

Intervention by H.E. Ms. Cham Nimul, Minister of Commerce, Cambodia

- ⇒ *Mme Rebecca Grynspan, Secretary-General of UNCTAD,*
- ⇒ *H.E. Mr. Mohamed Abdallahi LOULY, Minister of Digital Transition, Innovation and Modernization, Mauritania*
- ⇒ *H.E. Ambassador Luke DAUNIVALU, Chair, IGE*
- ⇒ *H.E. Gerelmaa DAVAASUREN, Vice-Chair IGE*
- ⇒ *H.E. Ambassador Sabri BACHTOBJI, Permanent Representative of Tunisia to the United Nations Office in Geneva*
- ⇒ *Mme Ana SANDOVAL, eTrade for Women Advocate and COO of Bold,*
- ⇒ *Mme Shamika SIRIMANNE, Director, Division on Technology and Logistics.*
- ⇒ *Esteemed panelists, and distinguished delegates, ladies and gentlemen.*

At the onset, allow me to thank UNCTAD for the invitation extended to Cambodia to address you today at this seventh session of the UNCTAD Intergovernmental Group of Experts on Digital Economy and E-commerce. As we explore the imperative of digital readiness, it is essential to acknowledge the multifaceted challenges and opportunities that define the digital landscape in developing countries such as Cambodia.

The Royal Government of Cambodia, under the visionary guidance **Samdech Moha Borvor Thipadei HUN MANET, Prime Minister of the Kingdom of Cambodia** is committed to harnessing the transformative power of digital technologies. Our national vision for a digitally inclusive society is encapsulated in the Cambodia Digital Economy and Society Policy Framework 2021-2035, which provides a comprehensive roadmap for fostering a robust digital economy. Other key documents shaping our digital transformation includes

- ⇒ The Government Pentagon Strategy Phase 1 (2023-2028) prioritizes "Technology," particularly digital technology."
- ⇒ The Digital Government Policy (2022-2035)
- ⇒ The FinTech Development Policy 2023-2028
- ⇒ Digital Skill Development Road Map (2024-2035)

Cambodia has distinguished itself recently as a leading nation in implementing UNCTAD eTrade readiness assessment recommendations, achieving a remarkable 92% implementation rate in the third implementation review period. The Ministry of Commerce in Cambodia has effectively utilized the eTrade Readiness assessments to catalyze various governmental initiatives aimed at enhancing the e-commerce ecosystem.

A significant foundation of these achievements was the development and launch of the National E-commerce Strategy in November 2020, which was crafted in

close collaboration with the private sector. This strategy aims to create an inclusive and harmonized e-commerce ecosystem. Deep diving in the different policy areas considered by UNCTAD, we witness progress in multiple areas.

On infrastructure, we recognize that robust digital infrastructure is the backbone of a thriving digital economy. Despite significant advancements, our rural areas still face challenges with reliable internet access, which impedes the full potential of digital inclusivity. Our ongoing efforts focus on expanding broadband coverage and enhancing the quality of service, ensuring that digital tools are accessible to all segments of our population. The Universal Service Obligation (USO) Fund has been established to support the construction and expansion of telecommunications networks and infrastructure. Priority is given to sub-national administration, rural areas, low-income areas, and educational establishments.

Cambodia has adopted the concept of Digital Public Infrastructure (DPI), as it builds the **robust digital platform enablers**. These platforms provide essential functionalities that underpin various digital services, just like roads and bridges form the foundation of a physical transportation network. A noteworthy illustration of this is *The Cambodia Data Exchange Platform* (or CamDX in short). CamDX enables seamless data exchange between government agencies, streamlining processes and eliminating the need for citizens to submit the same information repeatedly, reduces administrative burdens, increases transparency, and improves citizen engagement with government services. Imagine a Cambodian citizen applying for a business license online. With CamDX, all necessary data can be securely transferred between relevant agencies, simplifying the process, and reducing turnaround time.

The digital divide mentioned earlier extends beyond technology access; it also encompasses disparities in digital skills and economic opportunities. Our commitment is to bridge these divides through targeted programs that ensure equitable access to digital resources and foster an environment where every Cambodian can benefit from digital advancements. **Digital literacy** stands as a pillar of our digital transformation strategy. The Royal Government of Cambodia has initiated numerous programs aimed at educating our youth and workforce in digital skills and, more recently our SMEs. These initiatives are critical in equipping our citizens with the knowledge necessary to navigate and prosper in the digital world. I would like to highlight here our Digital Skill Development Road Map (2024-2035): This comprehensive strategy takes center stage in Cambodia's efforts. The Road Map focuses on building a skilled digital workforce necessary for a thriving digital economy and society. It aims to equip Cambodians with the necessary digital skills to participate effectively in the digital age, protecting them from potential structural unemployment.

On the **legal framework for e-commerce**, the enactment of the E-Commerce Law in 2019 marked a significant milestone in creating a conducive environment for online businesses. The legal framework provided by the E-commerce law not only regulates digital transactions but also provides a safeguard for consumer rights and builds confidence in digital markets. Under the E-commerce Law, the Ministry of Commerce and Ministry of Posts and Telecommunications are the competent

authorities governing the e-commerce sector. The Ministry of commerce is in charge of issuing e-commerce licenses and permits to service providers, while the Ministry of Post and Telecommunications regulates the technological side of the sector, such as setting security and safety procedures on the storage of data and information, and the issuance of online service certificates.

The E-Commerce Law is a far-ranging law that regulates both domestic and cross-border electronic transactions. The law goes beyond the standard e-commerce retail, as it applies to all commercial transactions that are done electronically. In addition to the requirements delineated in the E-Commerce Law, we have released further details on licenses and permits in 2020 and 2021. Cambodia is also advancing with several critical legislative measures including the draft law on personal data protection, draft cybercrime law, and the development of a code of conduct for marketplace operators along with trust mark guidelines, which are currently under development. Additionally, Cambodia has instituted comprehensive e-commerce registration guidelines to streamline the process for businesses looking to enter the online market. These guidelines are designed to clarify the procedures and requirements for e-commerce operations, ensuring compliance and facilitating easier entry into the digital marketplace.

Regarding taxation, the Royal Government of Cambodia has also introduced Value Added Tax (VAT) on e-commerce transactions to ensure a level playing field between online and traditional businesses. This measure aims to enhance tax compliance in the digital sector and generate revenue that can be reinvested into further digital infrastructure and services.

To foster a seamless digital economy, enhancing our **digital payment** systems has been imperative. We are working towards an inclusive financial ecosystem that supports secure and efficient digital transactions, reducing dependency on cash and enabling broader economic participation. Cambodia is expanding the use of Bakong and Khmer QR codes to facilitate cross-border transactions with neighboring economies. Bakong is our blockchain-based interbank mobile payment platform which allows users to make real-time fund transfers across banks and platforms using their smartphones. Bakong was launched in October 2020 and is spearheaded by the National Bank of Cambodia (NBC). Bakong payment system has 70 financial institutions as members of which 49 are being actively operated. Bakong combines e-wallets, mobile payments, online banking, and financial applications into one interface. In 2023, the Bakong mobile app recorded 200.93 million transactions, which is five times higher than the previous year. Of those, 68.79 million transactions were made in Khmer riel, our national currency, at a value of US\$19.8 billion while 132.14 million transactions were in US dollars totaling US\$53.76 billion.

This expansion not only simplifies the process of digital payments but also integrates Cambodia more deeply into the regional economic fabric, enhancing its competitive edge in the digital economy. The connection of the Cambodian payment system with other countries in the region has also been strengthened and expanded, which has contributed to the promotion of trade, investment, tourism and remittances, especially from workers working abroad.

On trade facilitation, I recognize the significant challenges faced by many developing countries in facilitating cross-border e-commerce. These challenges include complex trade regulations, inadequate infrastructure, and limited capacity for handling the specific needs of e-commerce logistics. These factors can significantly hinder the growth of this sector.

We are committed to overcoming these challenges and unlocking the full potential of e-commerce for Cambodian businesses and consumers. This commitment is reflected in several key initiatives outlined in our national policy frameworks. For instance, Cambodia prioritizes logistics and last-mile delivery within the Cambodia Digital Economy and Society Policy Framework 2021-2035. Our National Single Window allows online document submission, reducing paperwork and expediting customs clearance. Electronic cargo declaration and pre-arrival processing further contribute to faster clearance times, especially for the high volume of small packages associated with e-commerce. Cambodia supports SMEs by providing platforms like Cambodiatrade.com, an e-commerce marketplace connecting them with domestic and international customers or assistance to first-time exporters, such as via the Set4SME project (2021-2023) that focused on improving small package e-trade for SMEs.

Access to finance for e-commerce and tech companies remains a challenge, particularly for our small and medium-sized enterprises (SMEs) aiming to transition into the digital economy. In response, we are collaborating with financial institutions and international partners to devise innovative financing solutions that can cater to the unique needs of digital enterprises.

However, the journey towards **digital inclusiveness is fraught with challenges**. Despite our progress, significant barriers remain, particularly in areas such as digital infrastructure, digital literacy, digital financial inclusion, and legal frameworks.

In recent years, Cambodia has embarked on a series of strategic initiatives to enhance digital readiness and access to finance among our small and medium enterprises (SMEs). We are grateful in that regard to the support provided by our development partners, in particular UNCTAD, the EIF, UNDP, Australia, the EU and Germany, to name a few. The Go4eCAM project, funded by the Enhanced Integrated Framework, exemplifies our dedication and the catalytic role a multi-year, multi dimension project coming in support of the implementation of our national strategy can have. This project aimed to escalate the participation of Cambodian SMEs in the global digital economy by fostering an environment conducive to digital commerce. To date, the CambodiaTrade platform, a cornerstone of this initiative, has facilitated the registration of over 200 SMEs, with a remarkable emphasis on supporting women-led and provincial businesses. Some of these businesses have been able to start their cross-border e-commerce journey, with exports to Switzerland, Australia and our neighbouring countries.

In that regard, to continue to address persistent challenges and to ensure we keep shining in the successive implementation reports produced by UNCTAD, we are actively engaged in regional collaborations and dialogue, such as through the implementation of the ASEAN e-commerce agreement, the negotiations of the

ASEAN Digital Economy Framework Agreement (DEFA), the Regional Comprehensive Economic Partnership, or the implementation of our most recent bilateral trade agreements with China, the Republic of Korea and the United Arab Emirates. These engagements not only enhance our capabilities but also ensure that we are aligned with international standards, thus amplifying our readiness to participate effectively in the global digital landscape.

Yet, to leap forward, continued support and international cooperation are indispensable. We invite our global partners and international organizations to join us in our endeavors to bridge the digital divide. We seek further assistance in building our digital infrastructure, enhancing digital literacy, and crafting policies that support the seamless integration of digital technologies into our economic fabric.

Mr. Chair, Excellencies, Ladies and Gentlemen,

Cambodia's journey towards a comprehensive digital readiness is ongoing. We are making strides, yet we acknowledge the road ahead is long and filled with challenges. It is through forums and dialogue like this IGE and through the cooperation with our international partners that we can share best practices, learn from each other, and collectively advance towards a more inclusive digital future. As we stand at the crossroads of a digital revolution, it is imperative that we act decisively. The path we pave today will determine the future of our economies and the inclusivity of our societies.

Cambodia is committed to bridging the digital divide and fostering collaboration. By working together and learning from each other, we can create a more inclusive digital future where everyone, regardless of location or socioeconomic background, could thrive.

Thank you for your attention and for the opportunity to share Cambodia's vision and efforts towards a more digitally inclusive future. I look forward to fruitful discussions that will undoubtedly emerge from this esteemed gathering.