Governance / Democracy	Most exposed to geopolitics and donor politics

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Cambodia development trend

- Officially LMIC since 2015 and still ODA-eligible but donors are moving on, with LDC graduation targeted for 2029.
- Shift from grants toward loans and contracts, and more direct funding to government.
- Reputational headwinds limit rights-focused donors, NGO banking access, and civil-society credibility.
- A small domestic market (17M people) best viewed through an ASEAN regional lens.
- 30+ years of aid built Cambodia's civil-society sector; that funding base is now structurally shrinking, with little structural preparation for the change.

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PART 2

Case Studies — How NGOs Adapt

Five Cambodia-rooted organizations, five different paths to sustainable revenue.

OVERVIEW

NGOs and their blended revenue models

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Across sectors, Cambodia-based and regional NGOs are moving from single-donor dependency toward blended models, combining earned income, fee-for-service, and social enterprise alongside continued grant funding.

WaterSHED	Marie Stopes Cambodia	RHAC	Smiling Gecko	Friends International

CASE STUDY 1 · CAMBODIA · WASH · FOUNDED 2009

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WaterSHED

Building Markets, Not Dependency

KEY POINTS

- Started as an NGO in 2009 in the WASH sector
- Shifted from free distribution to market-based sanitation
- Built local supply chains and trained private sellers
- Incubated social enterprises (water filters, handwashing products)

KEY TAKEAWAYS

- Sustainability comes from systems, not subsidies
- NGOs can act as market builders and incubators
- Success includes knowing when to exit

Marie Stopes Cambodia

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Healthcare as a Social Business

KEY POINTS

- Established in 1998 as a reproductive health NGO
- 2000s–2010s: operated clinics and community-based providers
- 2020s: fee-based services introduced alongside subsidies
- Dual identity: registered as both a social business and an NGO

KEY TAKEAWAYS

- Mission and revenue can coexist
- Paying clients can subsidize vulnerable groups
- Financial discipline strengthens social impact

CASE STUDY 3 · CAMBODIA · REPRODUCTIVE HEALTH · FOUNDED 1996

RHAC

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Sustainability Through Systems & Partnerships

KEY POINTS

- Founded in 1996 as a Cambodian NGO
- 2000s–2010s: focus on reproductive health, youth, and education
- 2010s–2020s: strong partnerships with government and communities
- Sustainability built through broad SRHR service programs

KEY TAKEAWAYS

- Social enterprise is one path, not the only path
- System strengthening creates lasting impact
- Local ownership is key to sustainability

Reflection: There is no single model — leaders choose what fits their mission.

CASE STUDY 4 · CAMBODIA · RURAL DEVELOPMENT · FOUNDED 2012

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Smiling Gecko

From Charity to Self-Sustaining Ecosystem

JOURNEY & YOUTH EMPOWERMENT

- Founded 2012 to tackle systemic rural poverty in Cambodia
- Evolved from a charity initiative into an integrated, self-sustaining development ecosystem
- Skills training in hospitality, agriculture, and technical trades
- Clear pathway: training → employment → income, inside real businesses (farm, hotel, production)

STRUCTURE & VISION

- Core entity is a non-profit INGO with affiliated operational units
- Revenue-generating activities (eco-resort, agriculture) are integrated into the NGO and fund programs
- Goal: reduce donor dependency and build a replicable rural social-enterprise model

CASE STUDY 5 · CAMBODIA · YOUTH & VOCATIONAL · FOUNDED 1994

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Friends International

From Street Outreach to Social Enterprise

JOURNEY & YOUTH EMPOWERMENT

- Started in 1994 supporting street-connected children and youth
- Transitioned into a social-enterprise-driven NGO
- Youth trained in real customer-facing environments (restaurants, retail)
- Pathway: reintegration → skills → employment

STRUCTURE & RESULT

- Core NGO plus separate social-enterprise arms (restaurants, retail businesses)
- Profits are reinvested into programs
- Strong reduction in reliance on grant funding

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INSTITUTIONS

Institutions as Umbrella Organizations

How networks and platform organizations sustain themselves — including Impact Hub itself.

Impact Hub, ANDE & AVPN compared

Organization	Founded	Model	Revenue
Impact Hub Network	2015	Hybrid enterprise + NGO — co-working, incubation, training (“Build, test, learn, scale”)	Membership, program fees, corporate partnerships
ANDE	2009	Global membership network (Aspen Institute) for small & growing business ecosystems	Membership dues, paid events, donor programs (~US$6.67M/yr)
AVPN	2011	Asia's social investor & venture-philanthropy network	Membership, grants/sponsorships, events (~US$27.2M/yr; mobilised US$51.37M)

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PART 3

Blended Finance with Investment Providers

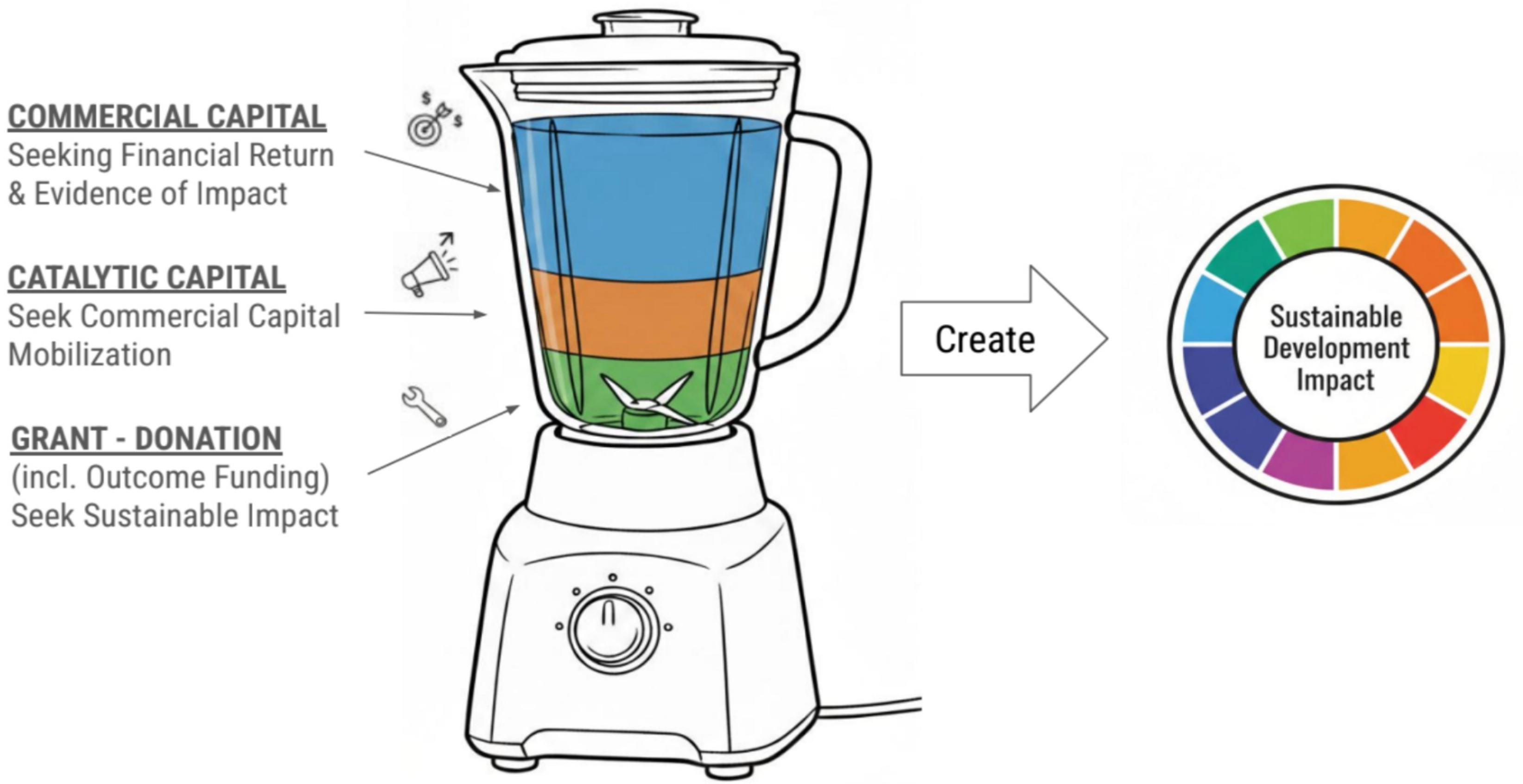
Four models where private capital and outcome-based payment share the risk of delivery.

COMMERCIAL CAPITAL

CATALYTIC CAPITAL

GRANT DONATION

Blended Finance 101 + Concrete cases in Cambodia + ideas…



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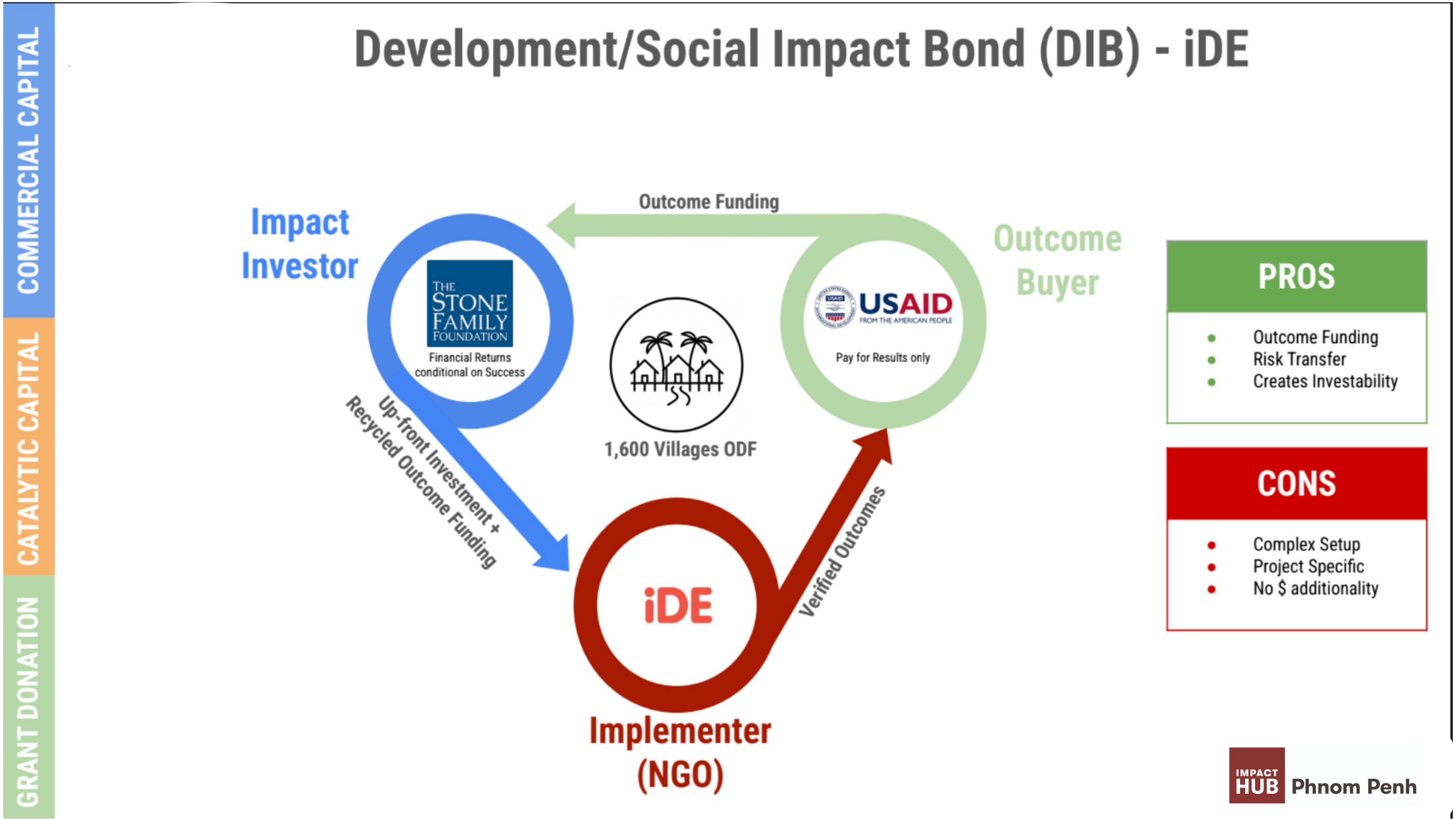
Development/Social Impact Bond (DIB) - iDE
COMMERCIAL CAPITAL
CATALYTIC CAPITAL
GRANT DONATION
Impact Investor
THE STONE FAMILY FOUNDATION
Financial Returns conditional on Success
Outcome Funding
Outcome Buyer
USAID FROM THE AMERICAN PEOPLE
Pay for Results only
1,600 Villages ODF
Up-front Investment + Recycled Outcome Funding
Verified Outcomes
iDE
Implementer (NGO)
PROS
Outcome Funding
Risk Transfer
Creates Investability
CONS
Complex Setup
Project Specific
No $ additionality
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CASE STUDY 1 · RURAL SANITATION, CAMBODIA

Development Impact Bond (DIB)

Investors fund delivery upfront; donors pay only when verified outcomes are achieved.

1 INVESTOR

Stone Family Foundation

Provides upfront capital

→

2 IMPLEMENTER

iDE

Delivers sanitation work on the ground

→

3 OUTCOME FUNDER

USAID

Pays only once ODF results are verified

RESULT

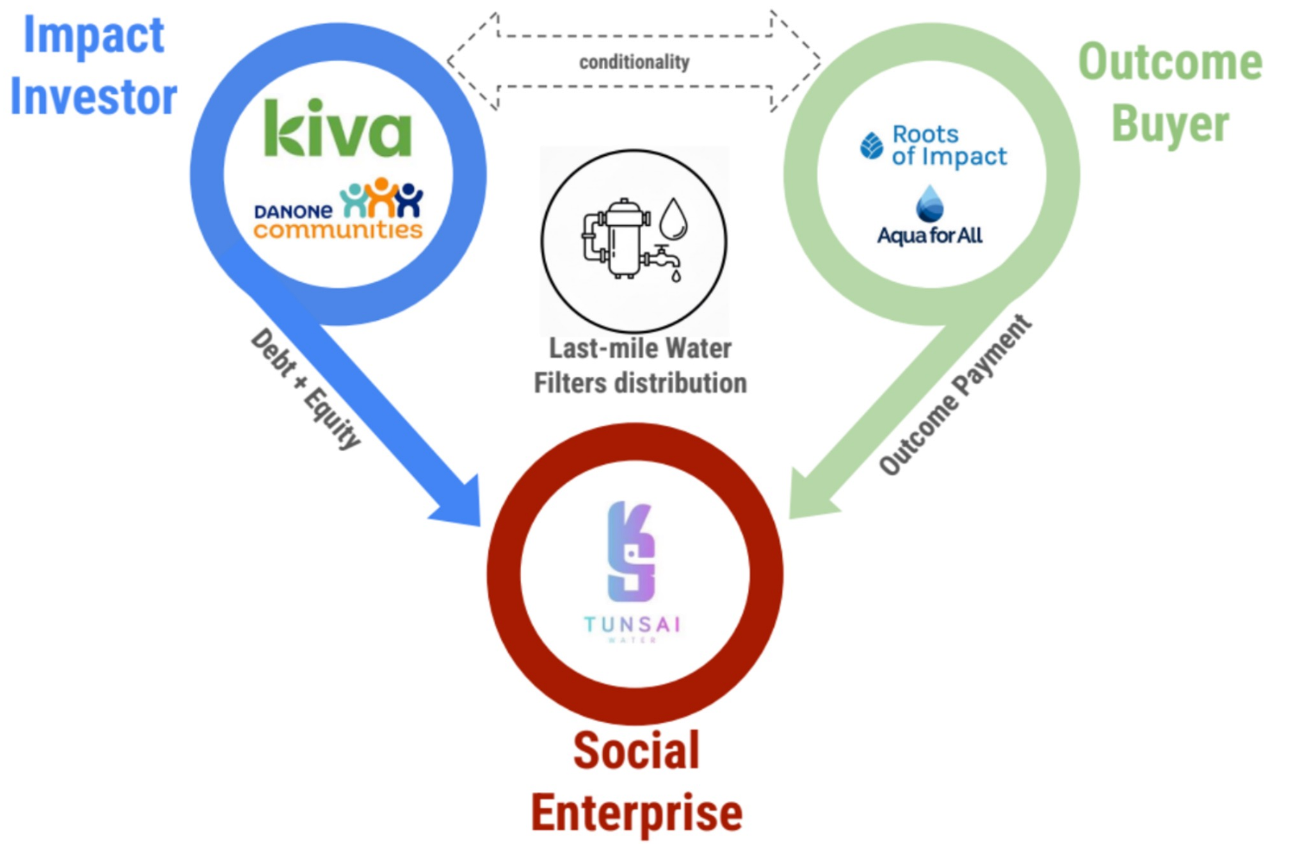
The DIB exceeded its 1,600-village target reaching **1,780** villages and nearly **500,000** households with open-defecation-free (ODF) status. USAID repaid approximately **US$10 million** to the Stone Family Foundation.

COMMERCIAL CAPITAL

CATALYTIC CAPITAL

GRANT DONATION

Social Impact Incentive (SIINC) - Aqua for All



PROS

- Outcome Funding
- Capital Mobilization (x2)
- De-risking
- Impact Additionality

CONS

- Complex Setup
- Project Specific

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SIINC

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Rewarding a Social Enterprise for Reaching Harder-to-Serve Groups

STRUCTURE & HOW IT WORKS

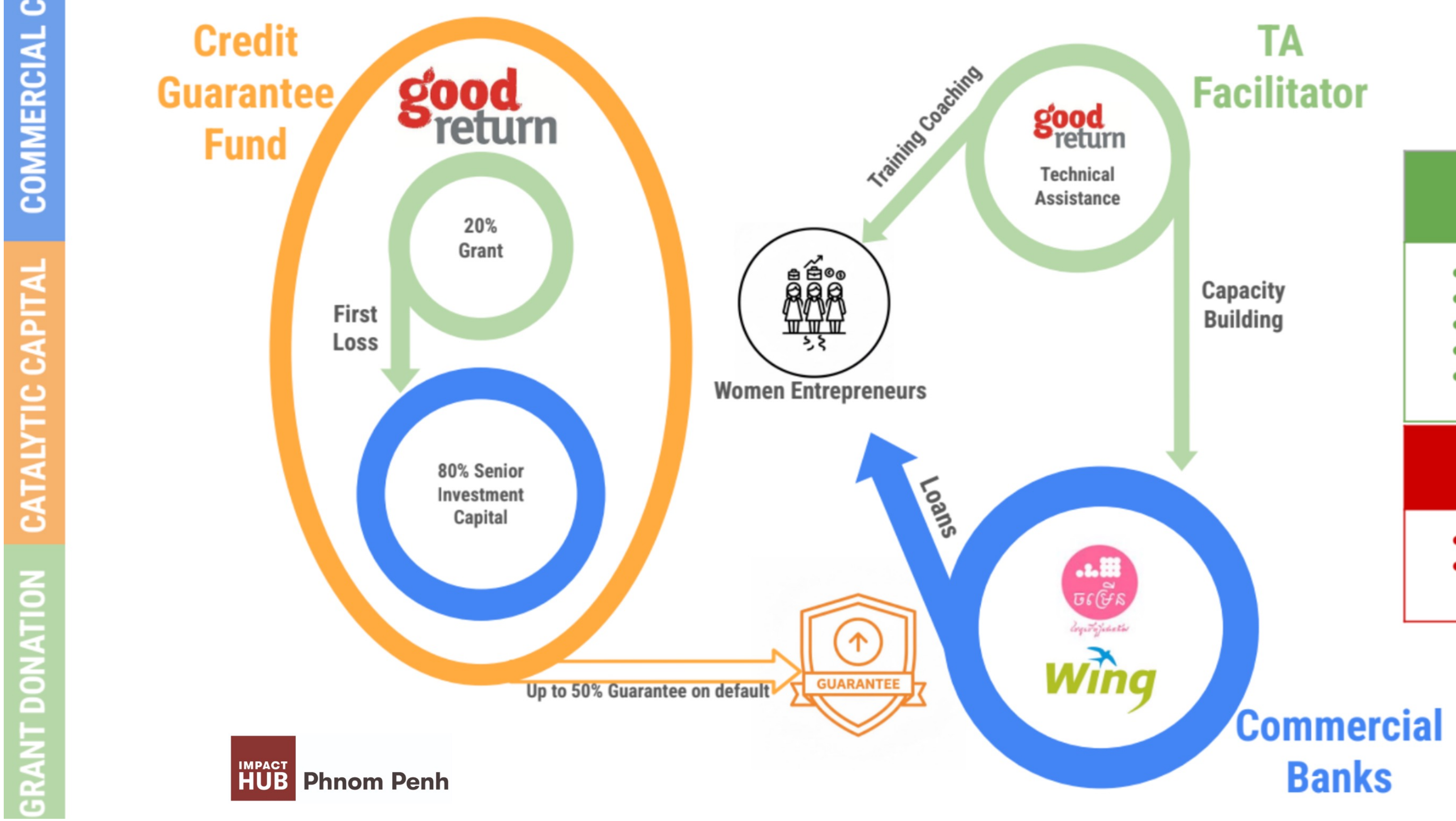
- Challenge: last-mile customers are socially valuable but often less profitable to reach
- Investors provide debt or equity to the enterprise
- The social enterprise sells its product/service and grows commercially
- An outcome payer adds a bonus payment once social impact is verified

WHY IT MATTERS

- Keeps business discipline while attracting more capital
- Encourages outreach to poorer or harder-to-reach customers
- Best suited to enterprises with a viable business model and measurable impact

Watch-outs: still complex to design, and needs a strong verification system to work well.

Blended Credit Guarantee Funds - Good Return



PROS

- Capital Mobilization
- Local Finance
- Systemic, Evergreen
- Highly replicable
- Small tickets

CONS

- Limited Agency
- Outcomes depends on FSP quality

Blended Credit Guarantee Fund

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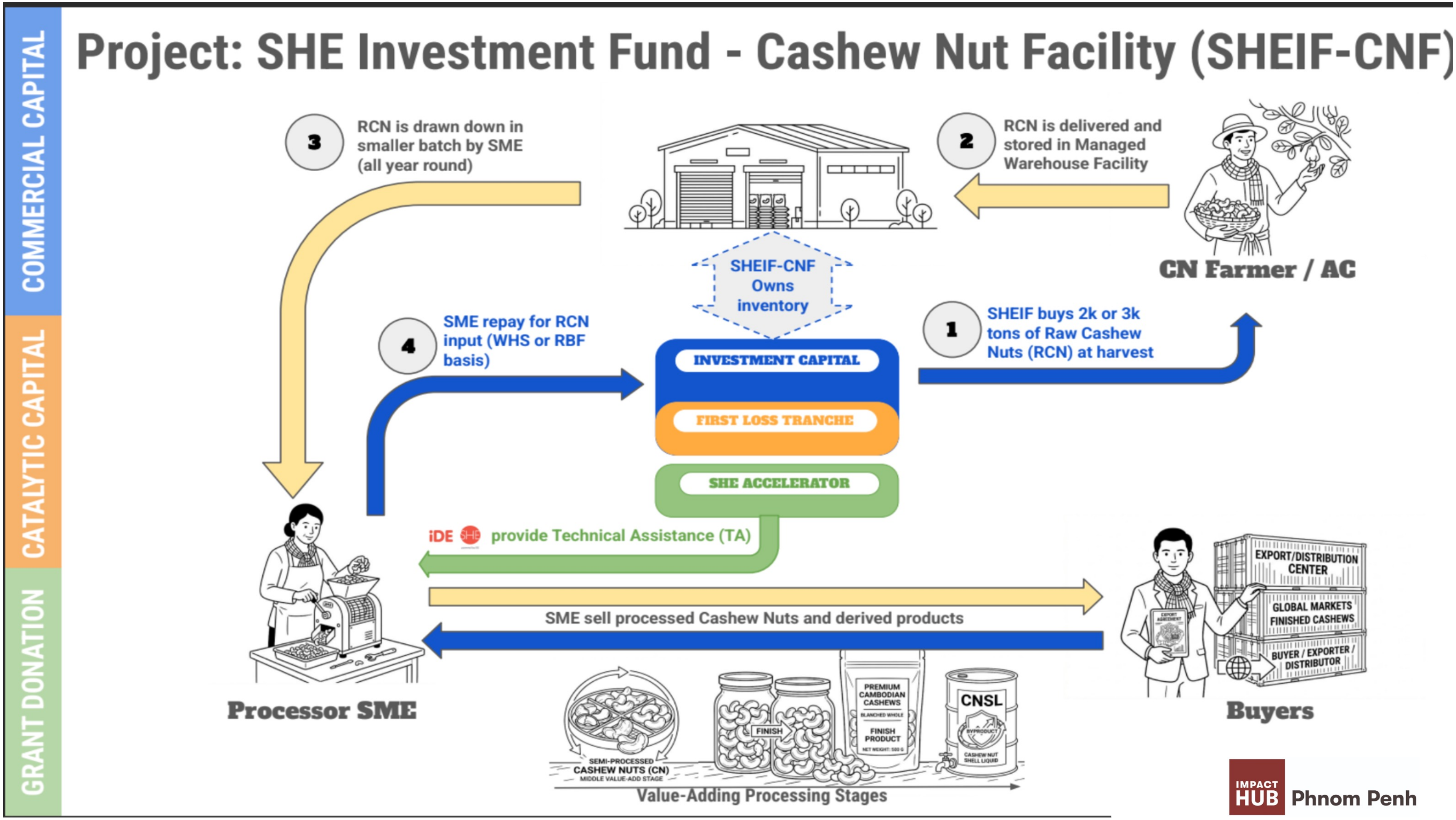
Reducing Bank Risk to Unlock Loans for Women Entrepreneurs

HOW THE FUND IS STRUCTURED

- Good Return blends 20% grant / first-loss capital with 80% investment capital
- The fund guarantees banks up to 50% on default
- This makes banks more willing to lend to women entrepreneurs
- Technical assistance (training, coaching, capacity building) runs alongside the guarantee

PROS & CONS

- Mobilizes local finance and works well for small loans
- Can be replicated and keeps revolving over time
- Entrepreneurs still depend on bank decisions
- Results depend heavily on bank quality and willingness


Project: SHE Investment Fund - Cashew Nut Facility (SHEIF-CNF)
COMMERCIAL CAPITAL
CATALYTIC CAPITAL
GRANT DONATION
3
RCN is drawn down in smaller batch by SME (all year round)
2
RCN is delivered and stored in Managed Warehouse Facility
CN Farmer / AC
SHEIF-CNF Owns inventory
4
SME repay for RCN input (WHS or RBF basis)
1
SHEIF buys 2k or 3k tons of Raw Cashew Nuts (RCN) at harvest
INVESTMENT CAPITAL
FIRST LOSS TRANCHE
SHE ACCELERATOR
iDE
provide Technical Assistance (TA)
SME sell processed Cashew Nuts and derived products
EXPORT/DISTRIBUTION CENTER
GLOBAL MARKETS FINISHED CASHEWS
BUYER / EXPORTER / DISTRIBUTOR
Processor SME
Buyers
SEMI-PROCESSED CASHEW NUTS (CN)
MIDDLE VALUE-ADD STAGE
FINISH
PREMIUM CAMBODIAN CASHEWS
FINISH PRODUCT
CNSL
Value-Adding Processing Stages
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Cashew Nut Facility (SHEIF-CNF)

Solving the Working-Capital Gap in Cambodia's Cashew Sector

THE PROBLEM & THE MODEL

- Processor SMEs often lack cash at harvest to buy enough raw cashew nuts
- As a result, many can't secure enough supply to process year-round
- SHEIF-CNF buys raw nuts upfront and stores them in a managed warehouse
- SMEs draw smaller batches over time and repay the facility after sales

WHAT MAKES IT WORK

- Backed by investment capital plus first-loss capital to reduce investor risk
- Technical assistance from iDE / SHE strengthens SME capacity
- Combines finance, storage, and business support so SMEs can process more and grow sustainably

GROUP DISCUSSION · WORLD CAFÉ

Thinking Pieces

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- What would success look like if we stopped defining ourselves by our legal status?
- Where do beneficiaries see us as essential, not just helpful?
- What mindset must leadership change first for the above success?

Thank You

Point of contact

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