

IMPROVING SMALL PACKAGE E-TRADE FOR MSMEs

# CAMBODIA

Connecting Local Businesses  
to Global Markets



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Donor Funding: **US\$1,182,089**

Business Contribution: **US\$461,885**



E-commerce has the power to democratise international trade and drive inclusive economic growth by unlocking the potential of MSMEs.

The Alliance project in Cambodia is paving the way for MSMEs to venture into cross-border e-commerce by improving the country's e-trade environment and increasing the capacity of small businesses, many of them women owned or led, to engage in international trade.

# THE CHALLENGE

MSMEs are the backbone of Cambodia's economy, accounting for 99% of the private sector, over 70% of employment and 58% of GDP. However, only 10% of exports come from small business. Increasing their market share to 30% - levels achieved by comparable ASEAN countries - could grow exports by an additional \$3.2 billion.

In recent years, technological and digital advances have driven significant growth in e-commerce activities, in turn propelling growth in small package exports. To keep pace, Cambodia Post has needed to modernise its processes and services to provide MSMEs with an affordable, reliable and direct route to international markets.

The sheer volume of small packages also presents challenges for Cambodia Customs (GDCE), tasked with the efficient release and clearance of packages while ensuring consumer safety, national security, revenue collection and statistical analysis.

## To address this challenge, the Alliance project tackled several key issues:

- The lack of an Electronic Advance Data (EAD) link between Cambodia Post's Customs Declaration System (CDS) and GDCE's customs clearance system (ASYCUDAWorld) had created a slow and inefficient clearance process for postal shipments, affecting MSMEs disproportionately.
- In the absence of EAD, packages from Cambodia were at risk of getting returned or destroyed by destination countries because of a lack of EAD compliance.
- Many MSMEs lacked access to relevant, transparent information on the rules, procedures and costings for small package exports and imports, hindering their ability to engage in cross-border e-commerce.
- Many MSMEs lacked general export readiness and needed to improve their business capacity in order to compete in international markets.

## Cultivating a Taste for the 'World's Best Rice'

Sambath Taing's family-run mill in Battambang province produces fragrant Jasmine rice, rated among the top varieties in the world. Over the past three decades, it has grown from a small mill serving the local community to a national supplier, and now has ambitions to become an exporter. The owner supports the 100-plus farmers who cultivate the high-quality rice by adhering to three basic principles: trust, profit sharing across the supply chain, and sustainability.

The capacity building, tailored mentorship and peer learning provided by the Alliance was pivotal in Mr. Taing's export preparations - helping him to go from being in the dark about what documentation and processes were required to fully understanding the export process, e-commerce strategies and logistics options. He highlights a visit to

another exporting rice mill facilitated by his programme mentor as being particularly invaluable in providing practical knowledge on how to adhere to international standards.

The project also enabled Mr. Taing to connect and send samples to four international buyers through Cambodia Post. Now, after completing the necessary certification, Mr. Taing will be in a position to supply his rice to international markets.



## TRADER STORY



# WHAT WE DID

## 1. Building the 'missing link' – Electronic Advance Data

The Alliance project is establishing a fully functional EAD system by seamlessly integrating Cambodia Customs ASYCUDAWorld and Cambodia Post's Customs Declaration System, marking a significant step in digitalising Customs processes for international postal shipments.

It also included various supporting activities such as awareness campaigns, capacity building, and public relations before and after deployment.



## The Importance of Electronic Advance Data

EAD includes information on senders and recipients of shipments as well as on parcel contents. It must be sent in electronic format to the destination postal service in advance of shipping the parcel.

This electronic exchange of shipment information is pivotal to facilitating cross-border trade - streamlining border control procedures and reducing unnecessary costs and delays for traders. Besides, the advance sharing of information makes countering the transport of counterfeit and prohibited

items, drugs, and other hazardous goods easier for border agencies. Customs is also left with more time to process shipment data against risk criteria and provide pre-arrival and pre-departure advice on necessary actions for all shipments.

The Alliance project supported Cambodia to become EAD compliant by linking the declaration data between Cambodia Post's Customs Declaration System (CDS) and GDCE's customs clearance system (ASYCUDAWorld/AW).



### Modernising Cambodia Post

**“The Alliance project has helped Cambodia Post to modernise and prepare for the e-commerce boom. Allowing advanced sharing of customs and security information of postal items will facilitate the movement of cross-border postal shipments. This, together with the BoxShipper e-logistics solution, will ultimately lead to better engagement of Cambodian MSMEs in global e-trade and grow their businesses.”**

**Mr. Samvisoth THEN,**  
Director General Cambodia Post

## THE IMPACTS

- Improves access to Electronic Advance Data, potentially enhancing Customs' risk management processes by enabling advance risk analysis.
- Improves administrative processes and efficiency gains for Cambodia Post.
- Increases regulatory compliance for outbound shipments, resulting in uninterrupted trade for MSMEs.
- Boosts transparency and accountability by promoting legitimate trade.
- Facilitates the movement of international shipments sent by Post.
- Increases IT readiness in Customs and Post staff.
- Improves cooperation and trust between Cambodia Post and Customs.

## 2. Creating an eLogistics Solution: BoxShipper

Using its public private partnership approach to trade facilitation, the Alliance worked with the Cambodian Women Entrepreneurs Association (CWEA) to develop an e-logistics platform.

BoxShipper links with an e-commerce platform, allowing 600+ MSMEs easier access to postal and express shipment services for domestic and international e-commerce activities.

The streamlined e-logistics solution acts as a one-stop site for all tracking and delivery updates. It also displays real-time shipping rates, generates shipping labels and customs declaration forms that can be printed out for postal shipments, and online payment options for service fees etc.

### THE IMPACTS

- Reduces the administrative burden of shipping small packages for MSMEs.
- Increases the transparency of shipping rates, delivery times and restricted goods for small-package exports.
- Improves efficiency at Cambodia Post by enabling MSMEs to fill out shipping labels and export declarations online.
- Reduces the likelihood of Cambodia Post receiving goods that are ineligible for export.
- Improves MSMEs' ability to engage in e-commerce by providing easier access to Cambodia Post and DHL express logistics options.

### Enabling Digitalisation

“Customs is considered an enabler of the digital economy, so we have to work hard to provide tools and access to the private sector for positive change and to sustain their businesses in the digital era. With EAD connectivity, Customs can further support MSMEs to access global markets in a faster and more predictable manner.

We love the Alliance's way of working. This project addressed a real need for our organization by providing the resources, tools, and expertise required to enhance the ICT system and support its implementation.”

Dr. Voeun CHHORN,  
Director of Information Technology  
Department, General Department  
of Customs and Excise of  
Cambodia (GDCE)



### 3. Building capacity in MSMEs: 'SPEC'

The Alliance conducted capacity building programmes to boost export-readiness for MSMEs through a dedicated programme called Small Package Exporter Champions (SPEC).

The programme aimed to enhance MSME presence online and to increase their engagement in cross-border e-trade, particularly through small-package exports, taking full advantage of the improved e-trade environment delivered by the project's EAD and e-logistics solutions.

Through workshops and tailored mentorship, dedicated trainers and mentors from both public ministries and the private sector provided information on a variety of relevant topics to further the success of exporting businesses.

Subject areas included:

- Onboarding to e-commerce platforms.
- Building export readiness through business registration, product quality, production capacity, packaging, labelling and regulatory requirements among other things.

- Digital visibility and branding for e-commerce.
- Logistics options, customs rules, fees and export procedures for small-package shipments.
- Opportunities to access international markets and making connections with international buyers.

### Spotlight on the Small Package Exporter Champions Programme (SPEC)

The SPEC programme was an initiative for Cambodian MSMEs looking to ship small package consignments internationally. It combined awareness raising, capacity building, expert mentorship, networking, peer learning, and certification.



#### THE IMPACTS

**121**

MSMEs participated across 5 provinces

**70%**

Women-led businesses

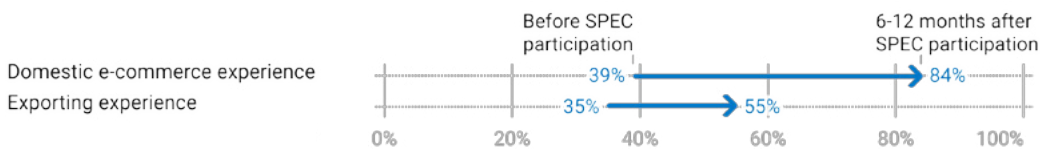
**98%**

Participants increased their confidence to export

In little more than six months of participation, 84% of MSMEs successfully engaged in domestic e-commerce (39% pre-participation in the SPEC programme), and 55% had exported successfully (35% pre-participation in the SPEC programme). These results indicate the success of the programme in enabling MSMEs to gain knowledge, increase export readiness, and apply knowledge gain to successfully engage in cross-border e-commerce, many of them for the first time.

Many SPEC participants who were able to export successfully after the programme saw positive impacts for their businesses, indicating that engaging in cross-border e-commerce can help MSMEs grow and can contribute to inclusive economic growth.

#### Increase in MSMEs engaging in domestic e-commerce and exporting small packages



#### Business impacts for MSMEs that successfully exported following SPEC programme participation



**Buyers**

70% of MSMEs increased their total number of buyers/customers



**Revenue**

60% of MSMEs increased their revenue



**Incomes**

70% of MSMEs increased salaries/wages for employees



**Jobs**

50% of MSMEs hired more people

\*results from 25 SPEC programme respondents 6-12 months after programme participation

## Fair Weave: Fair Shake

## TRADER STORY

Fair Weave employs more than 60 women, many of them land mine survivors, producing a variety of handwoven textile home decor accessories, including throws, rugs and cushions. As a social enterprise, it empowers women in overcoming challenges to taking up regular employment, mainly due to their role as primary caregivers. Its founder, Chomnab Ho, provides competitive wages and flexible working conditions, including childcare and access to professional development training.

Fair Weave's domestic market is relatively niche, comprising ethical consumers with a willingness and an ability to pay for artisan products. This makes strong branding and export sales crucial to sustaining long-term viability.

In joining the Alliance's Small Package Exporter Champions (SPEC) programme, the company's main

goals were to increase e-commerce sales and access higher-end export markets in neighbouring ASEAN countries, the European Union and the United States.

Through the SPEC programme, Mr. Chomnab gained the clarity and confidence to navigate a complicated export process riddled with inconsistent information and unexpected delays. The programme's focus on small package exports helped Fair Weave focus more heavily on B2C, enabling them to directly reach their target end consumers in international markets online. With the support of their programme mentor, Fair Weave increased their e-commerce capabilities by focusing on website development, SEO and digital marketing strategy, contributing to an approximately 65% increase in e-commerce sales.

**“Our impact is not just for the women we are employing but also for the next generation. By helping our women employees better take care of their children and their families, we are helping the entire community.”**

**Chomnab Ho,  
General Manager,  
Fair Weave**



**“Through the study tour, we aimed to share how DHL can work with MSMEs through information sharing and guidance to enhance their understanding on logistics and international shipment. MSME development is important to DHL, and we value this collaboration with the Alliance.”**

**Mr. Prayag Chitrakar, Country Manager, DHL Express Cambodia**

## Building reform through public private partnership

The Alliance's approach of building reform through public private partnership was reflected in DHL's engagement in the initiative.

DHL shared invaluable expertise with 40 Cambodian MSMEs on logistics, rules and procedures for trade in small

packages through a study tour at the local DHL Express Cambodia office. DHL Cambodia also participated in trainings to help sensitise MSMEs to global e-commerce opportunities.



### HOST ORGANISATIONS



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