

ASSESSMENT OF POLICIES ON NON-TIMBER FOREST PRODUCTS



Country Study: Cambodia

ASSESSMENT OF POLICIES ON NON-TIMBER FOREST PRODUCTS

Edna Maguigad

Country Study: Cambodia

NON-TIMBER FOREST PRODUCTS
EXCHANGE PROGRAMME – ASIA
2020

Cover Photo:

Woman IP member of Ratanakiri
weaving rattan handicraft
NTFP–EPCambodia

CONTENTS

- 1** Executive summary
- 3** Introduction
- 4** Assessment of policy & regulatory environment on non-timber forest products (NTFPs)
- 5** Key stakeholders and institutional actors
- 9** Assessment of policies and regulations
- 17** Case studies on community forest NTFP enterprise
- 18** Recommendations
- 19** References

EXECUTIVE SUMMARY

The paper aims to provide a policy and institutional review and assess existing policies and regulatory environment on non-timber forest products (NTFPs) in Cambodia.

Eighty-five percent of Cambodian people depend on agriculture, timber, and non-timber forest products for their subsistence. NTFPs are used by most communities as food sources, medicines, building materials or materials for creating other products. Cambodia's overall policy vision governing forest resources including management, utilization, and conservation of NTFPs is articulated in the the National Forest Program (2010-2029), supported by key policy frameworks and regulations relevant to forestry, protected areas, community forestry, community protected area and land. Forest land ownership in Cambodia has implications on rights to use and manage forest resources, including NTFPs.

The assessment of the policies and regulations was conducted using 7 key criteria and the findings are presented below:

A. Community access to NTFPs for harvest, utilization, production, and management

Cambodian policy frameworks (e.g. forestry, community forestry management, protected areas) recognize a broad spectrum of tenure rights ranging from statutory to customary, and tenure holders vary from individual to collective and from local communities to indigenous peoples (IPs). The law is clear on the non-restriction and interference by the State and concessions on the exercise of customary rights. These policy frameworks provide several opportunities for the indigenous peoples and local communities (IPLCs) to ensure their traditional use rights over the land. However, the operational meaning of customary user rights and traditional use of NTFPs is still not defined. The full economic benefits from the community forestry areas are not realized because the procedure to have community forestry is lengthy and complicated and rights are limited. In protected areas, user rights are also limited. Further, existing policies on community access to NTFPs could be disabling rather than enabling community enterprises and is geared towards success of the private industrial forest concessions.

B. NTFP transport and trade

There are supportive policies for improving livelihood of forest-dependent communities, and a policy framework, e.g. the National Forest Program that tackles poverty alleviation through improved livelihood and employment as a primary national objective. However, there are conflicting policies on the rights to harvest, collect and trade NTFPs for local communities. These policy inconsistencies at harvest and transport stages create misinterpretation and confusion. In terms of export or trade outside the country, the tedious policies and process that are currently in place are beyond reach for most community forestry enterprises and often hampers access to transport and trade and scaling up community forestry enterprises. The existing framework and policies also do not include support for commercialization of NTFPs and local capacity development.

C. Recognition and protection of indigenous knowledge, systems and practices on NTFP use and management

There are policies that recognize rights of IPs and their knowledge systems and practices such as the Land Law (2001), but implementation is problematic especially if these rights are pegged with more powerful interests such as concessions as exemplified by the case in the Mondulhiri Protected Forest, where resin tapping is an important economic activity for more than 40% of the people but logged by concessionaires. Situations like this is further exacerbated by the absence of a system that ensures a record of tenure rights and absence of business and human rights principles in practice.

D. NTFP value addition/processing

The NFP reports that local forest product development and marketing is limited and there is a need to create an enabling environment to add value to forest products and create local jobs. There is a sub-program on forest product development and market promotion where the identified means of implementation is a working group set up by the Forest Administration to coordinate activities and cooperate with development partners, NGOs, private sector,

and local community involved in forest product development. A study of NTFPs in the Central and Eastern Cambodia listed key issues on NTFP value chain that needs to be worked on such as complicated legislation on NTFP extraction, access to transportation, cost of processing transport permits and other royalties that led to increase in illegal transport of products, and a lack of market channel and market demand information.

E. NTFP financing

The subsector on forest products has identified the following relevant indicators as crucial for sustainable financing: revenue from forest being reinvested into the sector, and benefits and income from CF activities, including income from sales of forest products. However, there were no reports available for this study to determine how this has been implemented so far. On the other hand, Small and Medium Enterprises (SMEs) have reported to have limited access to finance. Despite high liquidity in the banking sector, many banks find it difficult to give out loans to entrepreneurs in the SME sector due to the thought of their financial records being too poor or the lack of information on whether would-be borrowers have repaid loans and have too much debt. There has also been a relatively weak legal system in place regarding loans with SMEs that make the whole procedure an uncertain one. Given these reports, it can be deduced that micro-small enterprises where most of the NTFP community-based enterprises (CBEs) are categorized, are facing even more challenges about financing than SMEs.

F. investments and partnerships for NTFP development and micro, small and medium enterprises (MSMEs)

There is an existing enabling policy to foster and support entrepreneurship. Tax incentives for SMEs are in place, but entails submission and processing of voluminous requirements, which looks daunting for the more micro-small NTFP community-based enterprises (CBEs).

Given the aforementioned analysis and findings, this review recommends the following: (1) Secure clear rights of forest dependent communities to forest resources and NTFPs and clear procedure to be undertaken in cases of conflicting rights to resource use; (2) Expansion of community tenure and traditional rights need simplified application and requirement process. There should be supportive policies and guidelines in place to simplify the process of CF legalization and applications for CF and community-protected areas; (3) Establish clarity on what is customary use and set clear indicators when harvest of NTFPs reaches the level of commercialization in terms of volume and kind, as well as when forest charges and taxation comes in; and (4) Develop a more expansive and inclusive policy and corresponding program that supports enterprise development, value addition, product quality, production system, investment and financing, and technology related to NTFPs with greater attention to benefit micro-small NTFP community enterprises and address their challenges.



Woman CF member of O'kreng, Kratie tapping solid resin
Photo: NTFP-EP Cambodia

INTRODUCTION

Cambodia is a country in Southeast Asia sharing the borders with Vietnam to the east, Laos to the north, Thailand to the west, and the ocean coast to the Southwest.¹ The government system is a parliamentary democracy with a constitutional monarch. It has an estimated 2019 population at 16.49 million, this five million more than its 1998 population. The country had a civil war and genocide, hence at present, 50% of the population is under 22 years old.²

The major drivers of the economy are the garments, construction real estate, tourism and agriculture. Major products are Garments, Fisheries Products, Rubber, which goes to the United States (34%), Hong Kong (16%), Singapore (7%), Germany (6%), United Kingdom (6%).³ Cambodia's import Trading Countries: Singapore (26%), China (22%), Hong Kong (14%), Thailand (12%), Viet Nam (5%). According to the export data of Cambodia, shoe and garment sectors, account for 70% of the country's total exports while rice, sugar and rubber, accounts only 20%. The SMEs cannot even reach 10% of the export market.⁴ According to a report by the Cambodian government's, 97% of all enterprises in Cambodia are micro-sized and these microenterprises are the main employers of the country, they generate only 30% of the formal jobs and 12% of the country's total turnover. A few large enterprises generate 76% of the total turnover and 63% of the formal jobs.

In terms of forest area, Cambodia has 9.45 million hectares (FAO 2015) covering 53% of the country's total territory. Approximately 30% of Cambodia's surface may be considered as wetland. The country targets to increase forest cover to 60% by 2030. Forest land has been gradually declining over the last two decades mainly as a result of land conversion and expansion of agriculture and in the 1990s the demand for construction wood. In 1999, Hong Kong was the largest importer of forest products with a total figure of approximately 39,100 m³ or 42% of all processed forest products exported. In 2000 and 2001, the largest importer was China followed by Taiwan.⁵

Forest management is under the jurisdiction of the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Environment. Ministry of Environment has expanded the size of the protected



areas and biodiversity conservation corridor from just 3.2 million ha to 7.5 million ha in 2016 or about 41% of the country's total land area in 2016. Cambodia is targeting to have 23% of its forest area covered by community based forest management/ social forestry areas by 2029. (FAO Forestry Outlook, 2019). Cambodia is reported to have designated 0.46 Million hectares of land for indigenous peoples and local communities (RRI).

According to the 2009 National Institute of Statistics around 72% of Cambodian enterprises are family-run businesses with one to three employees. In 2011, there were a total of 505,134 enterprises but only 3.5% were registered by the Ministry of Commerce, this means the majority of enterprises are in the informal sector, preventing them having access to finance provided by formal financial institutions like banks and other support services. As a result, MSMEs rely on personal savings and informal sources of finance to start or expand their businesses.⁶

Eighty-five percent of the Cambodian people depend on agriculture and wood and non-wood forest products for their subsistence.⁷ NTFPs are used by most communities as food sources (honey, mushrooms, nuts, wild fruit, edible leaves, wild potatoes, rattan and bamboo shoots), as medicines (honey and seeds) and as building materials (rattan and bamboo) or materials for creating other products (resin) (NTFP Primer).

1 <http://www.cambodia.org/facts>

2 Ibid.

3 Ibid.

4 Roth Vathana. 2014. Understanding SME Policy Environment in ASEAN. Development Research Forum Policy Brief No. 7. Phnom Penh: CDRI.

5 <http://www.fao.org/3/ac778e/AC778E09.htm>

6 Cambodia's Small Businesses Serve as Backbone of Sustainable Economy (2013) <https://asiafoundation.org/2013/05/15/cambodias-small-businesses-serve-as-backbone-of-sustainable-economy>

7 <http://www.fao.org/3/ac778e/AC778E09.htm>

ASSESSMENT OF POLICY & REGULATORY ENVIRONMENT ON NON-TIMBER FOREST PRODUCTS (NTFPs)

NTFP policy and regulatory framework: Key policies and regulations related to the sustainable utilization, production, processing, management and trade of NTFPs

The overall policy vision governing forest resources including management, utilization and conservation of NTFPs is found under the National Forest Program, NFP (2010-2029). The importance of forest resources is emphasized in the NFP to “provide optimum contribution to equitable macro-economic growth and poverty alleviation particularly in rural areas through conservation and sustainable forest management, with active participation of all stakeholders” and with one of the strategic directions towards an improved livelihoods, employment and economy in the forestry sector. The NFP supports the collection and processing of non-timber forest products by using efficient methods and technology in order to enable rural people to participate in their socio-economic activities, and relevant to this is the support of the NFP for the development of “viable small and medium rural enterprises that add value to forest products making direct contribution toward self-sustained community forest management models”. The National Forest Program vision’s is supported by key policy frameworks and regulations embodied in the **Forestry Law (2002)** and the **Guidelines on Community Forestry (2006)** the **Law on Protected Areas (2008)** and the **Guidelines on Community Protected Area and the Land Law (2001)**. For Indigenous peoples residing in forest areas the National Policy on Development of Indigenous People, Policy on the Registration and Right to Use of Land of Indigenous Communities and the Sub-Decree on the Procedure of Registration of Land of Indigenous Communities are enabling policies achieving sustainable community forestry enterprises. A draft **Environmental Code** will also provide an additional framework for an improved environmental management policy measures covering land-use, environmental degradation and environmental safeguards etc. On the aspect of forest business, there are laws

on the administration of handicraft, commercial enterprises and intellectual property rights, providing minimum level of support for forest enterprises.

NTFPs are forest resources within the forest lands, hence, an understanding of the underpinnings on forest land ownership has implications on rights to use and manage such resources. The Government owns the forest land in Cambodia but it recognizes prescribed access and use rights of local and indigenous communities.

Cambodia’s forest has two kinds of ownership: **State forest** and **private forest**. State forest is permanent forest reserve. Private forests are so limited that they are not yet registered, but private forest owners have full user rights, including

Forest landscape in Changkransroy CF
Photo: NTFP-EP Cambodia



harvesting and selling of trees and NTFPs (MAFF, 2010). In the National Forest Program, Cambodia classifies the Permanent Forest Estate according to forest functions into three major kinds: Production, protection and conversion forests. First, the production forests are reservation for timber and non-timber forest products (NTFPs), where conservation is a second priority. Under the Production forest are the Forest concessions, Forest production other form of forest concessions, Rehabilitated forest, Forest reserved for reforestation and tree plantations, Forest reserved for seed, Degraded forest, Community forest with legal agreement, Forests extension and rehabilitate station. On the other hand, Protection forests are forests managed for environmental services, biodiversity protection and natural resource conservation. Protection forests include the Forests reserved for special areas (Prevent climate change); Forests for research; Forests protecting water supply; Forests for watershed protection; Forests for wildlife conservation; Forests conservation for hunting game; Forests for genetic conservation and seed ; Forest for biodiversity conservation; Forests for resist desertification; Forests for eco-tourism; Botanical gardens; Wildlife reserve center Forests for wildlife biological rehabilitate; Wildlife corridor forest; Spiritual forests. The third type of forests is the Conversion forests or forest for other development purposes. Conversion forest is non-forest cover and have been classified as permanent forest reserve which the government plans to use for other development purposes, especially for declare as social land concession. Starting in 1988, the Government adopted a number of laws, policies and instruments relating to forest concession planning and management. In the early 1990's, the Government decided to introduce private industrial forest concessions as the main instrument of commercial forest management in the country.

The NFP recognized the significant value provided by NTFPs (including fuel-wood, charcoal, medical plants, wildlife) but these have not been estimated. The most important NTFPs for communities are resin, rattan, bamboo, honey, mushrooms, nuts, wild fruit, edible leaves, wild potatoes. The economic importance of forest resources and NTFPs in the country is seen in a recent statement issued in a workshop organized by the Cambodian Ministry of Environment, Non-Timber Forest Products – Exchange Program (NTFP–EP), the World-Wide Fund for Nature, and the Wildlife Conservation Society, where it states that about 68% of total rural households across Cambodia relied on forest resources for their livelihood activities.⁸

There are a number of key legislation and regulations covering NTFPs. In the Community Forestry law, forest by-products are defined as “products other than timber that are extracted from the forest including Non-Timber plant products, Wildlife prod-

ucts and services provided by forests” and that these products shall be determined by Prakas of Ministry of Agriculture, Forestry and Fisheries. This is referring to the Prakas No. 132 on Non-Timber Forest Products(2005) which defined NTFPs as “all forest resources that are not timber, including products from non-timber plants, wildlife, their processed products, and services from the forest.” (Article 1, Prakas No. 132)

The same Prakas classified NTFPs into 14 types:

1. Lower class wood, poles, and other non-timber used in traditional construction
2. Fuel wood
3. Bamboo, palm tree, rattan, liana
4. Medicinal plant/wood
5. Aromatic plant/wood
6. Resin/gum
7. Wax
8. Material producing dye or chemical substance
9. Edible plants
10. Ornamental plants
11. Wood for carving
12. Non-timber products for crafts
13. Wildlife products
14. Forest services

Forest services is defined as “services that utilizes the habitat and landscape in the permanent forest reserve for erosion protection, recreation, natural tourism An annex of the Prakas list over 900 different products identified as NTFPs per classification. The most traded NTFPs in the country are oleo resin, agarwood and bamboo (NTFP–EP standards study).

Within and around these forested areas lives Cambodia's Indigenous Peoples, an estimated 24 indigenous people groups in the country constituting 2-3% of the national population or 400,000⁹ individuals. Cambodia is a signatory of the United Nations Declaration on the Rights of Indigenous People (UNDRIP) and has passed significant laws and policies such as National Policy on Development of Indigenous Minorities, the Policy on Registration and Right to Use of Land of Indigenous Communities and Sub-Decree on Procedures of Registration of Land of Indigenous Communities, where the government has affirmed legal protection of Indigenous Peoples' customary rights, cultural traditions, use of community forests including harvesting rights, reforestation, the conservation of natural resources and forest protection. More recently, a strategic plan for indigenous people development and conservation has also been drafted. However, weak enforcement, lack of information and support coupled with prioritization of large scale developments over community based initiatives undermines the ability and chances of the Indigenous people to get collective title and enjoy the rights afforded to them by the Land law and other relevant policies for the protection of indigenous

8 http://www.xinhuanet.com/english/2019-06/10/c_138131010.htm

9 International Work Group for Indigenous Affairs (IWGIA). The Indigenous World: Cambodia. IWGIA, 2018 can be accessed through <https://www.iwgia.org/images/documents/indigenous-world/indigenous-world-2018.pdf>

peoples.¹⁰ The expanding areas under the Economic Land Concessions are seen as the biggest threat to the livelihoods of indigenous communities.¹¹

While these are enabling policies for community forest enterprises, the guidelines for CF application and the registration process of indigenous communal lands are tedious and too technical for communities. Support from extension workers, NGOs or third parties and non-state actors are needed. Generally, most of the policies impacting the community (CF, CPA, communal land titling) do not provide time frame for government bodies to review, process, and approve application documents, which can be a cause of frustration.

The **Protected Area Law (2008)** provides the legal foundation for identifying the zones in the PA system to ensure: (1) effective management of the individual zones and adequate protection of areas with high conservation values; (2) sustainable use of the areas with less ecological values but high economic value; and (3) inclusive participation and benefits for local communities and indigenous ethnic minorities. Under the law, there are eight categories of natural protected areas and the protected areas have four zones, namely **core zone, conservation zone, sustainable use zone** and **community zone**.

In **Conservation Zone**, the small-scale community uses of non-timber forest products (NTFPs) to support local ethnic minorities' livelihood may be allowed under strict control, provided that they do not present serious adverse impacts on biodiversity within the zone.

In the **Sustainable Use Zone**, management area(s) of high economic values for national economic development and management, and conservation of the protected area(s) itself but without changing the natu-

ral characteristics of the natural resources. This zone should be managed for improving livelihood of local community and indigenous ethnic minorities but this law also stipulates that a permit for development and investment activities can be issued with the request from the Ministry of Environment. The issuance must be done after consultation with relevant ministries and institutions, local authorities, and local communities in accordance with relevant laws and procedures. An enumeration of the use of the sustainable zone includes preservation of the natural culture and heritage, wildlife, ecotourism and leisure, necessary infrastructures hydropower and area for harvesting of plant resins in the protected areas and nearby.

Lastly, the **Community Zone** is allotted for the socio-economic development of the local communities and indigenous ethnic minorities and may contain existing residential lands, paddy field and field garden or shifting cultivation. It is also stated that issuing land title or permission to use land in this zone shall have prior agreement from the Ministry of Environment in accordance with the Land Law, and that management for non-local use shall not be allowed.

Note that while the Protected Area law and the Zoning Guidelines provides indigenous peoples with user rights but it is only on specific "sustainable use zones" or "Community Protected Areas or CPA" determined by the Ministry of Environment. In addition MOE specifies that "local communities and indigenous people cannot obtain land title over farm land in community protected areas. While the law also states that the process of zoning shall respect the right for traditional use of the natural resources by the local communities and indigenous people according to their customary practices, belief, and religion, how these process are implemented and if it safeguards traditional occupations of local communities in protected areas need to be determined.



Woman CF member of
Thlok Russey, Kampong
Thom waving rattan
handicraft
Photo: NTFP-EP
Cambodia

¹⁰ Report, FAO tenure study

¹¹ <https://www.ngoforum.org.kh/indigenous-people-rights-project/>

KEY STAKEHOLDERS AND INSTITUTIONAL ACTORS

Forests are managed by various agencies under the Ministry of Agriculture, Forestry and Fisheries (MAFF) and the Ministry of Environment (MOE). In general, the Forestry Administration under the MAFF is the responsible government agency for forests, with the exception such as mangroves and inundated forests which is under the Fisheries Administration within the same ministry. Rubber plantations inside, and often counted as part of permanent forest estate, are managed by the General Department of Rubber Plantations, also within MAFF. Other forest areas like protected areas, wildlife sanctuary, national park and Ramsar sites are under the MOE.

On NTFPs, the Forest Administration, is responsible for issuing all permits for use, harvest and transport of NTFPs (Chapter 7, Forestry Law). This mandate carries with the following:

- Permit to set annual harvesting quotas for forest products and by-products;
- Permit to harvest of forest products and by-products;
- Permit for transport quotas of forest products and by-products;
- Permit to transport of forest products and by-products;
- Permit for use of forests;

- Prakas to establish a forestry industry, sawmill, or forest products and by-products, processing facility;
- Permit to establish a stock place to sell, distribute forest products and by-products;
- Permit to establish all types of kilns that use forest products and by-products as raw material;
- Export quota for forest products & by-products; and
- Export and Import Permits for forest products and by-products.

On the other hand, the Minister of Agriculture, Forestry and Fisheries under Ministry of Agriculture Forestry and Fisheries approves the following:

- Permits to set harvest quota for a concession and a production forest not under concession;
- Import-Export quota for forest products & by-products, following the approval of the Royal Government of Cambodia;
- Permits for activities in the permanent forest reserve; and
- Prakas to establish a medium and large-scale of forest industry, sawmills, and forest products & by-products processing facilities.

Once the Application is approved, the Council of Ministers or MAFF will decide on a quota for export/import, which is valid for one year.

Agencies and institutions involved in NTFP development and management

AGENCY/STAKEHOLDER	ROLE IN NTFP DEVELOPMENT AND MANAGEMENT
Ministry of Environment (MOE)	Manages and responsible for the near protected areas; have the right to traditional uses of natural resources, local customs, beliefs, and religions within a sustainable use zone defined by the MOE. They have the right to establish their own regulations for the community protected area. These regulations need to be recognized by local authorities and the Department of Nature Conservation and Protection/ Community Protected Area Development Office of the Ministry of Environment
Ministry of Commerce Department of Domestic Trade (TD)	Ministry of Commerce serves as the registry for NTFP enterprises trademarks, once approved issues a certificate of registration to the applicant and publishes the mark in the Official Gazette of the Ministry of Commerce
Department of Intellectual Property (DIP)	The DIP is where application for intellectual property rights are processed such as trademarks.

AGENCY/STAKEHOLDER	ROLE IN NTFP DEVELOPMENT AND MANAGEMENT
<p>Ministry of Industry and Handicrafts</p> <p>Department of SMEs</p> <p>Department of Handicrafts, Department of SME Planning and Promotion</p>	<ul style="list-style-type: none"> • Oversee small and medium enterprises, including their registration and primary implementer of the Law on the Administration of Factories and Handicrafts • Article 23 of the Law on the Administration of Factories and Handicrafts requires that any business involving creation of handicrafts, furniture and musical instruments has to register his business to the ministry within 7 days or else will be fined.
<p>Local governments</p>	<p>They can provide enabling conditions for community forestry enterprises to thrive.</p>
<p>Council for Agriculture Community Policy</p> <p>Department of Agricultural Community Development</p>	<p>They oversee cooperatives and provide support programs for them.</p>
<p>Business federations for small and medium business entrepreneurs</p>	<ul style="list-style-type: none"> • Examples are the Federation of Association of small and Medium Business; Young entrepreneurs association of Cambodia and Cambodia Women Entrepreneurs Association. • There is also the Rattan Association of Cambodia, established in 2009 as an independent, non-political organization. It has a membership of eight small and medium-sized rattan enterprises. It was established at the request of rattan producers, so they could join forces to improve the supply of raw materials, increase production, and gain access to regional and international markets.
<p>Civil Society</p>	<p>Sets the public arena for collective action around shared interests, purposes and values and ensures pluralism through advocacy, assistance in management, and monitoring and evaluation. NGOs will also assist implementation, advocacy and monitoring and evaluation of NTFPs and other related forest programs. Examples are the NTFP Exchange Programme – Cambodia, NGO Forum in Cambodia, and Worldwide Fund for Nature (WWF).</p>
<p>Private Sector</p>	<p>Financing and investment, job creation, income generation, management and planning per NTFP</p>
<p>Community NTFP Enterprises</p>	<p>Organized communities doing business primarily selling NTFPs or derivatives from NTFPs. Examples are Mondulkiri Forest Venture, resin traing, rattan craft community enterprises, and the Cambodian Federation for Bee Conservation and Community-based Wild Honey Enterprises (CBHE), national honey network founded in June 2010 by representatives of 16 wild honey enterprises.</p>

ASSESSMENT OF POLICIES AND REGULATIONS

From the policy and institutional scoping in the previous section, we can conclude that there are a number of policies and regulation on NTFPs , which has its own strength and weakness as well as provides for more opportunities in the sector. In this section, these scattered policies are analyzed based on how they provide an enabling policy environment for community forestry enterprises or the opposite -- endangering their local livelihood, traditions and sustainable resource management practices.

Assessment of the policies and regulations, its strengths, weaknesses, opportunities and gaps will be around these criteria:

- I. Community access to NTFPs for harvest, utilization, production and management
- II. NTFP transport and trade
- III. Recognition and protection of indigenous knowledge, systems and practices on NTFP use and management
- IV. NTFP value addition / processing
- V. NTFP financing
- VI. Investments and partnerships for NTFP development and micro, small and medium enterprises (MSMEs)

I. Community access to NTFPs for harvest, utilization, production and management

Regulations on community access to NTFPs are found in policy frameworks on land and natural resource management. A FAO Tenure study (2016) observed that Cambodian policy frameworks recognize a broad spectrum of tenure rights ranging from statutory to customary, and tenure holders vary from individual to collective and from local community to the group of IPs.

The Forestry Law and the Law on Protected Areas laid down the basic regulations on the use, harvest, transport, and, to some extent, commercialization of NTFPs by local communities living near the forests and PAs. Under Art. 40 of the Forestry Law, for local communities living within or near the permanent forest reserves (production forest, protection forest, and conversion forestland), the State shall recognize and ensure their traditional use rights for the purpose of traditional customs, beliefs, culture, and religions:

1. The collection of deadwood, picking wild fruit, and collecting honey, resin, and other forest by-products;
2. Using timber to build houses, stables for animals, and fences and to make agricultural instruments;
3. Grass cutting or unleashing livestock to graze within the forests;
4. Using other forest products and by-products consistent with traditional family use; and
5. The right to barter or sell forest by-products shall not require a permit if those activities do not cause significant threat to the sustainability of the forest. The customers or any third party who has collected forest by-products from local communities with the purposes of trade, in a manner consistent with the provisions of this law, shall have the permit for forest by-products transportation after royalty and premium payments.

Woman CF member of Choampich, Koh Han collecting firewood
Photo: NTFP-EP
Cambodia



The general rule is still state ownership of all forests and by products which includes NTFPs “All forests are property of the state, whether natural or planted, and only recognizes and ensures traditional user rights for the purpose of traditional customs, belief, religions and living (Article 40, Forestry law, 2002). However, local communities have customary user rights to collect forest products and by-products within the protection forest with minor impact of the forests, (Article 10, Forestry Law). Also, concessionaires shall have the right to manage and conduct forest products and by-products harvesting operations within their concession, while ensuring that the operation does not interfere with the exercise of customary user rights (Article 15, Forestry Law). The law is clear on the non-restriction and interference by the State and concessions on the exercise of customary rights. However, operational meaning of customary user rights and traditional use on NTFPs is not defined. The ambiguity is breeding ground for bribery, informal fees and disincentives to conducting business legally.

Community can formalize access and management rights by applying for community forestry (15 years) and forming community PA where rights of communities to access, harvest manage NTFPs are recognized and protected (Article 21-27, PA Law), except core zones. However, the procedure to have community forestry is lengthy and complicated. Also, the rights enshrined in favour of the forest-dependent community is limited; hence, the economic benefits from the forests could not be fully realized. In addition, the basic policy on duration of CF at 15 years with possibility of extension is too short to start up and develop community enterprises, economically benefit communities and contribute to the overall goal of sustainable forest management. There has also been reported problems that areas awarded as part of CF are degraded. The degraded condition of forests awarded to CF limit potential to generate greater economic benefits of many forests to support livelihoods.

While the Protected Area Law provides indigenous peoples with user rights, it is only on specific “sustainable use zones” or “Community Protected Areas or CPA” determined by the Ministry of Environment. In addition MOE specifies that “local communities and indigenous people cannot obtain land title over farm land in community protected areas.

Within community forestry, local communities are allowed to use forest products and by-products for subsistence use based on their customary practices without having to acquire special permits (Articles 2 and 40, Forestry Law). However, in order to exploit forest products commercially by the communities,

they must comply with the terms of the Community Forest Management Plan and acquire a permit in advance (Articles 25–27, 43, and 44, Forestry Law).

A Sub Decree Community Forestry Management (CFM, 2003) provides for the establishment, management and use of community forests throughout Cambodia. The main responsibilities of the community is to laid down such as participate in forest resources management; monitor the use of community forest resources by secondary users; participate in conserving, protecting and planting the forest to ensure the sustainability of forest resources and environment, amongst others. Article 12 of the Sub Decree states that Communities under a Community Forest Agreement may harvest, process, transport and sell forest products and NTFPs in accordance with the following conditions:

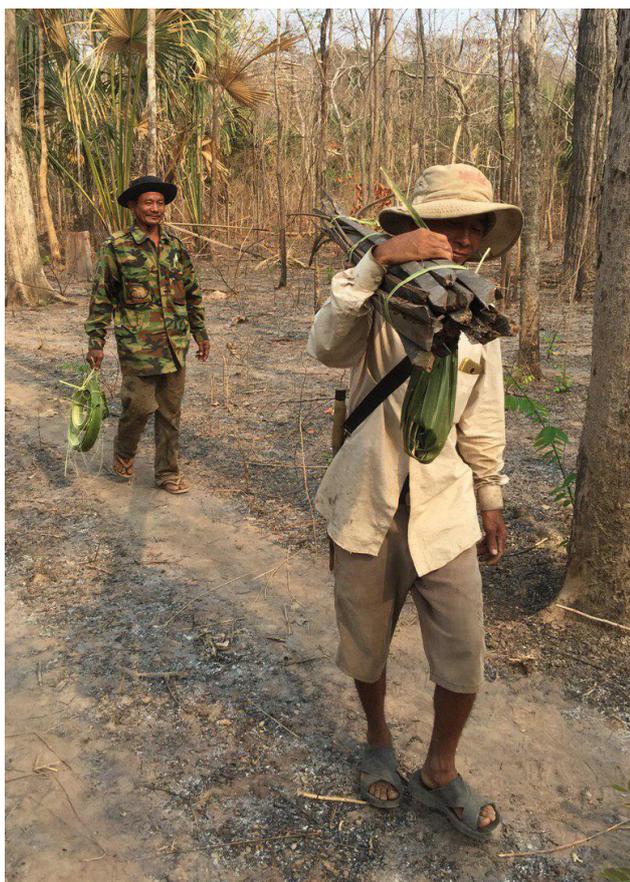
- Harvest of forest products for selling or bartering shall not be allowed within the first five years of approval of the Community Forest Management Plan.
- If the Community Forestry has been operating with a Community Forest Management Plan prior to the passage of this Sub-Decree, then the moratorium on harvesting forest products shall be considered from the date of approval on that Community Forest Management Plan; and
- Payment of any required royalties or premiums on forest products and NTFPs as prescribed in Article 55 of Forestry Law.

There is also a requirement of a community management plan is potential safeguards against unsustainable NTFP practices and Community can sell of NTFP five years after the approval of management plan. There are number of opportunities provided by these policies. First, the community management plan can be expanded to include NTFP management plans or simple c farm plans/ regeneration plans for NTFPs. Second, while at first look this curtails enterprise development, the non-transferability of traditional user rights of local community to third party, even with mutual agreement or under contract, promotes community-based enterprises.

However, overall, existing policies on community access to NTFPs are disabling community enterprises and is geared towards success of the private industrial forest concessions, which remains the main instrument of commercial forest management in Cambodia. Forest concessions at 30 years with extension, compared to 15 years of CF with renewal dependent upon community performance in managing the forests. The criteria are subject to power relations and influence peddling.

II. NTFP transport and trade

The country's policy framework on forestry, the National Forest Program emphasized poverty alleviation through improved livelihood and employment as the primary national objective. The NFP envisioned increased employment through implementation of sustainable forest based activities, such as tending plantings, rehabilitation, silviculture techniques and Non-Timber Forest Products (NTFP) production, and support to the development of viable small and medium scale rural enterprises that add value to forest products in a competitive, cost efficient manner. The NFP also stated the great potential for adding value to timber and NTFPs currently used directly or sold in unprocessed forms. For forest dependent communities, very few supportive regulations, policies and programs are currently in place to realize this objective.



CF member of Chheb Lech, Preah Vihear harvesting talipot palm
Photo: NTFP-EP
Cambodia

The legal framework for local communities to collect and trade NTFPs from community forests (CF) has been recognized in Forestry Law and the Sub-Decree No. 79 (2003). The local communities who collect and sell NTFPs from State Forests under customary user rights, as per Article 53 of the Forestry Law (2002), are not required to pay royalties or premiums for commercial or subsistence use. However, the Sub-Decree on Community Forestry Management (Article 12), passed in 2003, states that the royalties and premiums, in terms of the right to harvest, process, transport and sell NTFPs, are payable as outlined in article 55 of the Forestry Law. Inconsistent policies at harvest and transport stages create misinterpretation and confusion.

In Article 11, Sub-Decree on CF enumerated the user rights of CF community members and one is the "rights to barter, process, transport and sell NTFPs as described in Article 40(B) in Point 5 of the Forestry Law". The right to barter or sell forest by-products shall not require the permit, if those activities do not cause significant threat to the sustainability of the forest. But for customers or any third party who has collected forest by-products from local communities with purposes of trade requires permit for forest by-products. Permit will be issued after royalty and premium payments. All royalty payment for forest and by products (and NTFPs) must be made before the

product can be transferred to a third party. The Forestry Administration has the right to seize products should the permit holder not pay royalties and premiums by the agreed date. Prospective permit holders must pay a deposit to guarantee payment of royalties, though community forests under a community forest agreement are not required to provide a deposit. The latter one of the supportive policy measures for community forestry enterprises in Cambodia, among a number of prevailing rules and procedures for the commercialization of NTFPs: **Articles 25 and 26 of the 2002 Forestry Law; articles 12 and 13 of the 2003 Sub-Decree on Community Forestry; Prakas No. 132 (Guidelines) on Non-Timber Forest Products (2005); and the Administrative Circular No. 430 on Formal Fee Rate Determination for Non-Timber Forest Products.**

In terms of trade outside the country, it is governed by **Sub-Decree No. 131 on Forest and Non-Timber Forest Products Allowed for Export and Import (2006)** which requires license from the Ministry of Commerce and with authorization from the Chief of Forest Administration. There are

exemptions such as the “export of processed timber or non-timber forest products following traditional style at family or tourist scales are allowed without requirement of export license, and transportation permit issued by Head of Forestry Administration”. (Unofficial translation, Sub-Decree No. 131 (RGC) pg. 2). This sub-decree lists 23 kinds of NTFPs that are allowed for export (e.g. furniture, wood-carving products, household items and the like), as well as those which are prohibited. The sub-decree notes that taxes need to be paid for the export and import according to existing tax laws. **Sub-Decree 208 (2011)** lists commercial NTFP products for import and export such as rattan, bamboo and other produced on a commercial scale.

To be able to export or import NTFPs, one must first submit an Application Form (AF) to the Forestry Administration (Ministry of Agriculture Forestry and Fisheries), together with other documents such as packing lists, invoices, buying-selling contracts, the legal identity of client, power of attorney, and the like. The Forestry Administration considers the Application and submits its recommendation to the Ministry of Agriculture, Forestry and Fisheries for its decision. MAFF may make a decision, or further consult the Council of Ministers. Once the Application is approved, the Council of Ministers or MAFF will decide on a quota for export/import, which is valid for one year. After the quota is received, the person who wants to export/import needs to apply for a license to export/import, which will be issued by the Ministry of Commerce, with a visa by the head of the Forestry

Administration. A transportation permit to and from ports must also be requested from the FA before the NTFPs can be moved. While the procedure is laid down, it is a process that is beyond the reach of most community forestry enterprises, a trader or broker will likely be needed to avail of this opportunity. Over-all, administrative costs, including time, additional taxes and fees, the problems of bureaucracy, harassment, interference and potential for corruption of these trade regulations hampered access and scaling up for community forestry enterprises.

At the domestic level, opportunities for small and medium enterprise in the country is ever increasing such as easier registration (online) and accessible financing (microfinance) are happening.

The Forestry Law sets a framework to “ensure public participation in any government decision that has the potential for heavy impact on concerned general citizens, livelihoods of local communities and forest resources of the Kingdom of Cambodia.”¹² The national policy on IPs mandates government institutions to participate in the promotion of living standards and livelihood of IPs via development of all sectors.¹³ There is also recognition of secondary user rights where non-community members are inclusively entitled to harvest NTFPs traditionally within certain extents by following the community regulations or norms. The current policy framework is supportive of improving livelihoods of forest-dependent communities but did not include support for commercialization of NTFPs and local capacity development.

III. Recognition and protection of indigenous knowledge, systems and practices on ntfp use and management

Indigenous community in Cambodia is defined under the Land Law (2001) as a “group of people that resides in the territory of the Kingdom of Cambodia whose members manifest ethnic, social, cultural and economic unity and who practice a traditional lifestyle, and who cultivate the lands in their possession according to customary rules of collective use” (Section 23, Land Law). From the definition itself, it captures the indigenous peoples in relation to land only devoid of its relationships with the natural resources, forest resources and NTFPs around them. The latter are material bases of their culture and traditional occupations, and their community forestry enterprises. On the other hand, the word customary use, can be interpreted more broadly to include traditional or indigenous use, knowledge, systems and practices. A closer look at the provisions of the Land law shows that it recognizes land and immovable property, which includes immovable property by nature, by purpose. Immovable property by purpose means things fixed to the ground or incorporated into the constructions and which cannot be separated there from without damaging them or altering them, such as tree and decorative attachments, as well (Art. 2, Land Law).

Therefore, the Land Law interpreted together states that IP rights to lands (home lots and areas of traditional agriculture) where and immovable property such as immovable property by purpose (such as resin tree) are recognized. Moreover, Art. 28 of the same law states that

¹² Article 4, Forestry Law.

¹³ Chapter 1, No. 11, National Policy on Development of IPs.

“No authority outside the community may acquire any rights to immovable properties belonging to an indigenous community”. These “lands of indigenous communities include not only lands actually cultivated but also includes reserved necessary for the shifting of cultivation which is required by the agricultural methods they currently practice and which are recognized by the administrative authorities” (Article 25, 2nd paragraph, the Land Law). In effect, it can be deduced that in community IP lands, no concession rights for trees should be given out, especially trees with resins.

In addition, trees tapped for resin are prohibited to be felled based on Article 17 of Cambodia’s current forest law, but there has been reports of logging concessionaires violating ignoring this.¹⁴ Also, the Forest law requires concessionaires to have Long-term Management Plan for the entire forest concession, that each one should include local community plan showing how the concessions with comply with the recognition of rights of IP and local communities.

The National Policy on IPs endorsed in 2009 and implemented by the Ministry of Rural Development (MRD, 2009) recognizes, amongst others, indigenous property under the collective ownership category. Many IPs, like most Cambodians, do not have formal documentation of the land that they owned or possessed. The sub-decree on the Procedure of Registration of Land of Indigenous Communities attempts to address the problem and outlines the process for a community to be recognized and first register as legal entities as a prerequisite to being owners of their land. However, the process is reported to be complicated and lengthy. (FAO Tenure Study). The Land Law mandates that indigenous “communities” be recognized as legal entities prior to receiving collective title. However, the sub-decree on registration of land states that legal entity is required before that community may lodge an application. Also, obtaining legal recognition as a community is under the Ministry of Interior’s (MOI) jurisdiction. As a result, the requirement for recognition and registration of “indigenous” identity and legal entity becomes, by default, a decision of State authorities, and can be regarded as a direct violation of the rights of indigenous peoples to self-determination and to juridical personality.

In terms of NTFPs important for indigenous peoples, resin, honey and rattan are examples. Forest communities have traditionally used honey as medicine and also as food. Most villagers collected honey for family use, but as demand for honey has increased it is now collect honey for commercial purposes. As for resin has traditionally been used as raw material in making varnish, soap, leather, painting and sealing wax. It is also used in sealing boats, and as fuel for torches

used for lighting houses. Most communities have a traditional ownership system of resin trees which they recognize and respect. As for rattan, it is mostly sold raw, communities use rattan to tie water buffalo during spirit offerings and creates handicrafts.

NTFPs are also important to Traditional Khmer Medicine. It has been reported that over 800 types of plants representing 35% of the Cambodia’s native species are used in traditional medicines, with 80 of these plants species are prioritized for national conservation.¹⁵

In sum, there are policies that recognize rights of IPs and their knowledge systems and practices but implementation is problematic especially if these rights are pegged with more powerful interests such as concessions as exemplified by the case in the Mondulhiri Protected Forest, where resin tapping is an important economic activity for more than 40% of the people but logged by concessionaires.¹⁶ Situations like this is further exacerbated by the absence of a system that ensures record of tenure rights and absence of business and human rights principles in practice (FAO tenure study).

CF members of Changkranroy circling around a big tree as they do their patrolling work
Photo: NTFP-EP Cambodia



14 Resin tappers face extinction from illegal logging. <https://www.phnompenhpost.com/national/resin-tappers-face-extinction-illegal-logging>, Jan 2011

15 Traditional medicine systems in Cambodia , July 1, 20028. <https://www.traffic.org/publications/reports/healthy-living-wildlife-use-in-traditional-medicines-in-cambodia/>

16 http://cambodia.panda.org/projects_and_reports/sustainable_use/non_timber_forest_products/resin_collection/

IV. NTFP value addition /processing

In the Cambodia NTFP, there is a subprogram on forest product development and market promotion where the identified means of implementation is working group set by the Forest Administration to coordinate activities and cooperate with development partners, NGOs, private sector, and local community involved in forest product development. The Working group is to be led by the Department of Forest Industry and International Cooperation with the following roles and responsibility:

1. Develop a strategic plan and guidelines for the management of development of local level value addition of forest products, and promote markets
2. Lead a review of the legal framework and technical guidelines in accordance with the progress of the country and the development tendency of markets and participation of local people, private sector in timber product trade
3. Liaise with relevant private partners and NGOs who can assist local communities with the development of new niche products with a demand in national or international markets
4. Conduct mainstream training of local timber processing entrepreneurs especially local communities to effectively develop local processing enterprises for national and international markets
5. Develop systems to ensure that locally processed forest products meet national and international quality standards



Woman CF member of Krasang, Preah Vihear drying Talipot palm leaf
Photo: NTFP-EP Cambodia

One of the expected results from this subsector and group is an "enabling environment for sector and local community investments in post harvesting (downstream development), and processing of timber and non-timber forest products from sustainable sources are in place. The NFP reports that local forest product development and marketing is limited and there is a need to create an enabling environment to add value to forest products and create local jobs. This is linked with the introduction of a chain of custody of timber processing which lead to sustainable management of legal source of timber as well.

The study of NTFPs in the Central and Eastern Cambodia listed the following key issues which are important for the work done on NTFP value chains:

- a. Legislation supporting NTFP extraction by community forestry groups is complicated and some articles of the law contradict each other¹⁷;
- b. Transportation for access to markets is a key challenge for communities;
- c. Informal fees, royalties and the cost and difficulty of obtaining transport permits have encouraged many traders and collectors to avoid the regular routes to market and instead transport their products illegally; and
- d. Lack of information on market channels and demand. (Boissiere et al.,)

NTFPs processed as handicrafts has to comply with the Law on the Administration of Factories and Handicraft. The law requires that any business involving creation of handicrafts, furniture and musical instruments has to register his business to the ministry within seven (7) days or else will be fine (Article 23, Law on the Administration of Factories and Handicraft).

Value adding and processing of products derived from NTFPs can be protected under the Cambodian Trade Mark (2002). The Law provides trade mark owners the right to prevent others from using identical or confusingly similar marks for their own goods and services. Cambodia's Law on Geographical Indications was adopted in 2014, and includes the

¹⁷ Legislation includes the Community Forestry Law and Community Forestry Sub Decree.

definitions and procedures necessary to obtain a certificate. Currently, two Geographical Indications from Cambodia have been registered. (“Kampot Pepper” and “Kampong Speu Palm Sugar”). NTFP Producers group can be an applicant for a Geographical Indication.

V. NTFP financing

Sustainable financing is identified by the NFP to be achieved through the following sources: government financing, income from the forest sector, private sector and community forestry, donors and innovative schemes such as payment for environmental services and carbon credits. The subsector on forest products has identified the following relevant indicators as crucial for sustainable financing: revenue from forest being reinvested into the sector, benefits and income from CF activities, including income from sales of forest products. No reports are available on how this has been implemented so far.

Financing is generally dire in Cambodia but has been changing in recent years. In 2009, government data showed that under 8% of Cambodians engage with banks or microfinance institutions. SMEs have been reported to have limited access to finance. It follows that those engaging in NTFP enterprises who are classified as MSMEs are worse off than the SMEs. All community forest enterprises would likely fall under the category of MSMEs. The new Sub-decree¹⁸ defines small enterprises as businesses with an annual turnover from 250 to 700 million riels (\$62,500 to \$172,500) or with 10 to 50 employees while medium enterprises are defined as businesses with annual turnover from 700 million to 4,000 billion riels or with 51 to 100 employees.

Taking loans requires papers and processing time, not to mention the interest, so many entrepreneurs are discouraged or even unable to take out loans. It has been reported that despite high liquidity in the banking sector, many banks find it difficult to give out loans to entrepreneurs in the SME sector due to the thought of their financial records being too poor or the lack of information on whether would-be borrowers have repaid loans and have too much debt. There has also been a relatively weak legal system in place in regards to loans with SMEs that make the whole procedure a very uncertain one. To address this, Prime Minister Hun Sen launched in December 2017 a new state-owned bank, specially catered to SMEs. The bank which is similar to a rural development bank has an initial investment capital of \$100 million and will be catering to MSMEs, including community forestry enterprises. However, its accessibility and efficiency is yet to be seen.

All these strategies need to be fully translated into practice to genuinely support the livelihood of forest dependent communities and IPs.

VI. Investments and partnerships for NTFP development and MSMEs

Sub-Decree No. 17 (2018) defines small enterprises as businesses with an annual turnover from 250 million riels (\$62,500) to 700 million riels or with 10 to 50 employees while medium enterprises are defined as businesses with annual turnover from 700 million riels to 4,000 billion riels or with 51 to 100 employees. The same law has also mandated SMEs who wants to avail of a five-year SME tax exemption to use at least 60 per cent domestic raw materials, increase the number of employees by at least 20 per cent or be located in SME districts.

This new sub decree is an enabling policy to fostering and supporting entrepreneurship. A Ministry of Industry and Handicraft report states that Cambodia has a total of 155,745 registered SMEs that are creating

¹⁸ <http://aec.utcc.ac.th/cambodia-pm-signs-Sub-Decree-on-sme-tax-incentives>

more than one million jobs.¹⁹ The Sub-decree on SME tax incentives, signed by Prime Minister Hun Sen on October 2018, identifies priority sectors – agro-industry and food production and processing. But it looks like this requires a lot of requirements to avail, with the reports that the General Department of Taxation’s requires SMEs to submit legal certification demonstrating their business statuses and must submit business, financial and employee plans as well as commercial and labor agreements and their business locations to apply for tax exemption.²⁰

The new law defining business classification is likely to increase access finance, investment portfolios and partnerships. It could also bring in improved revenues which can be used for improved government services.

In terms of promoting investments in the NTFP sector, the Ministry of Industry and Handicrafts is key. The Ministry was created in 2013 to oversee Small and Medium Enterprises (SMEs) and was subsequently made solely responsible for the registration of SMEs. There is reported growth of registration when the Ministry of Industry and Handicrafts enhanced the one-window service and decentralized the system to the provinces, and also there is online registration through the Ministry of Commerce.

Article 23 of the Law on the Administration of Factories and Handicrafts, passed in 2006, covers the creation of handicrafts such as furniture and musical instruments, which communities make from rattan and bamboo. The law states that a person who starts a handicraft business needs to inform the local authorities and register his/her business within seven (7) days after the commencement of business operations. The local authorities being referred to here are the provincial or municipal offices of the Department of Industry and Handicrafts where a business is located. Failure to register a handicraft business or obtain permission from the Ministry is punishable by a fine, which can be between 500,000 and 5,000,000 riels.²¹

NTFP enterprises may also register as a company under the Law on Commercial Enterprises. The requirements are:

1. Deposit of legally required capital (4 million Khmer riels) in a bank, with proof of deposit;
2. Initial check for uniqueness of company name with the Intellectual Property Department of the Ministry of Commerce;
3. Approval of company name by the Business Registration Office of the Ministry of Commerce;

4. Publication of abstract of company documents (by-laws, memorandum, and articles of association) in a gazette. Applicants need to get written approval of publication from the gazette;
5. Incorporation of the company with the Business Registration Office of the Ministry of Commerce by filing of the following documents:
 - 5.1. Articles of association (3 copies plus original);
 - 5.2. Memorandum (3 copies plus original);
 - 5.3. Filled in registration forms (model) (3 copies);
 - 5.4. Copies of ID cards/passports of each company member (3 copies);
 - 5.5. 4 × 6 cm photo of each company member (3 copies);
 - 5.6. Reference letter from bank confirming deposit of minimum capital (original);
 - 5.7. Articles of incorporation (3 copies);
 - 5.8. Application for newspaper announcement (3 copies); and
 - 5.9. Declaration of non-guilt of directors (3 copies).
6. Making the company seal (issued by the Ministry of Commerce);
7. Registration documents stamped and approved by the Phnom Penh tax department (district office);
8. Register company for patent at the district tax office;
9. Register company for value added tax at the General Tax Department;
10. Tell Ministry of Labour about the start of operations and the hiring of employees; and
11. Receive an inspection from a labour inspector²²

These requirements look daunting to community enterprises and eternal support will be need to avail of these procedures. There are stories of successful partnerships such as of the women’s group supported by Akay group, an international spice company. Akay committed itself to women’s empowerment by employing women as spice farmers and collectors. In 2015, ADB invested \$16.5 million to help the Akay group expand its program within Cambodia and to increase women’s participation in contract farming to 50% in the country.

Finally, the Federation of Association of SMEs sees the free flow of imported products into the markets are hurting the smallholder SMES, and government support in this area is needed.

¹⁹ SMEs to boost the kingdom economy, November 2, 2018 can be accessed from <https://www.phnompenhpost.com/business/smes-set-boost-kingdoms-economy>

²⁰ SMEs bemoan government tax exemption requirement, February 14, 2019. The Phomn Penh Post, can be accessed from <https://www.phnompenhpost.com/business/smes-bemoan-government-tax-exemption-requirements>

²¹ Article 43, Law on the Administration of Factories and Handicrafts.

²² Primer on NTFPs in Cambodia. NTFP–EP Cambodia

CASE STUDIES ON COMMUNITY FOREST NTFP ENTERPRISE²³

Mondulkiri Forest Venture (MFV)

Mondulkiri Forest Venture (MFV), a community based NTFP enterprise engaged in retail and trade of wild honey and dipterocarp oleoresin; bamboo poles, bamboo waste products and finished bamboo products. The company manages a retail shop and a honey-packing center in Sen Monorom, the capital of the province. It is owned by 13 community-based NTFP-collector groups, composed of four honey groups, six resin groups and three bamboo groups found in nine local forest communities, covering over 31,329ha of forests, involving over 550 individuals. They function as cooperative with each of the 13 groups, represented by one member owns at least a share of MFV. The products traded by MFV are collected by its community shareholders from state forests close to their villages, where they have traditional access rights for subsistence and for livelihoods. The group members used to harvest and sell NTFPs individually but are now consolidating their efforts to supply NTFPs to MFV. The communities were mainly supplying raw, non-filtered oleoresins to traders and consolidators in the province until they entered a contract to supply filtered oleoresin to a company engaged by their support organizations. However in the end, the oleoresin buyer recently suspended its contract as it had not received its permit to transport. Another reason for the contract suspension was the inability of the community suppliers to meet volume and quality requirements. The contract was for 60,000kg but they only delivered 10,000kg.

Identified bottlenecks for operations of community forestry enterprise are the permitting, licensing and taxation requirements and in terms of legal framework, the weak enforcement of forest protection, with communities used as scapegoats for illegal logging. Operating the forest enterprise needs a registration which includes a license from the Ministry of Commerce and a license from the taxation department. MFV is obliged to pay taxes on a monthly or yearly basis to the provincial tax office, there are no laws that recognize social enterprises as a distinct type of business and incentives. In the end the community sees themselves as heavily dependent on external support groups as they do not have the capacity to process and procure the necessary permits needed for the business. On the internal side, the community struggles with internal capacities.

Cambodian Federation For Bee Conservation and Community-Based Wild Honey Enterprises (CBHE)

For many forest-dependent communities in Cambodia, wild honey is one of the top-harvested NTFPs both for subsistence and cash income. The latter representing up to a 40 per cent contribution to the household cash income. A successful community enterprise called Cambodian Federation for Bee Conservation and Community-Based Wild Honey Enterprises (CBHE) was founded as a national honey network founded 2010 by representatives of 16 wild honey enterprises. This was an offshoot of the project WWF and NTFP-EP co-organized. The purpose of the federation is to improve functions relating to sustainable harvesting techniques, production, honey delivery, membership expansion and quality control, and in particular to achieve economies of scale in honey production. Under existing forestry guidelines, the transportation of NTFPs needs permit from the Forestry Administration and along with this is the payment of required tax. In most instances, NTFP harvesting does not automatically trigger the permitting requirements if done in small scale. In the case of the wild honey enterprises, they benefited from this by being able to acquire a tax-free license from the Forestry Administration.

²³ Emmanuel Andaya, Mondulkiri Forest Venture (MFV). Securing the Future: Managing Risks and Building resilience among locally controlled forest business. Duncan Macqueen and Anna Bolin, editors. IIED

RECOMMENDATIONS

- 1. Secure clear rights of forest dependent communities to forest resources and NTFPs and clear procedure to be undertaken in cases of conflicting rights to resource use.**
 - Conduct land use mapping at the national level which includes a listing of the legitimate rights holders. This is key to avoid overlapping claims and tenure rights confusion. The MAFF can led a one tenure map of the country acceptable to all stakeholders.
- 2. Expansion of community tenure and traditional rights need simplified application and requirement process. There should be supportive policies and guidelines in place to simplify the process of CF legalization and applications for CF and community-protected areas.**
 - This includes addressing the issue of conflicting policies, which can be a joint regulation among key agencies on how forestry, land laws and regulations on indigenous peoples are interpreted.
 - There should be an indicative timeline for these processes especially in processing requirements for community forestry applications.
- 3. Establish clarity on what is customary use and set clear indicators when harvest of NTFPs reaches the level of commercialization in terms of volume and kind; as well as when forest charges and taxation comes in.**
 - Review of the tax system that covers community forestry enterprises, to ensure that these are suited to the level of community enterprises and does not act as a disincentive for start-up enterprises.
- 4. Develop a policy and corresponding program that supports enterprise development, value adding and product quality.**
 - Establish concrete regulations or prakas requiring forestry administration to capacitate community forestry groups on the characteristics and potentials for trade of key NTFPs around them. An awareness and information dissemination at the local level delivered in a community-friendly manner will be useful for them.
 - This includes improving people's awareness on NTFPs around them, on their uses and the economic opportunities these products present through existing forest programs, such as CF, REDD+ PES.
 - There is a need for enabling policies and capacity to strengthen small- and medium-sized forest-based enterprises (SMEs). Also consider the gender dimension in SMEs by providing incentives to women.
 - Recognizing the role private sector and NGOs are encouraged to "seed" capacity and technology development.
 - Encourage improved efficiency of extraction, technology and processing (increasing the value-chain), access to high-value markets to increase income domestic forest-based enterprises and crafts. Simple certification or labelling schemes recognized by government can assist in providing such an avenue.

REFERENCES

1. ASEAN Economic Community Strategy Center (2018). Cambodia: PM signs sub-decree on SME tax incentives. Available: <http://aec.utcc.ac.th/cambodia-pm-signs-Sub-Decree-on-sme-tax-incentives/>
2. Bolin, A. and Macqueen, D. (eds.) (2016) Securing the future: Managing risk and building resilience within locally controlled forest businesses. IIED, London. Available: <https://pubs.iied.org/pdfs/13587IIED.pdf>
3. Cambodia Information Center (2019). Country Profile of Cambodia. Available: <http://www.cambodia.org/facts/>
4. FAO (2002). National forest products statistics, Cambodia. An overview of forest products statistics in South and Southeast Asia. Edited by Qiang Ma and Jeremy S. Broadhead. Available: <http://www.fao.org/3/ac778e/AC778E09.htm>
5. Forestry Administration, Cambodia (2003). Law on Forestry 2002, Cambodia. Available: <http://extwprlegs1.fao.org/docs/pdf/cam50411.pdf>
6. International Work Group for Indigenous Affairs (IWGIA). (2019). The Indigenous World: Cambodia. Available: <https://www.iwgia.org/images/documents/indigenous-world/indigenous-world-2018.pdf>
7. Khut, Inserey (2013). Cambodia's Small Businesses Serve as Backbone of Sustainable Economy. INASIA, Insights and Analysis. Available: <https://asiafoundation.org/2013/05/15/cambodias-small-businesses-serve-as-backbone-of-sustainable-economy/>
8. Kingdom of Cambodia (2007). Law on Administration of Factory and Handicraft. Available: http://www.cambodiainvestment.gov.kh/wp-content/uploads/2011/09/Law-on-Administration-of-Factory-and-Handicraft_English_060623.pdf
9. NGO Forum on Cambodia (2013). Indigenous Peoples Rights Project. Available: <https://www.ngoforum.org.kh/indigenous-people-rights-project/>
10. NTFP-EP Cambodia (2017). Primer on NTFPs in Cambodia. Available: <https://ntfp.org/wp-content/uploads/2017/07/Primer-on-NTFPs-Cambodia.pdf>
11. Roth, Vathana (2014). Understanding SME Policy Environment in ASEAN. Development Research Forum Policy Brief No. 7. Phnom Penh: CDRI. Available: https://cdri.org.kh/wp-content/uploads/PolicyBrief7_SME_English.pdf
12. The Phnom Penh Post (2018). SMEs set to boost the Kingdom's economy. Available: <https://www.phnompenhpost.com/business/smes-set-boost-kingdoms-economy>
13. The Phnom Penh Post (2019). SMEs bemoan government tax exemption requirements. <https://www.phnompenhpost.com/business/smes-bemoan-government-tax-exemption-requirements>
14. Saroeun, Bou (2001). Resin tappers face extinction from illegal logging. Available: <https://www.phnompenhpost.com/national/resin-tappers-face-extinction-illegal-logging>
15. TRAFFIC (2008). Healthy living: wildlife use in traditional medicines in Cambodia. Available: <https://www.traffic.org/publications/reports/healthy-living-wildlife-use-in-traditional-medicines-in-cambodia/>
16. Xinhua (2019). Non-timber forest producers contribute to social, environmental protection in Cambodia: Conservationist groups. Edited by Shi Yinglun. Available: http://www.xinhuanet.com/english/2019-06/10/c_138131010.htm

ntfp.org