

**The Export-led Poverty Reduction Programme in Cambodia –
A Case Study**

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CASE STUDY: EXPORT-LED POVERTY REDUCTION PROGRAMME, CAMBODIA

1. The Export-led Poverty Reduction Programme (EPRP)

The objective of the EPRP is to reduce poverty by generating employment and higher income for disadvantaged producer communities. The programme enables poor people to enter the global production value chain and better market their goods and services. Since its inception in July 2002, EPRP has promoted export of agricultural products, textiles and community-based tourism in several countries like Bolivia, Brazil, Burundi, El Salvador, Ethiopia, Kenya, Rwanda, Viet Nam and others. Typical EPRP interventions identify exportable goods, deliver training and advice to build up production and marketing skills, strengthen support institutions and create linkages with international markets.

12. EPRP Cambodia

Cambodia has a long tradition of hand-woven silk, but silk weaving was nearly abandoned during the civil war as weavers were forced to work in the fields. It is only during the last years of relative stability that a resurgence of the Cambodian silk sector has taken place, including a revitalisation of the fine traditional ikat together with a new wave of contemporary designs.



Introduction

Today, weaving and wearing silk are an expression of the Cambodians' need to return to their cultural, social and traditional roots. Most silk cloth is produced for local buyers and tourists through dealers in Phnom Penh, the capital, and Siem Reap, the town of the famous Angkor Wat temples.

A significant percentage (55%) of the total silk production in Cambodia takes place in Takeo province, where weavers are concentrated in a compact area. Cambodian weavers - primarily women and estimated at about 20,000 - make beautiful silk products. However, lack of marketing knowledge has left the rural producers poor, with only a small fraction of the profit their products generate.

2. The Export-led Poverty Reduction Programme (EPRP)

In response to these problems, the International Trade Centre (ITC) was requested by the Cambodian Government to conduct and carry out a project under the Export-led Poverty Reduction Programme (EPRP). The objective of the EPRP is to reduce poverty by generating employment and higher income for disadvantaged producer communities. The programme enables poor people to enter the export global production value chain of production and better market their goods and services. Since its inception in July 2002, EPRP has promoted export of agricultural products, textiles, handicraft and community-based tourism in several countries like Bolivia, Brazil, Burundi, El Salvador, Ethiopia, Kenya, Rwanda, Viet Nam and others. Typical EPRP interventions identify exportable goods, deliver training and advice to build up production and marketing skills, strengthen support institutions and create linkages with international markets. The Cambodian EPRP project started in July 2003 to enable poor rural

weavers to enhance production and marketing of high-quality silk products, thus meeting foreign market requirements.

3. Identification of Products with Export Potential

Scope of the strategy.

As a first step, ITC selected in a needs assessment mission into Cambodia identified . Silk handicraft products as having the best export potential:

- Cambodian intricate tie-dye ikat is unique;
- Silk always has a certain appeal, thus it never really falls under fashion constraint, depending on the design;
- In times of large consumption, people appreciate wearing special and unique items from limited handicraft production;
- Silk textile scope is large as it can be sold as simple fabric or as finished products: home wear, accessories and garment;
- Silk goods are precious but not fragile; fragile, making it easy to ship it, for shipping, . and most countries have established a special contract with Cambodia for free or low importation taxes on handicraft products;
- Weavers work in rural areas and are grouped in a relatively compact area according to the techniques they are specialised in: ikat, phamoung (simple cloth with no, small or simple weaving decoration) and organza (transparent, widely woven silk).

Furthermore, in terms of poverty reduction impact, silk weaving production allows poor farmer families, and especially women, to have receive supplementary resources, and avoids their departure for factories or others in the city.

4. The Stakeholders

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Cambodian Craft Cooperation

Stimulated by the positive market response to a survey in European markets on Cambodian silk products survey on European markets in July 2003, the EPRP identified the Cambodian Craft Cooperation (CCC) as national partner to implement a pilot project with 20 weaver families in Tanorn village, complementing CCC's efforts to build up the weavers' technical skills.

CCC is an association of small and medium-sized craft enterprises founded in 1997 with the assistance of the Chamber of trades and crafts Koblenz (Germany) and financed by the German Federal Ministry of Economic Development and Cooperation (BMZ). CCC has set up five associations representing different craft sectors, among them the Handmade Textile Association (HTA) weaver groups.

The silk weaving community in Takeo

A significant percentage (55%) of the total silk production in Cambodia takes place in Takeo province, where weavers are concentrated in a compact area. The situation before the project was as follows:

- The community's members were generally poor with **low education level**. Most of the families had **debts** for raw material with middlemen. The entire production was ordered and bought by middlemen, selling in Phnom Penh's markets.

- All weavers were **lacking technical skills**. The **quality of dyes** was not regular and did not match the international market standards of high-grade and azo-free dyes. Only **traditional equipment** was used. Weavers were **dependent on middlemen** to receive low quality silk yarn. Most of the **designs** were copied from others by the weavers.
- A **community spirit** among the weavers was lacking, therefore middlemen could play the weavers out against each other to get lower prices. Furthermore, each weaver did all steps of the production process; the potential of **centralizing certain production steps to take advantage of economies of scale** was not exploited.



Takeo weaver



Takeo weaver family



Spinning weaver

5. Scope of the strategy

Working closely with the HTA manager and Takeo weavers, EPRP the project provided direct technical assistance in terms of:

- **Group formation**, to share experiences and knowledge and to gain power versus the middlemen;
- Improving **production techniques** for better productivity and quality;
- Building up an **efficient production system** by dispatching responsibilities and centralising steps of production;
- Training on **product development and design**, adapted to international market requirements; and introduction of **dynamic creativity** into weavers' work;
- **Costing and pricing** training to determine sustainable prices and to foster business-oriented mentality;
- Organising **export market links** for silk products to increase and diversify sales;
- Improvement of **sales and marketing**; training on how to create and keep trustful relationships with local and international buyers;
- **Coaching of HTA manager** to deal with communities (On the job vocational training) to guarantee sustainability and; developing CCC into a self-supporting business organization;
- Integrate EPRP communities with other **Cambodian handicraft associations** to be more involved and represented in the Cambodian Silk sector.

In order to guarantee sustainability and a wider outreach through replication, attention was paid in all project steps to **enable the project partner to replicate launch and implement themselves the new EPRP pilot project** with additional communities. Weavers had to **participate in training costs** to avoid the creation of an "assistance mentality" and to work versus a cost covering approach.



The silk weaving community in Takeo A significant percentage of silk production in Cambodia takes place in Takeo province, where the community is concentrated in a compact area. The situation before the project was that the community was poor with a low education level. Most of the families had debts. All products were consumed by middlemen. There was a lack of market access for weavers. The quality of dyes is not regular and does not match the standards of high-grade dyes. Only traditional equipment was used. Weavers were dependent on the middlemen for low quality silk yarn. A limited number of designs were copied among the weavers.**6. Principal challenges**

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By definition, developing countries are in a process of construction in all kinds of fields, resulting in a lot of many unexpected problems arising one after the other. another.:

- Working with poor materials (old wooden looms, inconsistent silk yarn) and in an inadequate environment (dust, bad light) made it a challenge to reach international requirements of quality and consistency;

- Reaching international requirements of quality and consistency becomes a challenge. Due to the weavers' low education scholarship, most weavers did not make full use of their creativity and capacities and were reluctant to integrate new elements;
- Furthermore, only few weavers had a business-oriented mentality and preferred small short-term to larger bigger long-term profits;
- It should also not be forgotten that the weavers are in the first place farmers and are therefore less available for silk production in planting and harvest times;
- Unfortunately, uncoordinated technical assistance from different agencies to with poor producers has contributed to a certain "assistance mentality".

In order to overcome these barriers, ITC focused on: Building-up an efficient production system by despatching responsibilities and centralising steps of production; Training on new techniques and knowledge in order to reach the quality asked required for export; Training in Costing & Pricing to foster business-oriented mentality; Participation by the weavers in training costs; Introducing dynamic creativity into weavers' work through training; Developing CCC's technical assistance into a self supporting self-supporting business orientation; Creating and keeping trustful relationships with local and international buyers. **7. Impact**

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The direct impact achieved through the pilot project was:

- Monthly income of almost 30 families rose from an average of US\$18 in 2003 to US\$ 60 in 2005;
- Annual sales amounting to US\$ 20,000 of which 50% exports were generated by the project so far. Between 2003 and 2005 the average monthly-sales turnover increased eightfold, from US\$ 160 to US\$ 1,350. US\$ 1,350;
- Products have reached a good quality level in terms of weaving, dye consistency and design;
- Weavers are now able to create their own products, 26 new collections have been designed in a common approach. Former widespread copying of other designs is not needed anymore. anymore;
- Use of natural and/or azo-free dyes corresponding to EU importation regulation has led to improved environment and health conditions thanks to the dyeing material and better use;
- Weavers' children, formerly used as workforce, are now attending school;
- Women's self-confidence has risen through community building providing them a stronger role in their environment.



*Weavers
Krang*

*Design
training*



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In a community and business oriented project, EPRP methodology helps to provide structure and keys for developing an efficient collaboration between its stakeholders: it is a common undertaking where each intervention is a contribution to the **whole picture**. Every member has to feel as an important contributor to the community. Success and sustainability depend on the sense of **ownership** the beneficiaries have been able to build up during the project.

An important lesson learnt is the **timeframe of the project**. After three years, supply capacity of the weavers and organizational and marketing capacity of the CCC has been achieved, but

sufficient markets to absorb the products not only from the pilot community, but also from the replication communities are still missing. Therefore, the project can only have the desired sustainable impact on all fields after at least four years of project intervention.

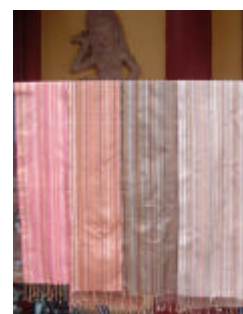
Another lesson learnt is the necessary integration of as many persons of the partner organization as possible into the process. Staff changes and the **know-how has to be institutionalized** rather than to be reduced to single persons that may leave at any time the organization.

A positive lesson was a **train the trainer approach**, the **integration of trained weavers into the training process** of new communities. These local experts, who themselves acquired the knowledge through the project, know best the local reality, are available for follow-up training and, last but not least, are much more cost-effective than bringing in trainers from outside.

9. The Wider Picture

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At present, CCC is replicating the project with four additional weaver communities in Say Wa, Kborb, Krang and Prek Antak reaching about 60 families, and more replication communities are planned. The CCC uses the EPRP methodology also for its other sector associations such as silver smiting and pottery. A number of organizations are visiting Tanorn to learn from this successful poverty reduction experience. Stimulated and facilitated by EPRP, a sector-wide strategy for the silk sector has been developed by the major stakeholders of the sector and will benefit in the long term over 15,000 silk producers and weavers.



Products: homeware



Products: scarves



Products: natural dyed scarves