Embracing the Digital Economy: Policy consideration for Cambodia

Pheakdey Heng, Ph.D
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By: Pheakdey Heng, Ph.D

Abstract

Recognizing the global trend and understanding the potential of technology in promoting sustainable and inclusive growth, Cambodia set out a plan to be ready to transform into a digital economy by 2023. A fully functional digital economy fosters growth and productivity and offer gains for the society as a whole. But Cambodia currently lags behind its ASEAN neighbors in a number of digital fronts: technology infrastructure and adoption, digital ecosystem, human capital, and regulatory framework. Cambodia is categorized as one of the countries with the lowest stage of digital readiness in the Global Digital Readiness Index produced by Cisco and Gartner Research in 2018 and World Economic Forum’s Networked Readiness Index 2016. At its current stage, Cambodia has considerable challenges to overcome before it can reap the benefits from digitalization. This paper analyzes Cambodia’s digital landscape to understand where it stands on its digital transformation pathway and proposes policy recommendations to fill the gaps and move faster toward a fully functional digital economy.
Introduction

For the last two decades Cambodia has been one of the fastest growing countries in Asia with an average annual GDP growth rate of 8.1%.¹ Cambodia has been highly successful in embracing the ‘factory Asia’ model of growth, supplying its low-cost labor to export-oriented industries. Economic progress in recent years has allowed Cambodia to invest in physical and social infrastructure, attract foreign direct investment, create jobs and lift millions of its people out of poverty. The World Bank reclassified Cambodia in July 2016 as a lower middle-income country after its gross national income per capita reached US$1070 in 2015, surpassing the minimum threshold of a lower middle-income nation of US$1026.

Despite the good progress, Cambodia’s long-term growth prospects might be hampered by its low competitiveness. The 2018 Global Competitiveness Report ranks Cambodia as one of the least competitive countries in ASEAN. Hampered by a poorly educated workforce, inefficient institutions, a lack of infrastructure and low levels of business sophistication and innovation, Cambodia ranked 110 out of 140 economies — falling from 109 in the previous year’s report.²

It is clear that Cambodia can no longer depend on the same old growth drivers. For the last two decades, Cambodia has relied on garments, rice, tourism and construction as its growth-supporting industries. This provides limited sectoral diversity and exposes the economy to demand disruptions and price shocks. To sustain

¹ ADB (2016)
long-term healthy growth, Cambodia needs to diversify and upgrade its economy.

To increase competitiveness and seize the opportunities of the rapid technological evolutions, Cambodia government announced a plan in 2018 to be ready for the transition into a digital economy by 2023. Achieving this goal will lead to opportunities including competitiveness enhancement, economic diversification, skill upgradation and deeper participation in regional and global value chains. This paper analyzes the current digital landscape to understand where Cambodia stand on its digital transformation pathway and proposes policy recommendations to fill the gaps and move faster toward a fully functional digital economy.

The promises and challenges of a digital economy

Although there are various definitions of the digital economy, it fundamentally refers to economic processes, transactions, interactions and activities that are based on digital technologies, which include electronic tools, systems, devices and resources that generate, store or process data such as social media, online games and applications, multimedia, productivity applications, cloud computing, interoperable systems and mobile devices.

Since the start of 2000s, digitalization has transformed our societies in many ways. The digital economy is now firmly established as a core driver of global growth. A recent study suggests that on average over the past three decades, a US $1 investment in digital technologies has led to a US $20 rise in GDP and for every US $1 investment the average return to GDP is 6.7 times higher for digital investments than for non-digital
investments. Today digital economy is worth US $11.5 trillion globally, equivalent to 15.5% of global GDP and that has grown two and a half times faster than global GDP over the past 15 years, almost doubling in size since the year 2000. The lion’s share of that value is produced in the world’s largest economies, with 35% in the United States, 13% in China, 8% in Japan and around 25% collectively in the European Economic Area. Assuming current growth rates of digital investments over the next 10 years, the report estimates that by 2025 the digital economy will be US $23 trillion globally, or 24.3% of global GDP.

Figure 1: Share of the global digital economy by country in 2016


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3 Huawei and Oxford Economic (2018)
4 Ibid.
5 Huawei and Oxford Economic (2018)
In Southeast Asia, digital economy is worth about US$200 billion today, or 7% of total ASEAN’s GDP. More integration could send that rocketing by an additional US $780 billion to US $1.13 trillion over the next seven years with ASEAN GDP projected to hit US $5.1 trillion by 2025.  

The digital economy fosters growth and productivity and supports inclusive development in a number of ways. The adoption of digital technologies by a large number of consumers, firms and governments raises the productivity of capital and labor and enables the participation in global value chains. Digital technologies allow companies and government to offer products and services more effectively and efficiently. The digital economy also contributes to a more inclusive society by lowering transaction costs, reducing information asymmetries and exploiting economies of scale. Through these mechanisms, the digital economy has increased the accessibility to previously marginalized groups of a whole range of markets and services.

The rise of the digital economy is not without its challenges, however. Digitalization can disrupt the job market by creating new jobs, destroying old ones, and altering the composition of existing jobs. Workers who are fast to embrace digital skills will benefit from the trends but those who are slow or are unable to adapt will lose out in the job market. As such digitalization might lead to unemployment and worsen existing disparities in the income distribution.

The non-traditional features inherent to the digital economy also present new challenges to policy makers. The cross-border

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6 Bian and Company (2018)
7 Miller, B. and R.D. Atkinson (2014)
8 World Bank (2016)
production and consumption of digital goods and services, for example, challenges public policies on taxation and trade that are traditionally geographically based. The rise of the “gig” economy\footnote{A gig economy is a free market system in which temporary positions are common and organizations contract with independent workers for short-term engagements} such as Uber and Grab challenges labor and social policies, such as health insurance, training, and working conditions, that are designed to be implemented by firms and organizations in many countries.

Data exchanges across borders and national jurisdictions raise issues around data ownership and privacy. There are debates on who own the data that are shared on digital platform such as Facebook and Twitter and who should be responsible to keep those data secured. Governments’ and businesses’ increasing reliance on digital systems also leaves them more vulnerable to cyberattack. Without strong defense mechanism, critical infrastructure such as financial system, power plants, traffic system, health care facilities can be virtually attacked which if unmanaged will lead to social and economic catastrophe.

Digitalization poses particular challenges for developing countries. Maximizing the benefits of the digital economy depend on a basic level of ICT infrastructure that many developing economies still lack. As such, developing countries need to engage in strategic planning to maximize the development impact of digitalization. Countries that fail to do so run the risk of falling behind in their international competitiveness and may find it increasingly difficult to improve the wellbeing of their populations.
Where does Cambodia stand?

Receiving a score of 8.6 on a range from to 5.9 to 20.1, Cambodia is categorized as one of the countries with the lowest stage of digital readiness in the Global Digital Readiness Index produced by Cisco and Gartner Research in 2018. The study measures the digital readiness of 118 countries around the globe. For each country, a digital readiness score was created based on seven holistic components critical for creating an environment where economic opportunity is possible for everyone in an increasingly digital world. The seven components include: technology infrastructure, technology adoption, ease of doing business, human capital development, business and government investment, basic human needs, and the start-up environment.

The global average for digital readiness is 11.96. Countries with the highest digital readiness scores include the United States, countries in Western and Northern Europe, such as the United Kingdom, France, Germany, Switzerland, and the Netherlands, and those in Asia, such as Australia, Japan, and Singapore. Countries with the lowest digital readiness scores are primarily in Africa, such as Liberia, Nigeria, and Chad, and some in Asia, such as Cambodia. Countries in the middle stage of digital readiness were primarily in Latin America, such as Uruguay, Brazil, Chile, Mexico and Argentina, and Eastern Europe, such as Poland and Hungary. Some Asia countries also scored in the middle range of digital readiness, including Thailand and the Philippines.

10 Tae Yoo, Mary de Wysocki, and Amanda Cumberland (2018)
Cambodia also ranked low in the World Economic Forum’s Networked Readiness Index 2016 which measures how well an economy is using information and communications technologies to boost competitiveness and well-being. The index assesses the state of networked readiness of 139 economies using a composite indicator made up of four main categories (sub-indexes), 10 subcategories (pillars), and 53 individual indicators distributed across the different pillars. Cambodia scores 3.4 on a scale from 1 to 7 and was ranked 109 out of 139 countries.

11 The report is regarded as the most authoritative and comprehensive assessment of how ICT impacts the competitiveness and well-being of nations. For more information, see http://reports.weforum.org/global-information-technology-report-2016/networked-readiness-index/
To fully understand Cambodia’s digital readiness, the following section discusses in detail key digital aspects included in the indexes above.

**Technology infrastructure and adoption**

Digital infrastructure such as internet backbone, fixed broadband, mobile telecommunication, network infrastructure, data center, platform and user device is the foundation for digital connections and activities. Without the right level of infrastructure, countries are not able to advance in their digital journey.

Cambodia’s basic digital infrastructure is already in place but its capacity and quality need further improvement. By the end of 2017, half of Cambodia’s population has access to internet connection but Cambodia has a relatively low growth rate of 12% compared to 28% 29% and 33% of Vietnam, Myanmar and Laos respectively.\(^\text{12}\) There are 29.2 million mobile phone connections,

\(^{12}\) DataReportal (2018) Digital 2018: Southeast Asia
but only 52% of which has broadband connection (3G and 4G).\textsuperscript{13} The government aims to provide internet access to at least 80% of Cambodians by 2020 and to expand broadband coverage to 100% in urban areas and at least 70% coverage in rural areas.

Cambodia has a competitive telecommunications market. The mobile network provider market is dominated by Smart Axiata and Metfone, with Cellcard in third place for market share. The telecommunications market has consolidated, and the remaining businesses have indicated that they are committed to investing in upgrading their networks. Pricing is competitive and affordable, and both data and call plans are well below the global average\textsuperscript{14}. Ninety per cent of Cambodian mobile subscribers use pre-paid service.\textsuperscript{15} Smartphone penetration is increasing rapidly, estimated at 50% in 2016.

Table 1: Key digital infrastructure statistics in ASEAN (as of January 2018)

<table>
<thead>
<tr>
<th>Country</th>
<th>Internet Users</th>
<th>Unique Mobile users</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% of total population</td>
<td>Growth rate</td>
</tr>
<tr>
<td>Cambodia</td>
<td>50</td>
<td>12</td>
</tr>
<tr>
<td>Vietnam</td>
<td>67</td>
<td>28</td>
</tr>
<tr>
<td>Laos</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>Myanmar</td>
<td>34</td>
<td>29</td>
</tr>
</tbody>
</table>

\textsuperscript{13} DataReportal (2018) Digital 2018: Cambodia
\textsuperscript{14} ITU 2017
\textsuperscript{15} Ibid.
<table>
<thead>
<tr>
<th>Country</th>
<th>Total Fiber Optic Back Bone (km)</th>
<th>Telecom Cambodia</th>
<th>Viettel (Cambodia) Pte Ltd</th>
<th>CFOCN</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>82</td>
<td>24</td>
<td>80</td>
<td>3</td>
<td>99</td>
</tr>
<tr>
<td>Philippines</td>
<td>63</td>
<td>12</td>
<td>58</td>
<td>4</td>
<td>56</td>
</tr>
<tr>
<td>Indonesia</td>
<td>50</td>
<td>0</td>
<td>67</td>
<td>1</td>
<td>54</td>
</tr>
<tr>
<td>Malaysia</td>
<td>79</td>
<td>14</td>
<td>68</td>
<td>2</td>
<td>80</td>
</tr>
</tbody>
</table>

Source: DataReportal 2018

In 2017, Cambodia has a total 27,100 kilometers of fiber optic backbone which is provided by three telecom operators: Telecom Cambodia, Viettel (Cambodia) Pte Ltd, and Cambodia Fiber Optic Cable Network (CFOCN).\(^{16}\) Three companies have been granted the submarine cable licenses, namely TELCOTECH, CFOCN and CHUAN WEI. The TELCOTECH’s submarine cable has been operated since March 2017. It connects Cambodia, Malaysia, and Thailand directly and links in to the Asia-America Gateway (AAG). The CFOCN’s submarine cable is expected to be operated by November 2017. It will connect Cambodia to the Asia-Africa-Europe-1 (AAE-1) submarine network.

Technology adoption has remained low by regional standards.\(^{17}\) Less than 25% of businesses had a web presence in 2017.\(^{18}\) The digital services offered by the government is limited and fragmented. Cambodian citizens can now pay for their utility bill via banks, MFIs or third party applications such as Wing. Business can now register their business online via Ministry of Commerce’s website. Tourists can apply for visa online and pay with a credit card. However, other common public services such as requesting for passport, driving license, birth certificate or filing taxes still cannot be done electronically. Only 22% of the total population has a bank account, 3% has a bank card, 13% receive or make

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\(^{16}\) MPTC (2018)

\(^{17}\) World Bank (2018)

\(^{18}\) Ibid.
mobile payment via GSMA and 0.6% make online purchase or pay bill online.\textsuperscript{19}

Table 2: Digital inclusion in ASEAN

<table>
<thead>
<tr>
<th>% of total population has a bank account</th>
<th>% of total population has a bank card</th>
<th>% of total population receive or make mobile payment via GSMA</th>
<th>% of total population make online purchase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>22</td>
<td>3</td>
<td>13</td>
</tr>
<tr>
<td>Vietnam</td>
<td>31</td>
<td>2</td>
<td>0.5</td>
</tr>
<tr>
<td>Myanmar</td>
<td>23</td>
<td>n.a</td>
<td>0.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>78</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Philippines</td>
<td>31</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Indonesia</td>
<td>36</td>
<td>2</td>
<td>0.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>81</td>
<td>20</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: DataReportal 2018

Most of the financial institutions do not have sophisticated technology or IT departments that can provide the infrastructure and security to enable eBusiness processes for their customers. Only a few banks in Cambodia such as Acleda, Cathay United, Canadia and ABA offer payment gateways but they are slow and difficult to work with and they do not offer technical support to use the Application Programming Interfaces (APIs) that allow merchants access to their gateways. This is because payment gateways are a low priority for banks due to its perceived low profit margins.

\textsuperscript{19} DataReportal (2018) Digital 2018: Cambodia
Logistics are also a challenge in Cambodia. Delivery is inefficient and expensive. There is no post code system and house and business addresses are rarely sequential. With the massive construction expansion, more addresses appear daily and there’s no one central point to coordinate the registration and update of addresses. Logistics in Cambodia involves a complex web of interconnected companies, and even the largest logistics businesses rely on local small companies for “last mile” delivery.

Although Cambodia’s digital ecosystem is still small, the emergence of local tech startups has gradually changed the way people live and how they practice their businesses. Base on Startup Cambodia databases, there are around 130 startups of various categories including fintech startup, logistic and online booking startups. Local ride hailing apps such as PassApp, iTsumo, have disrupted the traditional taxi industry. SPARE is a new emerging startup whose vision is to provide a platform for users to renting meeting rooms, co-working spaces, and offices. BookMeBus is always among the most well-known transportation online booking services. The model starts with bringing end-to-end solutions from fleet management to e-commerce through mobile application. Tesjor, launched early 2017, is an application to enable a wide range of online services from food ordering to hotel booking and reserving transportation.

Fueled by exploding internet access, high smart phone penetration and a young, growing middle class, there is a growing number of online shopping websites that cater mostly to the small number of urban consumers with access to the internet. Some of the locally known e-commerce websites include: Khmer 24 (www.khmer24.com.kh), LittleFashion (www.l192.com), and MyPhsar (www.myphsar.com). Social media, such as Facebook, are increasingly used as platforms for online shopping.
There are also several cashless payment services, with more planning to enter the market. Some of the prominent services include: Wing, TrueMoney from Thailand, eMoney offered by Metfone, PayGo, and SmartLuy offered by Smart Axiata. These services allow people to send and receive money, pay bills, top up phone credit and are increasingly used for business to business payment.

**Regulations**
Progress towards creating an enabling legal environment is tangible in the ICT and infrastructure fields but remains patchy for e-commerce, consumer protection and cybercrime prevention. The lack of supportive legal framework is one of barriers for investors to invest in digital products and services.

In 2014, Cambodia enacted an ICT master plan which is known as “ICTopia Cambodia”. The master plan is broadly aimed at building Cambodia to become an intelligent nation through (1) empowering people, (2) ensuring connectivity, (3) enhancing capacity and (4) enriching e-services. It will also play a crucial role in guiding strategy and policy framework for Cambodia’s ICT sector.\(^\text{20}\)

Two years later, the Policy on Telecom/ICT Development 2020 was developed to (1) provide vision, policy framework, coordination framework, and institutional arrangement for Telecommunication and ICT development in Cambodia (2) address structural challenges and enhance business and investment environment in Telecommunication and ICT sectors

\(^{20}\) KOICA (2014) Cambodia ICT Master Plan 2020,
and (3) provide interlock measures and specific interventions as needed.\textsuperscript{21}

Box 1: The 3 main objectives of The Policy on Telecom/ICT Development 2020

1. To improve and expand Telecommunication infrastructure and usage
   - 100% broadband coverage in urban area;
   - 80% broadband coverage in rural area;
   - 100% Mobile Penetration;
   - 80% Internet Penetration;
   - 50% Broadband Penetration;
   - 20% Household Internet Penetration;
   - 26% Household Computer Penetration;
   - 10% Internet of Things Penetration;

2. To develop ICT human capacity
   - 95\% ICT literacy Rate for national government officer;
   - 75\% ICT literacy rate for sub-national government officers;
   - 100\% High School Graduate with ICT Basic Skill;
   - 15\% Human Resource in ICT comparing to other skill;
   - 30 per million people of ICT R&D Experts rate;
   - 10 per million of ICT Researchers.

3. To diversify ICT industry and promote the applications of ICT
   - 65\% Telecom/ICT registered companies;
   - 100\% Rate of e-mail usage in the government;
   - 100\% of government bodies with websites.

Source: Policy on Telecom/ICT Development 2020

\textsuperscript{21} MPTC (2016) Telecommunication and ICT Development Policy
Cambodia’s most anticipated e-commerce law is likely to be passed in 2019. The latest draft Law has 12 chapters divided into 90 articles, covering a wide range of topics, such as E-Commerce, E-Signature, E- Government, Intermediary or service provider, online consumer protection, online personal information protection, unsolicited message, E-payment, E- evidence, and penalties. A new cybercrime law is also being drafted to protect both buyers and sellers online from the threat of cyberattacks. This new law aims to implement anti-cybercrime measures by establishing the National Anti-Cybercrime Committee (NACC) that will be chaired by Prime Minister Hun Sen himself.

**Human Capital**

A well-functioning digital society requires that individuals obtain certain capabilities and skills so they can function effectively as digital citizens, consumers and employees who can use digital technology, handle large amounts of data and act with a high degree of flexibility and creativity.

In Cambodia digital literacy remains low among the general population which is one of the main barriers to moving toward digital economy. Consumers’ digital awareness is limited which explain the low penetration rate of online banking and e-commerce. Skill shortage plagues many job sectors. The IT sector, in particular, is considered to be the highest in demand for skills related to goods and services. Such skills gap that is slowing the industry’s development, increasing costs for businesses and affecting the competitiveness of firms in the Kingdom.

According to the World Economic Forum, Executive Opinion Survey 2017, inadequately educated workforce is one of the most problematic factors in doing business in Cambodia.
was also ranked one of the worst countries in the world for growing, nurturing and retaining talent in the Global Talent Competitiveness Index 2018. Cambodia still has a considerable challenge in building an educational program across the whole sector that would ensure an ongoing supply of digitally capable workforce.

Box 2: Skills that individuals will need to function in the economy of the future:

- Higher-order cognitive skills—“the ability to understand complex ideas, deal with complex information processing, adapt effectively to the work environment, learn from experience, engage in various forms of reasoning, to overcome obstacles by critical thought.”
- Technical skills, including ICT skills—“those abilities needed to carry out one’s job, such as the ability to repair a water leakage for a plumber, the knowledge to operate a machine for a worker at a factory, or the knowledge to work with a software for a person at a bank. ICT skills refer to the effective application of ICT systems and devices and range from ICT specialists who have the ability to develop, operate and maintain ICT systems, to basic ICT users, who are competent users of the mainstream tools needed in their working life.”
- Interpersonal skills—“a broad range of malleable skills, behaviors, attitudes and personality traits that enable individuals to navigate interpersonal and social situations effectively.”


22 INSEAD (2018)
Policy Considerations

The transformation of Cambodia into a digital economy is advancing with rapid improvements in internet accessibility and affordability. With a very young population with high technology adaptability, Cambodia has considerable advantages that could be leveraged to create ICT jobs and benefit the national economy. Over the coming years, enhanced connectivity will continue to create new opportunities for digitalization. If effectively harnessed, these opportunities can significantly reduce poverty and contribute to economic growth and sustainable development. The followings are some policy suggestions:

Develop a national digital economy strategy

Cambodia needs a comprehensive strategy that builds on the existing plans, policies and regulations to transform the country into a digital economy. The strategy must combine strategic oversight with direct interventions. Direct actions include regulating against market failures, investing in infrastructure and incentivizing private sector investment. Private businesses will play a major role in delivering innovations using digital technologies. But governments need to create an environment in which these businesses can flourish. They will have to work with a wide range of stakeholders, including citizens, technology companies, educators, infrastructure providers and businesses, to enable digital spillovers to operate as effectively as possible. As discussed above, some of the traditional policies may no longer work in the context of the digital economy thus regulatory reform discussions should follow a bottom-up approach that takes entirely new approaches into consideration—and is willing, where appropriate, to discard old ones. Poor policy decisions, for example those that stifle innovation, the free flow of information
and digital trade, or that allow dominant suppliers to undermine consumer trust, could hold countries back.

**Improve digital infrastructure**

The transformative potential of digital technologies relies on having the necessary hard and soft infrastructure in place. Higher investment in hard infrastructure, like high quality telecommunications networks and supporting utilities, transport and cities infrastructure will incentivize a broader uptake of digital assets. Better hard infrastructure will facilitate digital spillovers by reducing the costs of connectivity in the supply chain and increasing the potential of networking effects. Soft infrastructure, like skills, data availability and a supportive business environment are equally important to the productivity gains that digital investment can bring. Data infrastructure, including the institutions and governance procedures that help to create and share open trusted data, is another catalyst for innovation. Governments can play an active role in providing reliable data sources in convenient formats that are free to share.

**Boost digital literacy**

Digital literacy is a critical issue that needs immediate attention. Without digitally competent citizen, a vision for Cambodia to become a digital economy cannot be realized. Education programs need to provide citizens with digital literacy skills so they can use the internet to enhance their daily lives and navigate the online world with confidence in their ability to recognize and avoid abuses such as false data, fraud and offensive content. There is no question that new technologies will automate and otherwise obviate existing positions across all sectors. This requires continuous upgrading of relevant skills as a prerequisite
to remaining employable. If Cambodia wants to maintain a competitive workforce, it must move quickly to upskill its citizen. Building a national digital literacy is a long-term mission and careful planning has to start now. Government can work with technology companies, media and universities to establish training programs that cater to different segments of the population. Incentives should be provided to firms to train their staff to keep their skills relevant and up to date. Ultimately, digital literacy should be mainstreamed into the national curriculum starting from primary education.

**Promote entrepreneurship and innovation**

Entrepreneurship and innovation are central to the development of the digital economy. Start-ups for example are valuable disruptors, injecting competition and new ideas across sectors. As they scale up, they become valuable investors in digital assets, employers and service providers to larger companies, contributing to dynamic industry ecosystems. Governments can incentivize entrepreneurship and reward innovation by:

- Funding and grants: providing awards for particular projects or to fund specific investments aimed at high priority sectors.
- Competitions: organizing competitions in core areas, with a prize offered to the winning concept, perhaps with additional business support (e.g. a partnership with an established company to help take the innovation to market).
- Tax incentives: providing tax relief on research and development expenditure or other tax incentives (e.g. relief on payroll or corporation taxes for start-up and early stage companies).
Build trust and security in the use of ICTs

Whilst connectivity is key to the success of digital services, privacy and security are also a central consideration for building trust and confidence in the digital economy. Without this trust, no digital economy can thrive. Individuals and businesses will only use digital products and services when they feel that their online activities are safe and secure. As the number of digital services has grown and the level of risk individual users and providers are exposed to has increased, public and private sectors, and other stakeholders, including academia, should work together to enhance trust and security in the use of ICTs, while taking advantage of the benefits of modern digital systems. Investment must be made to upgrade safety and security infrastructure while digital literacy education must be provided on an on-going basis.

Demonstrate digital leadership

A digital economy requires digital leadership from the government. Government must demonstrate they are committed to promoting digital economy and are doing what they preach. They need to embrace e-government. Issuing digital IDs, enabling people to request for official documents such as birth certificate, marriage certificate online, apply for driving license, are some examples of the services an e-government offers. The goal is to support the adoption of digital financial infrastructures and bring their services online, which both facilitates access and use and promotes digital engagement in their populations. As technologies advance, user expectations rise and new applications and models keep coming to market, governments can’t rest on their success. They need to continue to push more services online and enable more complex and intensive online interactions.
Conclusion

Cambodia is facing a number of key challenges as it is embracing the global trend to transform its economy into a digital one. Currently only half of the population has access to the internet and the adoption of technology has been relatively slow due to the lack of favorable regulatory environment, sophisticated digital infrastructure, lack of investment from public and private sector and low digital literacy among the population. Before Cambodia can gain benefits from the age of digitalization, these barriers have to be removed as quickly as possible. A comprehensive digital economy strategy should be developed to incentivize investment in digital infrastructure, improve digital literacy, promote entrepreneurship and innovation, build trust and security in the use of online services. All stakeholders have a role to play in the transformation to a digital economy. Government should create an enabling environment and demonstrate digital leadership to encourage the adoption of technology, firms can invest in digital infrastructure and upskill their employees, NGOs and schools can provide education and training to bridge the digital divide.
Reference:


MPTC (2018) Cambodia’s ICT development, a presentation for the 5th Connectivity Forum on 28-30 November 2018 | Seoul, South Korea


World Economic Forum (2016) Networked Readiness Index 2016, retrieved from see http://reports.weforum.org/global-
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