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The NGO Forum on Cambodia



non-timber
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Research Study Report on “The Feasibility of NTFP Commercialization And Supply Chain Management”



Phnom Penh, Cambodia

Research Study Report on “The Feasibility of NTFP Commercialization and Supply Chain Management”

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Acronyms

AAC	Artisan’s Association of Cambodia
CF	Community Forestry
CPA	Community Protected Area
CSO	Civil Society Organization
EC	European Commission
EMC	Emerging Markets Consulting
FA	Forestry Administration
IFC	International Finance Corporation.
FLEGT	Forest Law Enforcement, Governance, and Trade
IKEA	Ingvar Kamprad Elmtaryd Agunnaryd (Swedish, Furniture retail company)
INBAR	International Bamboo and Rattan Organization
LF	Law on Forestry
MAFF	Ministry of Agriculture, Forestry and Fisheries
MoC	Ministry of Commerce
MoE	Ministry of Environment
MoU	Memorandum of Understanding
MFV	Mondulkiri Forest Venture
NGO	Non-Governmental Organization
NGOF	NGO Forum on Cambodia
MRLG	Mekong Regional Land Governance
NTFP	Non-Timber Forest Products
NTFP-EP	Non-Timber Forest Products-Exchange Programme
RAC	Rattan & Bamboo Association of Cambodia
RGC	Royal Government of Cambodia
SIE	Self-Interested Entrepreneur
SDCFM	Sub-decree on Community Forestry Management
SIDA	Swedish International Development Agency
SIE	Self-Interested Entrepreneur
ToR	Term of Reference
USAID	US Agency for International Development
F4MF	Voices for Mekong Forests
WB	World Bank
WWF	World Wildlife Fund for Nature

Executive Summary

There have been a lot of and increasing markets both domestic and international levels for NTFP products; especially for the bamboo, due to environmental understanding, the wood getting rare, increasing prices, and customers want something new and different. Bamboos processed have a lot of potential commercial advantages for the markets as it can be used for a plenty of material that the world is using every day, such as housing material, baskets, furniture, papers, tissues, different containers and flyer woods for housing like floors, walls, etc.; besides from its beauty. While the rattans have become degrading, bamboos can be the alternative to them. The rattan is a fast growth tree as well. The CF/CPA NTFP enterprises can supply raw material, semi-products and finished products to the different buyers. However, for the international market, it is required a long-term commitment for exporting the NTFP products legally. Therefore, to respond to the-day-to-day need and situation, the focus right now should be supplying the needs and wants of the NTFP products in the domestic markets which have not yet been fulfilled, while the capacity and possibilities of export are still challenging at the present.

For the international markets, it is more practical for the CF/CPAs or the NTFP enterprises to supply raw material or some semi-products to local exporting companies or foreign investors’ companies. For the local markets, the CF/CPAs or the NTFP enterprise can supply raw material and semi-products to NTFP processing SMEs; and the finished products can supply to individual consumers, which include ecotourism businesses, resorts, foreign residences in Cambodia and Khmer rich and middle-class families.

A successful NTFP enterprise starts with a person who has self-interest in a particular NTFP production. He/she can drive and lead the individual or common enterprises more successfully. A self-interest or a motivated entrepreneur can lead and be the good supporter or buyer of the community members or different kinds of NTFP producers or collectors.

The sustainable organization of the NTFP commercialization is an integration between private effort and common effort and share benefits or profit. It can’t be done by only the community NTFP enterprises alone culturally. An example, sharing marketing an outlet shop and management at an accessible location, having an appointed seller from an enterprise committee (who still pay commission to the community enterprises), etc.

To be able to compete, an enterprise must have experienced and advanced technical skill people, proper and efficient tools or machineries, business skills especially marketing/sale, business planning and financial management.

There are a lot of tax exemptions for the NTFP commercializing at the present, especially for selling and exporting the processed NTFP products based on the 2017 Customs Tariff of the General Department and Excise of Cambodia. Based on the Tariff, the government promotes the processing of the NTFPs rather than trading the raw material. For instance, the government charges 10% for the exporting of raw bamboo and rattans. Only 5% for furniture, tables and cabinets and any on-the-table-material such as chopsticks, spoons, soup spoons, disks, etc. The government charges nothing for exporting chairs and baskets made from rattan and bamboo plus honey and resins. Both MAFF/FA and MoE are willing to provide loyalty and commission fee exemption for harvesting the NTFP raw material from the legal CF/CPAs that have the approved sustainable harvest plans.

There are several policy challenges, which are still the obstacles to promoting proper rights of the local community in using and participating in the sustainable management of the forest. Firstly, the length of running of the authorized CF/CPAs is only 15 years; the continuation is a subject to be reviewed once in 15 years. Therefore, a long-term investment is difficult to make; it also affects the motivation of the community. Secondly, the CF/CPAs can't sign any contract with any private company for long term investments in promoting community livelihood and local development out of the forestry resources and the related ones; Thirdly, both CF and CPA local villagers have the right to use the NTFPs, but they don't have the right to transport to markets; this limits and makes the CF/CPA commercialization is difficult, complicated and time consuming for the Cambodia context. Finally, the national government has made a lot of tax exemptions, but both CF and CPA still need to request for free loyalty and commission for harvesting the NTFP based on the Law on Forestry; therefore, it should be done in line with the national policy, which has been made. All of these key points need to be considered for policy amendments.

Regarding the NTFP markets at both local and international, the Cambodian NTFP enterprises/companies facing several challenges:

- Lack of entrepreneurs with self-interest to run and lead NTFP enterprises;
- Low /poor technical skills;
- Limited processing tools or machineries;
- Informal fees (high cost);
- Poor quality of products; and
- Facing insufficient raw materials, especially rattans and honey due to the deforestation and anarchy harvesting in some areas.

There are still several challenges that discourage exporting or giant foreign investors to invest in Cambodia. Those are complicated and long process export procedures and practices, lack of export experiences (Khmer companies) and having limited partnership with the governmental partner and vice versa. At the

domestic market, the present NTFP enterprises have a few challenges that lead to low supply in the markets. They limit access to market information and lack of competition strategies, especially for rattan, honey and traing/palm.

To overcome the challenges of commercializing the NTFPs toward sustainable management of the forest, the research has compiled and made a dozen recommendations as follows:

Joint Recommendations for all NTFP Stakeholders, especially the NTFP entrepreneurs:

- i. The NTFP commercializing stakeholders should focus on advancing the commercializing the NTFP products in the domestic market as the first priority before stepping into international markets. There are many needs and wants that can be fulfilled within the customers and expand the sales among the rich and middle class in Cambodia. Proper packaging should be ensured and incorporated with the green label and proper online sale and digital marketing, especially through Facebook. A proper marketing and sale expert can be considered to look into the need and provide support strategically;
- ii. Since, there are lot of free tax exception policy, the NTFP stakeholders should turn its effort from finding ways to seek for tax exceptions to simplifying the exporting procedure;
- iii. Taking the coming opportunities for amendment of both Law on Forestry and the Law on PA, the NTFP stakeholders should:
 - Advocate for adapting the length of running the authorized CF/CPAs for at least 30 years instead of 15 years in order to promote ownership and long-term investment and CF/CPA income innovations in NTFP commercialization,
 - Advocate to extend the right of the local community in running the CF/CPAs to be able to sign contract with private sector in commercializing the NTFPs and related long investments such as planting industrial plants in the degraded lands, planting quality woods and industrial fruit trees, etc., that can help to make significant incomes for the livelihood and local community development,
 - In extending the right of the local community of the CF/CPAs, the NTFP community should advocate for themselves to have the right to transport the NTFP to the markets as well, and
 - The NTFP stakeholders should work to advocate for having free loyalty and commission fees for those CF/CPAs that have approved Forestry Management Plan/Sustainable Harvest Plans.

According to the finding, the success of this advocacy is high, as these points are being done for the Law on Protected Areas at the MoE, and while the Law on Forestry has been planned to amend by 2023 both MAFF and MoI;

- iv. Joint efforts: NTFP community-based enterprises, CSO and government should work together to promote the processing and exporting of the NTFPs. The CSOs should study the existing plan of the FA and MoE and take part to enable them to better implement project(s). The project can be implemented and continued through a step-by-step and outcomes-based approach. Different actors play relevant, different and suitable roles. For example, the NTFP communities/enterprises are responsible for forestry resource management and supplying NTFP resources/products; the government should be responsible for supporting transportation, exporting procedure and forestry/NTFP administration/coordination and finding markets; the CSOs should be responsible for financial management and related training and the private sector should be responsible for processing and exporting. To ensure less conflict of interest, a democratic decision should be made to make policies and important operational management. The project should have a joint board with equal voice to make decisions, joint operational management committee and joint technical committee. This will promote concrete ownership and overcome challenges in promoting the sector better. This idea can be started by piloting, evaluating and expanding [scaling up] as needed along the way; and
- v. There is still a need to have a joint effort to preserve and replantation of the forest to enrich the ecology and the NTFP resources. This can be done through a partnership and advocacy. The joint solution should reflect the real issues happening at the local or community level such as land encroachment, over anarchy harvesting in both CF and CPA areas. Stopping cutting, leaving opportunities for the tree to regrow seem are the best solution. However, it needs to be done with the support from the FA and MoE with participation from the communities.
- vi. Quality and industrial trees planted within the degraded areas within the CF/CPAs have become an emerging sign of potential and significant sources of incomes for the community. However, it is a subject to study more and make sure that this type of activity can support the CF/CPAs toward sustainable forestry management.

The Recommendations for the Government:

- i. The Royal Government of Cambodia should increase its financial investment to support the NTFPs commercialization of the CF/CPAs for increasing capital and modernizing machineries, mobilize investors or buyers from around the globe through its diplomacy and networks, simplify

authorization for transportation of the NTFP products by giving administrative support and protection along the road to make sure no poor coordination and informal payment issues by related government officials and work toward for a simple procedure for exporting;

- ii. While the Law on Forestry is being amended, to be in line with the government policy on export tax exemption for exportation, the law (Forestry; Protected Areas) should allow the agreed CF and CPAs that have approved Forestry Management Plan /Sustainable Harvest Plans to have free Loyalty and Commission fees automatically. Increase the length of authorized duration for running of the agreed CF/CPAs in order to promote ownership and long term commitment of the community to run the forest; and, allowing and assisting them to have investment contracts with the private sector to promote NTFP and possible commercialization activities, such as continuing and expanding agro-agriculture, new tree planting in an integration way or in the degrading areas, etc.; and better elaborate that the CF/CPAs that have the Forestry Management Plan are allowed to transport their NTFP products to the markets.
- iii. Exporting Procedure: The Royal Government of Cambodia should strengthen its effort in simplifying the exporting procedure, i.e., the exporting approval should be done, at the highest level, by the Minister of MAFF only instead of the Council of Ministers.
- iv. A National Guideline on NTFP Enterprise Management should be written to guide the CF/CPAs and their stakeholders on how to manage and run the NTFP enterprise so that they have a clear idea or picture on this regard without contradicting or violating the law or sub-decree related to the forestry.
- v. The Royal Government of Cambodia should separate the NTFP from the timber products that will help the trading process and procedure be easier and make the required practices different by the law between the timber and the NTFP.

For the NTFP enterprise supporting agencies:

- i. While promoting the NTFPs in the domestic market, the NTFP supporting agencies should also encourage foreign investors to invest in a clean and green giant or NTFP industry production or processing. The NTFP support agencies should aware the giant (international) companies and investors again about the change in the tax exemption, especially for the processed NTFPs, and encourage any potential ones to start to process and exporting; and
- ii. Facilitating and supporting NTFP enterprises or companies should be facilitated with careful consideration on sustainable areas like salary cost and other operational expenses like economic (low cost) office location or rental, etc. The best way is to engage using existing resources of the community or individual members by sharing possible mutual benefits. For the case of MFV, the operational expenses seem less sustainable for the staff salaries and high office space rental, which are hard to be covered with the level of profit making from selling honey.

INTRODUCTION

1. Rationale

Traditionally, most Cambodian people depend on forestry products as their means of livelihoods. A total area of 18.1 million hectares (ha) of Cambodia, mainly covered by a wide variety of forest lands across several ecological zones. People have integrated their lives and forestry together. Another word, the forests have fed Cambodian people since the past. The forests even covered more than 70% of the Cambodian land during the 1960. Though it has been mostly degraded, still 68% of Cambodian people depend on the NTFPs as parts of their means of livelihoods, based on the NTFP-EP¹. This appeals that the development of the NTFP sector in Cambodia is necessary.

At the present, an average annual income of, based on the 2019 data of WWF, 17 communities (CPAs/CFs) which are being supported by WWF already earn \$1,332,000 through their NTFP sales and processed products. So far, 484 CFs have been established under MAFF: FA and 168 CPAs have been established under the MoE in Cambodia (2019 data). Other related NTFP enterprises also making a lot of incomes like AAC and RAC². This excludes other informal and un-register small enterprises around the Kingdom³.

Lao gains 23% of their household incomes from the environment, which the NTFP has played a very important role in. Though there are unclear statistics of the NTFP incomes, Cambodia receives about 4 million USD from the NTFPs while this sector is still undeveloped.

Based on the previous studies and discussion results of WWF and its stakeholders, for instance, the 1st and 2nd National NTFP forum which were led by the NTFP-EP showed that NTFP sector still has a big gap and challenges making the NTFP commercialization in Cambodia difficult and leaving the opportunities for making incomes to contribute to the happiness and the economic development of Cambodia even more behind the neighboring countries counting from NTFP value chain; processing; innovation; private sector engagement; exporting procedure; the service of the related public servants; and marketing, taxing and supporting policies.

¹ NTFP Website: NTFP-based enterprises by the local community create incentives for social and environmental protection, 10 June 2019

² RAC members make close to 2 million USD per annual income, based on the Mr Sovan Piseth, Director of RAC.

³ UNDP: Summary of NTFP Value Addition for Increased Benefits for Rural People, May 2017

Cambodia is a potential country to increase more incomes from the NTFP sector, but it is waiting for a more friendly, competitive and practical system to enable the sector to really make it happen and significantly contribute to the economic growth of Cambodia⁴.

A strong relationship emerged between the NTFP contribution to household income and the integration of households into the cash economy (**Brian Belcher**, 2003, **Manuel Ruiz-Perez Ramadhani Achdiawan**, Germany).

The research helps the NTFP stakeholders: NGO Forum on Cambodia and its members and partners such as NTFP-EP, WWF and WCS with support from various projects such as PaFF/SRJS, V4MF, MRLG, IKEA, SIDA, BfdW, Diakonia and NPA to explore the feasibility of NTFP commercialization by CF and CPA groups and supply chain management.

The research study has 3 objectives as follows:

1. To identify the opportunity of CF and CPA to improve the livelihood and forest healthy through NTFP supply chain and environmental enabling;
2. To identify the practical issues faced by CF and CPA to commercialize NTFPs and how this impacts the sustainable management of CF and CPA; and
3. Recommend how NTFP law and policies including tax exemption could be improved to enable the commercialization of NTFP and sustainable use of NTFP by the CF and CPA.

2. Process and Methodologies

The objectives of the research were achieved through a participatory qualitative research which relied on two methodologies: Desk Review and Semi-structured Interviewing, which involves **key informant interview** and **focus group discussion**.

There were a number of related secondary data papers that were consulted through the desk review method. They are the key relevant law, policies, commercial and exporting guidelines, related technical working groups’ reports, administrative

⁴ This point has been raised in a number of research reports and experts’ presentations, such as: Cambodia Rattan Trade Policy presentation, Tod Sigaty, International Rattan Policy Consultant, 2 June 2011; UNDP research report: NTFP Value Addition for Increasing Benefits for Rural People: Economic and Policy Research on NTFP Products in Cambodia, by Emmanuelle Andaya and Khou Eang Hourt, 2017; WWF: Rattan Policy and Trade Strengthening Working Group: “ Policy Implementation Pilot Project”, Ros Sotha, 2011 (the project was done in collaboration with senior technical officials from FA/MAFF, MoE and MoC; etc.

papers, national workshop and NTFP forums and previous researches’ reports. They were read and synthesized. *Please find the list of References (the consulted secondary data) at annex 1.*

For the key informant interview was conducted for the leaders of the CPAs; CFs; middlepersons; NTFP enterprises and companies, NTFP organizations and networks, key buyers and related ministry department senior officials of MAFF, Ministry of Environment (MoE), MoC, General Department of Customs and Excise, and NTFP supporting organizations. In Total, 43 people (10 women) were interviewed. *Please find the detailed information about them at Annex 2.*

10 focus group discussions were made with 92 participants (27 women) from 10 NTFP enterprises of 6 CFs and 4 CPAs and collectively met. They are the NTFPs and CF/CPAs’ committee members⁵ related people in the local interviewed communities. The interviewed NTFP sectors are rattan/bamboo, honey and traing (palm). They were selected by following the criteria as follows:

- i. The CFs/CPAs which have been authorized from the FA/MAFF and MoE;
- ii. The CFs and CPAs that have got approved harvesting plans from both FA/MAFF and MoE as well;
- iii. The CFs/CPAs are running NTFP commercialization;
- iv. Geographic and sectoral consideration; and
- v. Accessible areas with limited timeframe.

Based on the above criteria, 2 rattan/bamboo enterprises (consists of 8 CFs) in Kampot, 1 Bamboo/honey enterprise in Koh Kong (consists of 2 CPAs), 2 honey and 2 traing enterprises in Preah Vihear (consists of 3 CFs and 1 CPA) and 3 bamboo/honey enterprises in Mondulkiri (all are CPAs) were selected and discussed.

In average, there were 10 people per group attending the focus group discussion per location. *Please find the detailed list of the attendees at annex 3.*

A guide questionnaire was used for the discussion. The discussion was focused on identification of opportunities of CFs and CPAs to improve their livelihood and forest healthy through NTFP supply chain and environmental enabling; the practical issues faced by CFs and CPAs to commercialize NTFPs and how they impact the sustainable management of CFs and CPAs and collecting and learning their recommendations how NTFP law and policies including tax exemption could

⁵ The NTFP enterprise members or NTFP committee members are also the members of the CFs/CPAs. They have been formed from the CF/CPAs. In detail, there were 11 CFs and 4 CPAs. The focus group discussion in Deum Doung CF, there 6 FCs around joined together and in the Focus Group Discussion in Prey Khmao & Damnak Rolus CFs joined together too, they are both in Kampot province.

be improved to enable the commercialization of NTFP and sustainable use of NTFPs by CFs and CPAs.

Steps of the Research:

The process of the research was conducted through 7 steps as follows:

1. Research plan;
2. Desk review;
3. Interview/Primary Data Collecting;
4. Analyzing and drafting report;
5. Consulting with NTFP experts;
6. Presenting to the NGO Forum team and the stakeholders for feedback and discussions; and
7. Revising and finalizing.

Data Analysis Methodologies:

General Organization of Information: The collected data are synthesized and consolidated based on the common points and used the proof-able evidences like data, quotes, recording (process), etc., to support the reporting statements. The findings were organized in a structure of objective by objective of the research study.

Graphs: A graph was used to illustrate the concluded information about the opportunities for improving the NTFP livelihoods. The organization or the illustration of information ranged from Cambodia NTFP Enterprises to Common Obstacles, Separate Obstacles for the Domestic Markets and the International Markets; and then Common Market Opportunities and Separate Market Opportunities: Domestic Markets and International Markets. This was organized to help the readers to understand the complex information on the NTFP in both domestic and international markets more easily in a visual way. The Problem Tree tool was used to organize the analyzed information about the main issue of the NTFP commercialization, its causes and effects or the impact of the issue or the problems to the sustainability of the forest. It eases the audience to see and understand the narration of the issue more easily and quickly in a visual way as well.

Prior to presenting to the NGO Forum stakeholders or the NGOF for feedbacks, the consultant also consulted the key findings with a few NTFP experts and senior NTFP people: Mr Richard Dansey, the CEO of the LEOPA BAMBOO CO., LTD, Mr. Long Rattanak Komar, Vice Director of the Community Forestry Department, MAFF and Mr Chey Koulang, WWF, in order to tune of the correct findings, particularly, the critical and vague points of the research study through challenging

and analyzing. This helped to ensure that the analysis is most likely accurate without errors.

The report also was presented to 30 NTFP stakeholders, who are the members of the Cambodia NTFP Working Group (CNWG), facilitated and held by/at the NTFP-EP through its annual meeting on 19 January 2020. The CNWG consists of INGOs/LNGOs working on the NTFP sector, representatives of CFs, CPAs, community based NTFP enterprises and a representative of MoE. Besides some clarification questions, there were no objections made by the participants.

3. Scope and Limitation:

The research study was focused only at the commercializing NTFPs which are run by the CF and CPAs, which are called NTFP enterprises, i.e., bamboo/rattans, honey and resins. As reported above, 4 provinces were selected to do primary data collection; they were selected among the provinces that the commercializing NTFPs have been existing.

The research would not be able to strongly and broadly represent the national information about the research topic due to the time and budget constraints. However, it will be able to present basic information on it, especially as a common feasibility study information among the practical NTFP communities and the national NTFP stakeholders in Cambodia for a sector development purpose. In addition, it will be able to stay as a base or reference for discussion and even further verifications when needed for a research purpose.

FINDINGS

1. General Situation of the National Policy Framework Related to the NTFP

In the Kingdom of Cambodia, there are two laws that mainly ensure the sustainable management and consumptions of the forest resources and biodiversity in the country: Law on Forestry (2002) and Law on Natural Protected Area (2008). Particularly, MAFF has adopted a sub-decree on community forestry management, which provides guidance for the establishment, management and uses of community forests throughout the Kingdom of Cambodia.

Based on the National Forest Programme of the Royal Government of Cambodia, 2010 – 2029, the Royal government has a mission to advance the sustainable management and development of the forests for their contribution to poverty alleviation, enhance livelihoods, economic growth and environmental protection, including conservation of biological diversity and our cultural heritage.”

In addition, the above two main law: The Law on Forestry and the Protected Area Law are being prepared to be amended in order to get rid of crimes on the forest which has been committed uncontrollable and give more right to better the communities to commercialize the NTFPs to improve their livelihoods. Particularly, the Law on Forestry will be amended in 2023⁶; and the Protected Area Law is being proposed to amend, but the deadline still has not yet been set.

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 for addressing the need of the indigenous peoples residing in forest areas. The up-coming Environmental and Natural Resources Code of Cambodia also will provide an additional framework with the purpose to enable the sustainable development of the Kingdom of Cambodia, by protecting the environment and conserving, managing, and restoring natural and cultural resources. There is law on the administration of handicraft, commercial enterprises and intellectual property rights, providing minimum level of support for forest enterprises (NTFP-EP)⁷.

⁶ Khmer Time: Forest law amendment to be done before 2023, September 26, 2018

⁷ Assessment of NTFP Policies on Non-Timber Forestry Products by Edna Maguigat, 2020.

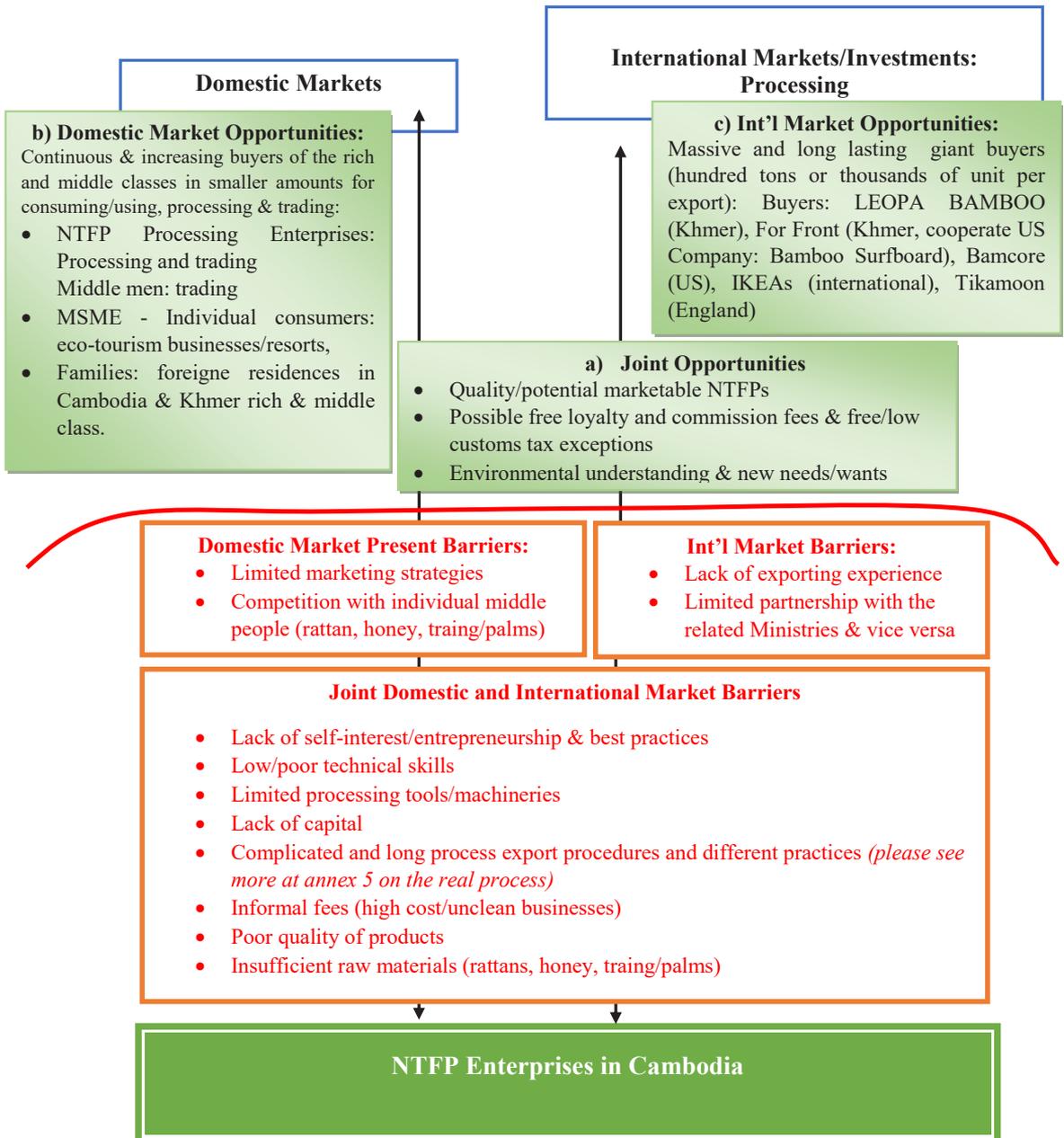
The Royal Government of Cambodia, through the MoE, has committed to work to adopt a policy on Consumption and Production and Eco-labeling, which is aimed to be used to promote the NTFP development and sustainable use of forest resources. The eco-labeling would inform to the buyers about the source of production, production methodologies and participation in the production, which is linked with the preservation of the natural resources⁸.

In conclusion, the Kingdom has several concrete national policies, which promote commercialization and innovations of national forest resources and forestry sustainability. Besides, there are a few important gaps such as there is no clear formal guideline for the CFs/CPAs to request for free taxation for harvesting the NTFP; lack of guidelines for requesting for transportation of the NTFPs and establishing NTFP enterprises, also the law doesn't spell out clearly about the right of the CFs/CPAs to transport the NTFPs to the markets yet; and limitation in the length of managing the CFs/CPAs, once approval only 15 years, plus the CFs/CPAs don't have the right to contracts with private investors to develop and improve the forestry resources for their livelihood development purposes⁹.

⁸ NTFP-EP, WWF, Fintrac: Minutes of the 1st National Forum on Community Based NTFP Enterprises, last paragraph of page 15, May 2015.

⁹ The CF/CPAs can receive only 15 years of time to run the agreed CFs/CPAs; it is a subject to be re-approved after the official evaluation and whether or not to be continued by the proposed communities. This issue was also found by the Livelihood Department of MoE through its CPA Law review report for adaptation of the CPA and allowing them to transport NTFPs which reported to the Minister of MoE in 2020 for the policy change support. The community can't transfer the given community to the third party (article no. 44 of the Forestry Law and article 26 of the Law on Protected Areas.

2. Opportunities of CF and CPA to improve the livelihood and forest healthy through NTFP supply chain and environmental enabling NTFP Enterprise Opportunity Analysis (Summary)



Graphic 1: Illustration and Analysis of Opportunities and Barriers for Local and International Markets of the Cambodian NTFP today

The CF and CPAs have a number of great opportunities that enable them to improve their livelihoods and the forest healthiness through commercializing supply chain and environmental enabling due to several reasons, and they are described and divided into 3 types of opportunities: a) Joint Opportunities (for both Domestic and International Markets); b) Domestic Market Opportunities; and c) International Market Opportunities:

a) Joint Market Opportunities:

- i. There are a number of quality and valuable and leading NTFPs, mainly, wild honey, resins, bamboos, rattans, traing (palms). They are potential and marketable in both local and international markets. Bamboos have been seen as one of the leading and emerging sustainable and potential commercial raw material as they can be used or processed for a plenty of material that the world is increasingly using every day, such as housing material, baskets, furniture, papers, sanitation papers (tissues..), different containers and flyer woods for housing like floors, walls, supporting bars, etc.; besides from its beauty and a crucial element for environment¹⁰.

In the EU countries, the people like the Bamboo flyer woods for their housing needs and many other products made from pulp papers, as they are so beautiful and fast growth trees. That is why there many flyer wood companies want to invest and process the flyer wood from the bamboos. In Cambodia, there are plenty of bamboos along the Mekong River in the up-land, i.e., Stung Treng province, where I have located my bamboo processing factory there. *Mr Richard Dansy, CEO of the LEOPA BAMBOO.*

Estimated, Cambodia can make up to 50 million USD per year just from bamboo/rattans, honey and resins, from domestic, regional and international markets, based on the below data, report and conditions:

Rattans/Bamboo: Based on a recent research report of the UNDP¹¹, with improved capacity and an export strategy, Cambodia can target to take at least 1.5% share of the USD 476 million woven bamboo segment, equivalent to 7.17 million. A 5% share of 617,000 tons fertilizer

¹⁰ Bamboo is a crucial element in the balance of oxygen and carbon dioxide in the atmosphere. A grove of bamboo release 35% more oxygen than an equivalent stand of trees. Because of this, planting bamboo is a great way to reduce your carbon footprint and help fight global warming; and Bamboos are good to protect land erosion (Tewis Bamboo.)

¹¹ Executive Summary of the UNDP Research Report on NTFP Value Addition for Increased Benefit for Rural People, 2017, by Emmanuelle Andaya & Khou Eang Hourt

requirement in Cambodia, estimated, contributes to USD 1.5 million. The domestic market for bamboo sticks is valued at USD 0.6 million.

The world market for the bamboo/rattans seats is valued at USD 167 million. Capturing 2% is valued at USD 3.3 million. Vietnam imports 33,000 tons of rattan to meet half of its production requirement. Taking advantage of proximity, if Cambodia can capture at least 25% of this requirement, the segment can contribute to USD 7.8 million.

As discussed above, the need and demand of the bamboo products are various and solid, for instance, bamboo cottages, flyer woods, etc., which will make the incomes of the community more significant and sustainable for both business and the forest resource.

Honey: The current wild honey trade only meets a small percentage of the demand. Total national market is estimated at 500 tons per year, equivalent to USD 3.2 million per year. The regional market of East/ South East Asia values at 225 million USD (year of 2012). Taking into consideration production, and targeting only 2% of this regional market can contribute at least USD 2.25 million.

Resins: Securing and aggregating supplies and expanding markets can capture benefits from resin, and finding alternative markets for the estimated 18,000 – 30,000 tons production can contribute at least USD 18 to 24 million per year to rural livelihoods.

- ii. Tax Exemption: both MAFF/FA and MoE are willing and ready to provide free loyalty (ផ្លែស្លឹកយសាវ) and commission fees (បុព្វលាភ) to the CF/CPAs for harvesting the NTFP resources such as rattan and bamboos to promote the livelihoods of the communities according the Key Informant Interview the senior officials of FA/MAFF and Community Livelihood Department of MoE; it is done in line with article 53 of the Law on Forestry. There have been a few proof-able cases, which have been made in the last several years, already. Based on the interviews, the technical departments of both FA of MAFF and MoE are ready to intervene or assist whenever they receive the requests. **What is good news is that there are many customs tax exemptions for exporting of the NTFPs, especially the NTFP processed products.** Please see the below list that the researcher collected from the General Department of Customs and Excise on the related NTFPs:

No.	Types of NTFP Resources/Products	Customs Tax
1	Raw Bamboos and Rattans	10%
2	Rattan or bamboo furniture (tables, clothes-cabinets)	5%
3	On-the-meal-table material like chopsticks, spoons, disks, soup spoons, chopping board, etc., made from NTFPs	5%
4	Bamboo or rattan baskets & chairs	0%
5	Honey	0%
6	Resins	0%

This information can be obtained from the website of the General Department of Customs and Excise, or, having the Customs Tariff 2017 Apps installed in a smart phone to read.

- iii. Environmental Understanding and New Needs/Wants: The world's people are starting to be concerned about the environmental issues like climate change, importance of the forest for the eco-biologic system, degradation of the forestry resource, etc. People or companies want to use or produce alternative materials than wood which keeps the sustainable environment. In addition, they want to use new, different and beautiful ideas with innovation.
- iv. Increasingly, there are local and international companies that want to contract with the CFs and CPAs to plan industrial trees and industrial fruits. The industrial trees can be acacia, teak, Chan Krishna (agarwood), Cacao (for making chocolate products), etc. These types of trees are generally to be planted at the degraded forest lands and some trees can be planted in integrations with the natural trees, and they provide up to millions USD per year of incomes which is rich and significant enough to improve the livelihood of the communities and sustain the forest in a long run as desired. For examples, Tasal CPA, in the Oral Wildlife Sanctuary in Kompong Speu province, contracted with a company for two times: 1st in 2018 and second in 2020 with the special coordination and support from the MoE through a pilot project, to plant teak trees in the degraded lands totally over 170 hectares (50 hectares for the 1st contract). Within the first contract, the CPA received up to 1,365 million of Riel of income, and the income was shared 10% for commune and district administrations, 10% for the Oral Wildlife Sanctuary, 10% for the Kampong Speu Provincial Department of Environment and 70% for the CPA. In addition, with the similar special and coordination support from the MoE, in 2019, the

Cheung Leang CPA planted acacia trees over approved 21.2 hectares to produce charcoals for sale for improving the livelihood¹².

The FA is promoting the agroforest program within the CFs in a number of provinces where they plant vegetables, fruit trees and high-quality woods that the communities can harvest in a sustainable way. For example, in Prey Khmao, 257 of high-quality trees of *Pterocarpus Macrocarpon* have been planted within their CF in Kampot.

- v. The MoE is preparing to adopt a policy on SCP: Sustainable Consumption and Production and Eco-labeling that is expected to promote NTFPs development and sustainable forest resources. The eco-labeling would inform the buyers about the source of production, production methodologies and participation in the production, which is linked with the natural resource preservation of the natural resources.
- vi. Both the Law on Forestry and Natural Protected Areas Law are being worked toward amendments by the MAFF/FA and MoE. The Law on Forestry is being reviewed and is politically committed to be amended or adopted within 2023. The main purpose of amendment is to delegate power to the local authorities, provincial level, to crack down the crime at the place¹³. The amendment process is being led by the Ministry of Interior. The MoE practically has seen the CPA Law doesn't support the community need well in accessing the NTFPs. Based on this, the technical department of the MoE has made a request to the Minister for his support to amend several points related to that. *Please see more information at the Finding no. 4.*

b) Domestic Market Opportunities:

There is continuous and even increasing buying from the rich and the middle class; they are the main target for the NTFP products, especially for the bamboo. The rich people use them for businesses like resorts, land sales, restaurants and even for their home consumptions. The middle class actually follow the rich in starting to support the NTFP products besides from honey and wild vegetables, etc.

¹² Again, this is based on the CPA Law review report for adaptation of the CPA and allowing them to transport NTFPs which reported to the Minister of MoE in 2020 for the policy change support. The report stated that these authorized commercial activities were not done in accordance to the provision of the law, but they were specially made as piloting projects and building examples or evidence for supporting the request for the policy change purpose.

¹³ This point is reported by the Khmer Time website on September 26, 2018.

The CF/CPAs can earn more through a few strategies. First, increasing the processing business chains: packing by themselves. For example, today, the honey NTFP enterprises can earn \$16 of for the whole selling of the unpacked honey; but ones can earn up to between \$25 - \$30 per litter for the bottled and packed honey. Second, increasing more sales in the existing and new markets: more people will buy if the products nicely produced, the quantity of the products increased through their skillfulness and modern machines, better marketing through increasing networking and promoting channels and even through proper social media channels, especially Facebook, plus a good pricing strategy will enable the enterprises to make good incomes and competitive.

Today, the rich people start to use the bamboo products for their resorts, land sales (cottages), restaurants and home accessories. Now, the middle class people are following and making the market of the bamboos increasing and people want something different and new. The market of the middle class is large. *Stated by Mr Sem Eza, the owner of the Mlup Reusey (Shade of Bamboo) Handicraft*



Bamboo made cottages in two business compounds of the middle class: oil station and luxury guesthouse/restaurant in Sala no. 5, Kompong Trolach, Kompong Chhnang

While the international market is waiting, the NTFP enterprises should focus on the need and demand of the domestic product first, the market that provides continuous and regular incomes for improving the livelihoods of the CF/CPAs that will be able to contribute to the sustainability of the forest. However, the demanded quality need to be ensured and the price must be good: competitive.

Before, ending this section, it is important to acknowledge that the NTFP has served rural Cambodians significantly and actively in livelihoods.

Please find annex no. 5 for extra information on incomes which are made from the NTFPs and serving the rural livelihoods.

c) International Market Opportunities:

There are a number of international companies that can buy or absorb tons and tons of the NTFP raw material or NTFP products to the international markets, especially, to the US, EU countries, England, Japan, or markets around the globe and other parts of the world. They are attracted by the availability and quality resources of the NTFP in Cambodia. Some want to invest inside of the country, some want to export the semi-final NTFPs, and some are interested in trade. **However, the most interested international partners for Cambodia should be the ones who would like to come to Cambodia and invest, process and export. This suits the need well while the human resource technical skills and capital are still very limited.** In the EU markets, they need more NTFP furniture or housing material and accessories like baskets and different families’ commodities.

Massive and long-lasting giant interested buyers that are operating and wishing to invest and trade in Cambodia are CPL-TEAK FARM (Cambodia), LEOPA BAMBOO (Khmer), Family Cocoa Co., LTD (Khmer company cooperate with Thai Cocoa company), For Front (Khmer, cooperate US Company: Bamboo Surfboard), Bamcore (US), IKEAs (international) and Tikamoon (England). Particularly, CPL-TEAK FARM and LEOPA BAMBOO have already been investing in Cambodia more or less.

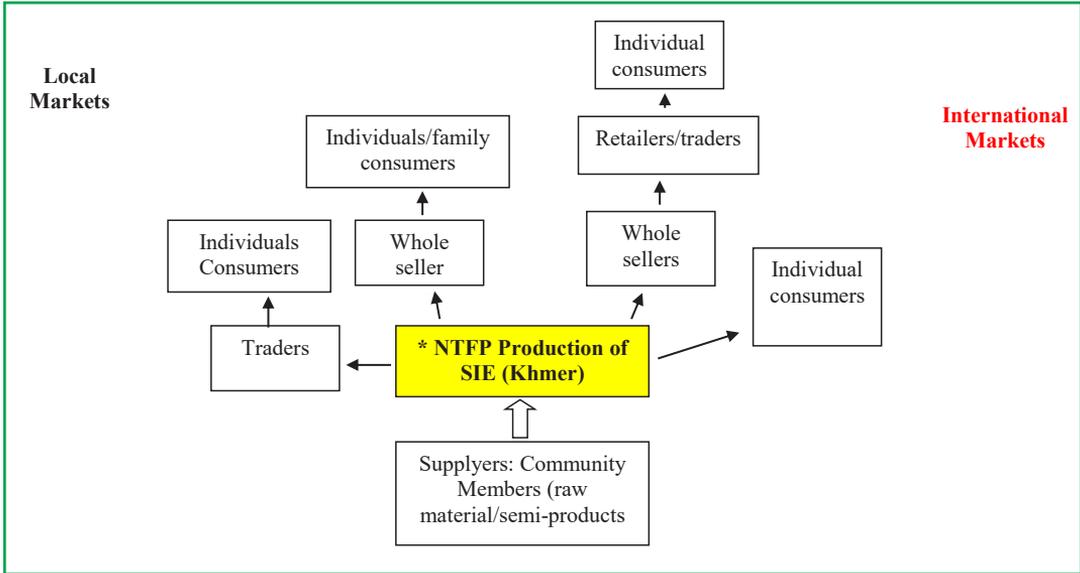
The dramatic forestry land encroachment and deforestation as an opportunity for all actors, especially, the CSOs, local citizens and government to work together to find an effective way to address it for the sustainability of the forest. Based on the reality, the forest is not well preserved without a good cooperation between the above actors including the local authorities and the related departments.

The FA is very much concerned about the continuous land encroachment and unsustainable forest cutting. Thus, it is working out and finding an effective way to address it. *Mr Richard Dansy, CEO of the LEOPA BAMBOO.*

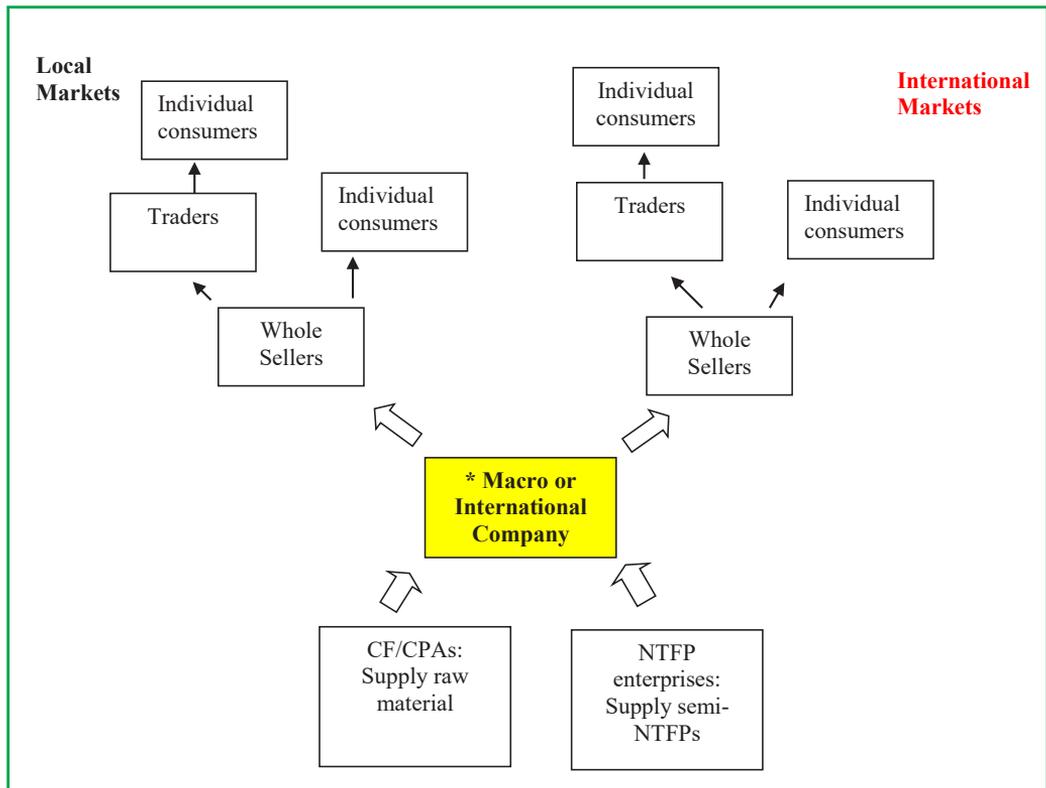
Based on the result of the primary data analysis, below is the summary of 2 NTFP enterprise best practices or forms of supply chain, which can lead to improvement of the livelihood of the CF/CPAs and sustainable management of forest. One of them is has been seen working in Cambodia. Other than that are not working well due to the issue of responsibilities, ownership and conflict of interest matter:

NTFP Best Practice No. 1: The NTFP Commercialization through Self-Interested Entrepreneurs (SIE); it is existing in Cambodia, but it can serve only the local market right now, for instance, the Bamboo Shadow Handicraft, etc.

Graphic 2: Supply Chain – Best Practice

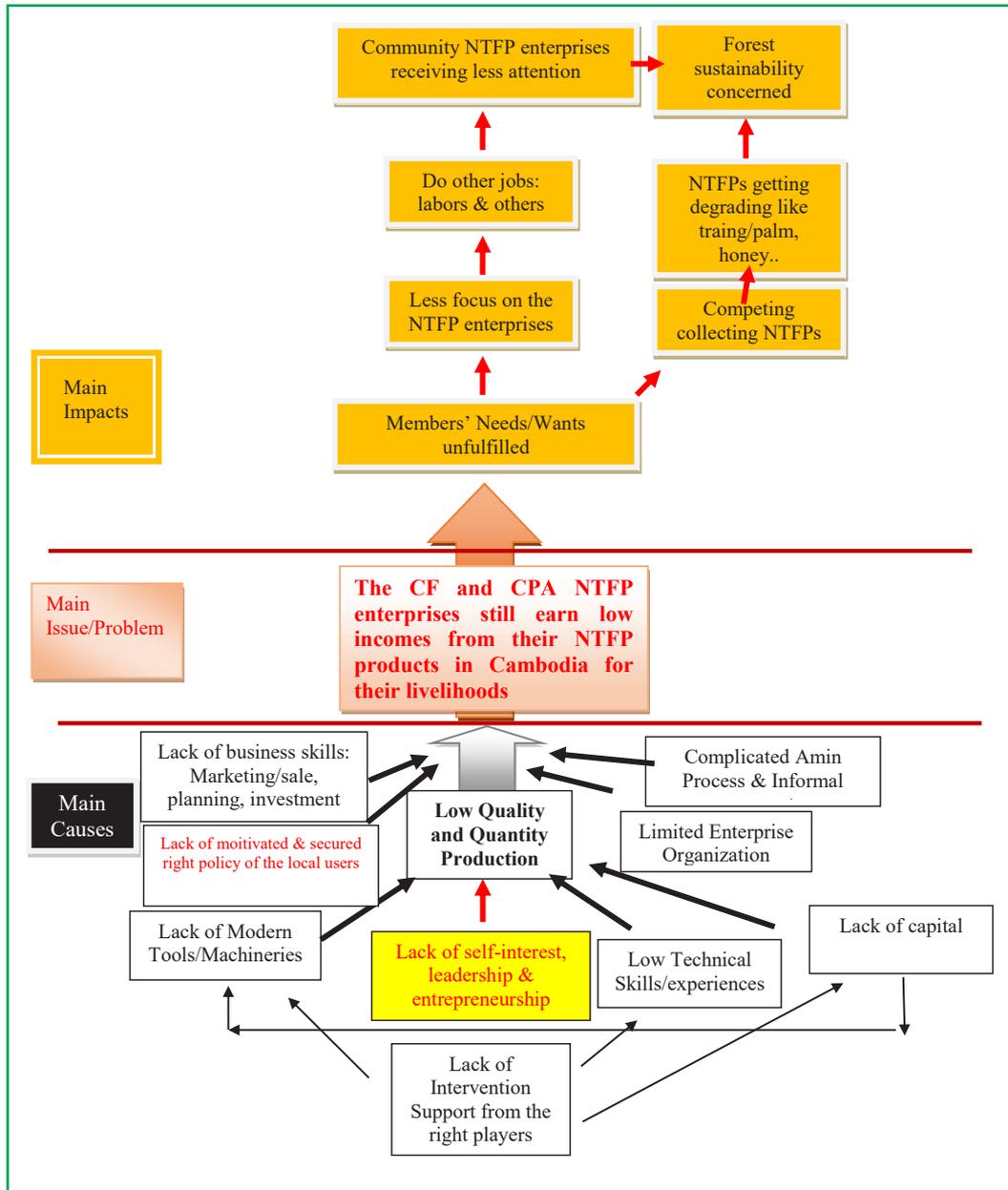


NTFP Enterprise Best Practice No. 2: The NTFP Commercialization through Macro or International Processing Company; it has been waiting:



In conclusion, the established of NTFP enterprises and CF/CPAs located within 5 provinces of the country, NTFP Companies and their networks, can be strengthened toward the local and international markets by exploiting the above opportunities.

3) Practical issues faced by CFs and CPAs to commercialize NTFPs and how this impact the sustainable management of CF and CPA



Graphic 3: Problem Tree - Analyzing and Illustrating the Most Practical Issues or Problems faced by the NTFP Enterprises.

There are a number of recommendations to address the above problem or main causes given by the consultant, but *please find them in detail at the Recommendations of the Consultant after the Conclusion.*

Based on the study and analysis above, the commercialization of the NTFP of the NTFP enterprises still face a huge challenge. The sustainability of the CFs and CPAs are still in a huge challenge as well due to several key reasons below:

- i. In-sufficient incomes of the NTFP enterprises of the CF/CPAs: The incomes are not enough to support their enterprise organizations and the livelihoods of the members; and at the present situation, this resulting the NTFP enterprises' members still consider the NTFP enterprise as subsistence livelihood activities. This is because of the lack of clear self-interest and commitment from entrepreneurs, low processing capacity and lack of proper or modern tools; lack of designing skills and experience; lack of business skills, especially marketing and sale plus lack of markets information. Last, but not least, the lack of financial capital is another major constraint to run and advance the enterprise to meet the needs of the customers.

Self-interest is a key affecting factor for a successful or failed NTFP processing enterprise. *Stated by Mr Sem Eza, a successful bamboo enterprise of Shade of Bamboo Handicraft, Sala No. 5, Kompong Chhnang.*

Due to this above problem, it causes the leaders and members of the enterprise turn not to focus on their businesses but to look for other jobs to make (instant) sufficient incomes for their families and to fulfill the material lifestyle like today. For instance, the rattan productions in Doung community and Prey Khmao in Kampot have stopped due to the lack of raw material and low prices; the traing enterprise of Chaep Kaet in Preah Vihear doesn't operate well due to the most members, they claimed that, are old and don't know where to sell the products.

In our village, our enterprise members like the learned traing processing skill, but because we are old and don't know where to sell our products that is why we are not functioning well. *Mr Yuon Rath, Enterprise Traing Chief of Chaep Kaet.*

In term of the enterprise leaders, 50% of CF Deum Dong NTFP enterprise in Kampot are inactive and being not yet replaced; and 35% of the enterprise leaders of Prey Khmao and Damnak Roluos are

inactive. The main reason for them for the inactiveness is that they have to go out for jobs.

These above have shown that sufficient incomes and support are needed for them to work in the village and be active in the communities’ activities.

- ii. Lack of basic support to NTFP enterprises and CF/CPAs: The NTFP enterprises of CFs and CPAs were newly established just for a few years; they have faced many challenges both organization and commercialization capacities. This requires a long term and proper support from the outsider. Today, the CFs and CPAs received or have received support mainly from the NGOs, but the support from the NGOs are limited as the life of the NGO support depends on the donor’s funding. If the funding stops, the support to the community also has to be stopped too. For instance, some CFs in Preah Vihear, like Sangae, Chaep Kaet, used to receive support from Winrock and Ponlok Khmer, but right now, these two supporting organizations have stopped their support to the communities due to the unavailability of the fund. Therefore, this has caused the movement of the communities to slow down.

Besides the administration and legal support, the government has not yet played a reliable and significant role in supporting the CF and CPA and their NTFP enterprises, i.e., technical and financial support to them, for sustainability, especially in processing the NTFP.

- iii. Improper Harvesting: There are still issues of proper management of harvesting of the raw material in some of the CFs and CPAs or some of the NTFP enterprises’ areas. For instance, there is an over-harvesting of Traing by the communities’ members to sell to outsiders, especially, Vietnamese middlemen, in tons of the amount, every month, in Chaep district. There are anarchy collections of honey and don’t follow the technical guidelines: collect the whole honey of the bees without leaving for future production; collecting young honey with less honey and competing to collect honey from the forest without proper division of ownership over the honey which is causing a big sustainable issue for the honey collection. Among the interviewed honey enterprises, two of them complained the same about the anarchy and unsustainable harvest of honey; they are Pra Honey Enterprise and Kunpheap II Honey Enterprise.

- iv. Land Encroachment: Among the 10 visited CF/CPAs, there are 3 CF/CPAs still having problems of land encroachment by the villagers, which haven't been well addressed, based on the given information through FGDs; they are Chaep Kaet, Pra and Kunpheap 2. Today, Chaep Kaet has lost about 50% of its given forest land for the CPA due to the aforementioned land encroachment and mining which have not yet been addressed and stoppable while others don't have serious problems, but some smaller cases are happening.
- In my CPA, the land encroachment and illegal cutting are serious; and it is non-stop. Up to now our community has lost about 5,000 hectare or equal to about 50% of our total given forestland to individuals. *Mr Yuon Rath, Enterprise Trang Chief*
- i. Law enforcement: There are cases of violations on the interviewed CF/CPAs' given lands and forest. For instance, there is still no action taken for those who encroach in Chaep Kaet CPA for land encroachment. No proper actions and cooperation between the local authorities and FA in the case of Sangae. In Kunpheap 2, a villager can own up to 500 hectares of the land in the CF forestland.
- ii. Labor Market Competitiveness: The NTFP enterprises of the middle class are also facing labor shortage due to the increasing presence of the big foreign factory companies that pay high salaries for the workers. For instance, the Rattan Enterprise of Ms Duong Manny has been slowed down due to the lack of labor, and, instead of processing rattan enterprise, now she is processing plastic water bottles as an alternative while fixing the labor challenge for the rattan product processing. This issue is also widespread among other community-based enterprises such as traing, honey, bamboos, as the producers do not earn significantly and also can't meet their economic needs timely and encourages them to work for others to make incomes for their families in the new lifestyle of materialism today.

Based on the above challenges, the sustainability of the forest is still a concern as the livelihoods of the CF/CPAs, especially the NTFP enterprises remain low and insufficient incomes for their livings. Without the right and adequate support from the outsiders, it is difficult for them to participate in managing the forest resource in the long run. Their motivation can be dried out due to the economic factor. Second, the sustainability of the forest is dependent on the effective support and measurements from the FA or the MoE and good cooperation with local authorities and the related technical departments.

4) How NTFP law and policies including tax exemption could be improved to enable the commercialization of NTFP and sustainable use of NTFP by CF and CPA

Tax exemption has improved a lot since the past 3 years, especially the customs tax and a few CFs/CPAs used to receive free royalty and commission fees from the MAFF/FA. Not even that, more opportunities can be exploited as below:

- i. Through the 2017 National Customs Tariff, the government has made many tax exemptions as mentioned in the Finding No. 2. Therefore, since the Law on Forestry is being amended, it is important for the CSOs and the communities to look for the possibility of free loyalty and commission fees to be in line with the present national policy. At the present, to seek for free loyalty and commission fees, the letter of request must be written up by a CF committee and prepared at least for 1 year ahead. Request letter for loyalty and commission exemption should be indicated at least 3 years of timeline and follow several key steps: 1) submit the letter of request to MAFF Minister through FA cantonment for loyalty and commission fee exemption, 2) submit letter of request for open access for transportation to the FA cantonment and 3) submit letter of request for shipping to the FA division/triage (the procedure is recommended for the CF only)¹⁴. No written guideline for requesting for free loyalty and commission fees is available at the MoE at the present.
- ii. Following the findings and effort of the MoE, besides, both Law on Forestry and Law on Protected Area should elaborate or add an article or a phrase about the right of the CFs and CPAs to transport the NTFPs to the local markets. Also, they can have the right to sign a contract with any company that can do any sustainable NTFP commercialization with their CF/CPAs¹⁵, for example, buying the NTFP resources for processing, planting wood trees, fruit trees and industrial trees in degraded lands or integrated in the communities' lands to make incomes for their communities. To enable them to do this, the government should increase the period of agreement with the community forest from 15 years to at least 30-year period once. Below are the challenges and potential adaptations of the CPA law in more details which have been proposed within the MoE¹⁶:

¹⁴ Based on the Minutes of the Courtesy Call for Meeting on NTFP Tax Exemption, held at the FA Head Office, 12 August 2019.

¹⁵ Based on article 44 of the Law on Forestry and Article 26 of the Law on Protected Areas: the right that the CF and CPA can't have.

¹⁶ See the aforementioned footnotes 9 and 12: The CPA Law review report for adaptation of the CPA and allowing them to transport NTFPs which reported to the Minister of MoE in 2020 for the policy change support.

- a. article 11 (divisions of the CPA areas/accessible areas within the PA): challenging issue – the right of customary and traditional consumptions of the local community and indigenous people can be done only at the Sustainable Use and Conservation Zone which has been defined by the MoE, but an establishment of CPAs can be done only at the at the Sustainable Use Zone. Therefore, the CPA establishment should be done at both Sustainable Use and Conservation Zone.
 - b. Chapter 6 of the Law on Protected Areas and Chapter 9 of the Law on Forestry related to Right Using of the Forest Resource of the Communities:
 - c. Should add an article in Chapter 6: allowing the CPA to transport the NTFPs from the CPA to market places. In addition, this point needs to be clarified in the Law on Forestry at Chapter 9 as well.
 - d. The length of agreement between the ministries and CF/CPA: Based on the article 25 of the Law on Protected Areas and article 27 of Sub decree on Community Forestry Management should be more than 15 years in order to enable the community to have enough time to prepare community development plan; and
 - e. Article 26 (what the community can't do within the CPAs)] of the Law on PA and similarly, Article 24 of the Law on Forestry: Should allow the community to look for cooperation with development partners or the private sector for development purposes or investments on the degraded lands in order to improve the forestry resources and development in the community. Also, there is a request for adding an article that allows the CPA to sign agreements with development partners and private sector for the aforementioned purposes.
- iii. However, the sustainable harvest plans should be remained the same or even improved better, in term of means to promote sustainability of the forest and making firm measurements for any anarchy harvests of the NTFP or forestry products including a functional coordination and cooperation mechanism between the technical departments and the local authorities as the present law is missing as mentioned earlier.
- iv. All approvals for exporting of the NTFPs should be done by the Minister of MAFF instead of the Council of Ministers, even though the rattan to shorten the process of request for exportation (article 26 or Chapter 7 of the Law on Forestry and page 7 of the Handbook on Export Procedures of the MoC, April 2008: Export License and Permit Letter).

CONCLUSION

The NTFP commercialization in Cambodia is getting better hope for better development through better national policies and efforts of Cambodia since there have been a major change in tax exemption, especially in exporting the processed NTFPs. First, the two important Laws on Forestry and Protected Area Law are being amended and reviewed in order to manage the forest and improve the living condition of the community better. Second, there are increasing needs and wants for the NTFP products in both local and international markets that give the NTFP enterprise path of income flow, especially bamboo products. Third, many investors and NTFP buyers are considering and waiting to run their businesses in Cambodia. Fourth, Cambodia has got potential NTFPs and rich soil to integrate other expensive crops and even industrial trees for making higher incomes for both domestic and international markets. Fifth, there are emerging needs and wants for expensive fruit and industrial woods like teak, high quality of wood trees, acacia, etc., that can be integrated in the CF/CPAs can make significant incomes for improving the livelihoods of the community and sustainability of the forest. Sixth, the established and the authorized CF/CPAs, NTFP enterprises/companies and their networks are staying as a step to move to the next level of commercialization toward economic growth.

The quality of products remains a main issue for making incomes and sustainable communities and enterprises, especially rattan, bamboo and traing products.

While waiting for international markets or foreign investors, the domestic market is still a good source of income as there is an increasing number of people buying the NTFPs, especially the rich and the middle class for their businesses and home commodities, the potential buyers of NTFP products. However, they also want higher quality products. Make sure that the marketing and sale strategies are more competitive enough. Please see the formula below:

**Good quality + good price + a good volume of sale = more incomes.
This is business sustainability.**

Furthermore, sustainability of the NTFP enterprise requires self-interest entrepreneurs. This is the core of the starting point. We should promote them better and integrate our goal with their existing businesses and make them as the leads of the sector become the buyers of the NTFPs/products for both domestic and international markets. The sustainable organization of the NTFP commercialization achieves through integration between private effort and

CONCLUSION

The tax exception is already attractive to the international buyers, but we have to make them aware about it and together turn ourselves to focus on addressing the complicating procedure and informal fee. A joint effort between the NTFP stakeholders including the related ministries to address the NTFP commercialization, complicated procedure and practices is a need. A strategic road map needs to be done for this.

At the policy level, fulfilling the right of local community in using the NTFP, securing sustainable management of the forest and promoting better community ownership, there is a need to amend both Law on Forestry and Law on Protected Areas mainly to have the length of agreement between the ministries and the CF/CPAs, at least, 30 years for once to enable them to have a longer investments related to livelihood development; allowing the CF/CPAs to sign contracts with private companies for long term investments in promoting community livelihoods and local development out of the forestry resource and the related ones; the Law on Forestry and the Law on Protected Areas should be better elaborated and allowing both CF and CPA to transport the NTFPs to the market which will ease their commercializing activities; the communities of both CF and CPA should have free loyalty and commission fee for harvesting the NTFP to be in line with the national policy which has been made on tax exemptions.

RECOMMENDATIONS

To overcome the above challenges related to the NTFP commercialization, the consultant would like to make 11 recommendations as follows:

Joint Recommendations for all NTFP Stakeholders, especially the NTFP entrepreneurs:

- i. The NTFP commercializing stakeholders should focus on advancing the commercializing the NTFP products in the domestic market as the first priority before stepping into international markets. There are many needs and wants that can be fulfilled within the customers and expand the sales among the rich and middle class in Cambodia. Proper packaging should be ensured and incorporated with the green label and proper online sale and digital marketing, especially through Facebook. A proper marketing and sale expert can be considered to look into the need and provide support strategically;
- ii. Since, there are lot of free tax exception policy, the NTFP stakeholders should turn its effort from finding ways to seek for tax exceptions to simplifying the exporting procedure;
- iii. Taking the coming opportunities for law amendments both Law on Forestry and the Law on PA, the NTFP stakeholders should:
 - a. Advocate for adapting the length of running the authorized CF/CPAs for at least 30 years instead of 15 years in order to promote ownership and long-term investment and CF/CPA income innovations in NTFP commercialization,
 - b. Advocate to extend the right of the local community in running the CF/CPAs to be able to sign contract with private sector in commercializing the NTFPs and related long investments such as planting industrial plants in the degraded lands, planting quality woods and industrial fruit trees, etc., that can help to make significant incomes for the livelihood and local community development,
 - c. Advocate for the extending the right of the CF/CPAs to transport their NTFP to the markets as well, and
 - d. The NTFP stakeholders should work to advocate for having free loyalty and commission fees for those CF/CPAs that have approved Forestry Management Plan/Sustainable Harvest Plans.
 - i. According to the finding, the success of this advocacy is high, as these points are being done for the Law on Protected Areas by the MoE, and while the Law on Forestry has been planned to amend by 2023 both MAFF and Mol;

RECOMMENDATIONS

take part to enable them to better implement project(s). The project can be implemented and continued through a step by step and outcomes-based approach. Different actors play relevant, different and suitable roles. For example, the NTFP communities/enterprises are responsible for forestry resource management and supplying NTFP resources/products; the government should be responsible for supporting transportation, exporting procedure and forestry/NTFP administration/coordination and finding markets; the CSOs should be responsible for financial management and related training and the private sector should be responsible for processing and exporting. To ensure less conflict of interest, a democratic decision should be made to make policies and important operational management. The project should have a joint board with equal voice to make decisions, joint operational management committee and joint technical committee. This will promote concrete ownership and overcome challenges in promoting the sector better. This idea can be started by piloting, evaluating and expanding [scaling up] as needed along the way; and

- v. There is still a need to have a joint effort to preserve and replantation of the forest to enrich the ecology and the NTFP resources. This can be done through a partnership and advocacy. The joint solution should reflect the real issues happening at the local or community level such as land encroachment, over anarchy harvesting in both CF and CPA areas. Stopping cutting, leaving opportunities for the tree to regrow seem are the best solution. However, it needs to be done with the support from the FA and MoE with participation from the communities.
- vi. Quality and industrial trees planted within the degraded areas within the CF/CPAs have become an emerging sign of potential and significant sources of incomes for the community. However, it is a subject to study more to make sure that this type of activity can support the CF/CPAs toward sustainable forestry management.

The Recommendations for the Government:

- i. The government of Cambodia should increase its financial support to the NTFPs commercialization of the CF/CPAs for increasing capital and modern machineries, mobilize investors or buyers from around the globe through its diplomacy and networks, simplify authorization for transportation of the NTFP products by giving administrative support and protection along the road to make sure no poor coordination and informal payment issues by related government officials and work toward for a simple procedure for exporting;

- ii. While the Law on Forestry is being amended, to be in line with the government policy on export tax exemption for exportation, the law should allow the agreed CF and CPAs that have approved Forestry Management Plan /Sustainable Harvest Plans to have free Loyalty and Commission fees automatically. Increase the length of authorized duration for running of the agreed CF/CPAs in order to promote ownership and long term commitment of the community to run the forest; and also, allowing and assisting them to have investment contracts with the private sector to promote NTFP and possible commercialization activities, such as continue and expanding agro-agriculture, new tree planting in an integration way or in the degrading areas, etc.; and make sure that the CF/CPAs that have the Forestry Management Plan are allowed to transport their NTFP products to the markets.
- iii. Exporting Procedure: The Royal Government of Cambodia should strengthen its effort in simplifying the exporting procedure, i.e. The exporting approval should be done, at the highest level, by the Minister of MAFF only instead of the Council of Ministers.
- iv. A National Guideline on NTFP Enterprise Management should be written to guide the CF/CPAs and their stakeholders on how to manage and run the NTFP enterprise so that they have a clear idea or picture on this regard without contradicting or violating the law or sub-decree related to the forestry.
- v. The Royal Government of Cambodia should separate the NTFP from the timber item. This will help the trading process and procedure easier and make the required practices different by the law between the timber and the NTFP.

For the NTFP enterprise supporting agencies:

- i. While promoting the NTFPs in domestic market, the NTFP supporting agencies should also still promote foreign investors to invest in a clean and green giant or NTFP industry production or processing; The NTFP support agencies should aware the giant (international) companies and investors again about the change in the tax exemption, especially for the processed NTFPs, and encourage any potential ones to start to process and exporting; and
- ii. Facilitating and supporting NTFP enterprises or companies should be facilitated with careful consideration on sustainable areas like salary cost and other operational expenses like economic (low cost) office location or rental, etc. The best way is to engage using existing resources of the community or individual members by sharing possible mutual benefits. For the case of MFV, the operational expenses seem less sustainable for the staff salaries and high office space rental which are hard to be covered with the level of profit making from selling honey.

Annexes

Annex 1: References (Secondary Data)

Followings are the references that the consultant reviewed for the secondary data:

Related Policies:

- **Handbook on Export Procedures: Practical Guide for Small and Medium Enterprises in Cambodia**, April 2008, MoC and IFC.
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- **Law on Forestry**, 2002, Royal Government of Cambodia.
- **Protected Area Law**, 2008, Royal Government of Cambodia.
- **Law on Taxation**, January 1997, Royal Government of Cambodia.
- **List of Loyalty and Commission Fees on Timbers and Non-timber Forest Products**, no date, MAFF.
- **Updating Letter on Annex no. 1 of the Sub-decree on Launching of the implementing of the list of the prohibited and limited goods...**, no. 3784 សំណុំ អគ្គី, dated on 19 June 2012, Ministry of Economics and Finance
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- **National Forest Programme: 2010 – 2029**, 29th September 2010, Ministry of Agriculture, Forestry and Fisheries
- **Sub-Decree on Forest and Non-Timber Forest Products Allow for Export and Import**, Nov. 2006, RGC and its **Annex: Processes of Request for Exporting and Importing Forestry Products**.
- **Sub-decree on Launching of the List Prohibited and Limited Goods**, Dec. 2007, RGC.
- **Sub-degree on Community Forestry Management**, 2003, RGC.
- **ToR: Conducting Scoping Study and Formulating Cambodia’s Sustainable Consumption and Production (SCP) Road Map**, Department of Green Economy, General Secretariat of the National Council for Sustainable Development MoE, September 2020.

Other References:

- **Assessment of NTFP Policies on Non-Timber Forestry Products**, Edna Maguigat, 2020, NTFP-EP.
- **Cambodia Rattan Trade Policy, Summary and Recommendation**, 2 June 2011, Mr Todd Sigaty, WWF International Consultant
- **Cambodian Authorities Move to Amend Law in Effort to Protect Forest**, 30 November 2018, RFA

- **Draft Report on Reviewing and Studying the Law on Community Protected Areas for Amendments for Organizing the CPAs and Allowing the Community to Transport NTFPs**, not exact date but in the year 2564/2020, made by the Livelihood Department
- **Draft Letter of Request for Loyalty and Commission Fee Exception of Rattans and Bamboos of Taop Cheang CF for 03 years, 2020**, Taop Cheang CF
- **Forest law amendment to be done before 2023**, 26 September 2018, Khmer Time
- **INBAR website**
- **Mapping of Trade Process – Cambodia: Process Maps and Analysis (Preliminary Result)**, 2009, WB/EMC.
- **NTFP-based enterprises by the local community create incentives for social and environmental protection** (article), 10 June 2019, NTFP-EP
- **NFFP Value Addition for Increased Benefit for Rural People: Economic and Policy Research on Non-Timber Forest Products in Cambodia**, May 2017, Emmanuelle Andaya & Khou Eang Hourt, UNDP
- **NTFP Policy Study Cambodia**, no date, NTFP-EP and Swiss Agency for Development and Cooperation SDC
- **Proceeding Report, Annual Meeting of the Cambodia NTFP Working Group (CNWG)/ Power Point Presentation of Mr Kim Sarin, Vice Department Chief, Livelihood Department**, 19 January 2021, NTFP - EP
- **Policy Gap Analysis on Rattan Trades in Cambodia**, Rattan Management Tea/Sotha Ros, June 2010
- **Policy Consultant’s Report: Additional Inputs**, June 2014, WWF, Mr Sotha Ros
- **Primer on NTFPs in Cambodia**, 2015, NTFP-EP, WWF, Nature Wild, Both ENDS, SIDA, USAID
- **Proceeding Report on Consultative Workshop on NTFP Tax Exception**, 11 September 2020, NTFP-EP, WWF, NGO Forum on Cambodia, Cambodia NTFP Working Group
- **Report on Rattan Policy and Trade Strengthening Working Group “Policy Implementation Pilot Project”**, April 2011, Rattan Management Team/Sotha Ros, WWF.
- **Statement of the Royal Government on National Forestry Sector**, 26 July 2002.
- **Updated Report on the Provincial CFs/CPA** (up to 25 March 2019), FA/MAFF and MoE.
- **Why Bamboo? Green Solution**, no date, Bamboo DWIS, <https://lewisbamboo.com/why-bamboo-green-solution/>

Annex 2: List of the Interviewed Key Informants

No.	Name	Sex	Position	Institution	Location
1	Meng Loth	Male	CSO-REDD+ Network Coordinator	NGO Forum on Cambodia	Phnom Penh
2	Long Ratanak Komar	Male	Vice Chief, Community Forestry Department	FA, MAFF	Phnom Penh
3	Sim Someng	Male	Office Chief	Import and Export Office, Forestry Industry, FA, MAFF	Phnom Penh
4	Por Chanlundi	Male	Information Desk Officer	General Department of Customs and Excise	Phnom Penh
5	Liv Longdy	Male	Deputy Office Chief	One Window Service, Khan Meancheay, Phnom Penh from the MoC	Phnom Penh
6	Kim Sarin	Male	Vice Chief	Livelihood Department, MoE	Phnom Penh
7	Ros Chor	Male	Chief	Livelihood Department, MoE	Phnom Penh
8	Richard Dansey	Male	CEO	LEOPA BAMBOO	Phnom Penh
9	Chey Koulang	Male	Rattan/Bamboo Project Manager	WWF	Phnom Penh
10	Viriya	Male	Policy Manager	NTFP-EP	Phnom Penh
11	Kiev Samnang	Male	Private Sector Engagement Specialist	WCS	Phnom Penh
12	Lay Sovathara	Male	Program Manager Access to Justice & Governance	CLEC	Phnom Penh
13	Savan Piseth	Male	Director	RAC	Phnom Penh
14	Duong Manny	Female	Owner	Kuy Meng Handicraft	Preynub, Preah Sihanouk Ville
15	Sem Eza	Male	Owner	Shade of Bamboo Handicraft	Chan Keak, Orreussey, Kampong Trolach, Kampong Chhnang

16	Khut Pheang	Female	Chief	Taop Cheang CPA	Bak Angrut, Dong Peng, Sre Ambel, Koh Kong
17	Long Thet	Male	Former Chief	Taop Cheang CPA	Bak Angrut, Dong Peng, Sre Ambel, Koh Kong
18	Cheng Oun	Female	Cashier	Taop Cheang CPA	Bak Angrut, Dong Peng, Sre Ambel, Koh Kong
19	Kung Phea	Male	Chief	Domnak Rolus Bovoithmar Thom CF	Sraesamrong, Sraesamrong, Chumkiri, Kampot
20	Men Nav	Male	Chief	Prey Khmao CF	Prey Khmao, Srae Khnong, Chumkiri, Kampot
21	Khoem Somaly	Female	Cashier	Preay Khmao CF	Preay Khmao, Srae Khnong, Chumkiri, Kampot
22	Soeum Saem	Male	Chief	Deum Doung CF	Angkor Chey district, Kampot
23	Nhem Nhan	Male	Chief	Phnom Donbon CF	Keathavongseu, Tropeangsalalech, Bantheay Meas, Kampot
24	Y Monou	Male	Chief	Chrosh Sla CF	Tramsosor, Samraongleu, Bantheay Meas, Kampot
25	Hong Sokhoeun	Female	Chief	Chrey Brotak Krola	Porn, Trapaengsalakaet, Bantheay Meas, Kampot
26	Suos Han	Male	Chief	Traing Processing Enterprise	Sangae, Chaep, Chaep, Preah Vihear
27	Sok Yoeun	Female	Vice Chief	Sangae CF	Sangae, Chaep, Chaep, Preah Vihear
28	Meas Hoeu	Male	Group Chief	Sangae CF/Traing Processing Enterprise	Sangae, Chaep, Chaep, Preah Vihear
29	Khuon Rath	Male	Chief	Traing Processing Enterprise	Chaep Kaet, Chaep, Chaep, Preah Vihear
30	Kung Thin	Male	Former Chief	Chaep Kaet CPA	Chaep Kaet, Chaep, Chaep, Preah Vihear

31	Suon Maleth	Female	Cashier	Chaep Kaet CPA	Chaep Kaet, Chaep, Chaep, Preah Vihear
32	Nay Tey	Male	Chief	Kunpheap 2 Honey Enterprise	Kunpheap2, Chaep2, Chaep, Preah Vihear
33	Phay Sun	Male	Village Chief	Kunpheap 2	Kunpheap2, Chaep2, Chaep, Preah Vihear
34	Leng Ra	Male	Member	Kunpheap 2 Honey Enterprise	Kunpheap2, Chaep2, Chaep, Preah Vihear
35	Peang Khoep	Male	Police Post	Chaep Police Post	Kunpheap2, Chaep2, Chaep, Preah Vihear
36	Roeung Ream	Male	Chief	Kunpheap1 CF	Kunpheap1, Chaep2, Chaep, Preah Vihear
37	Kuch Sor	Male	Village Chief	Kunpheap1	Kunpheap1, Chaep2, Chaep, Preah Vihear
38	Khorn Sokhom	Male	Marketing	Pouchry Honey Enterprise	Poutang, Pouchry, Pech Chreada
39	Koeurnh Bophat	Male	Chief	Pouchry Honey Enterprise/MFV	Poutang, Pouchry, Pech Chreada
40	Phearl Ngi	Male	Chief	Chik Kla CPA	Chik Kla, SokSan, Koh Nhek, Mondulkiri
41	Seat Sort	Male	Vice Chief	O’BounLeu Bamboo Processing Enterprise	O’BounLeu, Orbuonleu, Koh Nhek, Mondulkiri
42	Phan Sreynoy	Female	Member	O’BounLeu CPA	O’BounLeu, Orbuonleu, Koh Nhek, Mondulkiri
43	Se Sreynich	Female	Secretary	O’BounLeu CPA	O’BounLeu, Orbuonleu, Koh Nhek, Mondulkiri

Annex 3: Attendance of the Focus Group Discussion

No.	Name	Sex	Position	Community Name	Telephone
Preay Khmao CF, Kampot					
1	Men Nav	M	Chief	Prey Khmao CF	088 463 2749
2	Orng Thoeun	M	Member	Prey Khmao CF	097 432 2194
3	Khoeum Maly	F	Cashier	Prey Khmao CF	088 514 1296
4	Chuon Thy	M	Member	Prey Khmao CF	088 725 1620
5	Sok Khorn	M	Member	Prey Khmao CF	N/A
6	Koeum Touch	M	Secretary	Tropeang Cheuteal Domnak Roluos CF	N/A
7	Kung Phea	M	Chief	Thloukyul Domnak Roluos CF	096 929 8401
8	Khmaem Touch	M	Vice Chief	Chres Domnak Roluos CF	097 525 0216
Dong CF, Kampot					
9	Soeum Sem	M	Chief	Dong CF	097 681 1952
10	Kak Thou	F	Member	Dong CF	
11	Nhem Kimyim	F	Member	Dong CF	097 788 6916
12	Sim Chanthai	F	Member	Dong CF	
13	Chea Chat	M	Member	Phnom Mrorm CF	088 512 5588
14	Chum Sophea reth	M	Member	Dong CF	
15	Chum Phearum	M	Member	Dong CF	
16	Khut Horm	M	Chief	Donbon CF	097 475 3214
17	Nhem Nhan	M	Vice Chief	Donbon CF	088 733 8040
18	Khut Roeun	F	Member	Donbon CF	
19	Vork Channary	F	Member	Donbon CF	
20	Buon Bros	M	Chief	Chruospeu CF	088 442 5269
21	Chim Chamraen	F	Member	Chruospeu CF	
22	Uk Samnang	M	Member	Chruospeu CF	097 207 5026
23	Hong Sokhoeun	F	Member	Protaekkrola CF	
24	Rin Mom	F	Member	Protaekkrola CF	071638 0519
Ka-aem (Pouchri) Honey Enterprise, Mondulkirir					

25	Koeurnh Bophat	M	Chief	Ka-aem (Pouchry) Honey Enterprise	097 745 505
26	Chet Kak	M	Vice Chief	Ka-aem (Pouchry) Honey Enterprise	
27	Khorn Sokhom	M	Marketing	Ka-aem (Pouchry) Honey Enterprise	
Chikhlob Phnom Doung Kdey Sangkoeum CPA, Mondulkiri					
28	Pearl Ngi	M	Chief	Chi Klab Phnom Coung Kdey Sangkhoeu CPA	071 727 7311
29	Dat Chanthai	M	Secretary	Chi Klab Phnom Coung Kdey Sangkhoeu CPA	097 983 7747
30	Sang Trom	M	Vice Chief	Chi Klab Phnom Coung Kdey Sangkhoeu CPA	097 806 1990
31	Yuth Ki	M	Committee member	Chi Klab Phnom Coung Kdey Sangkhoeu CPA	066 922 970
O'BounLeu CPA, Mondulkiri					
32	Thoeun Ngaet	M	Chief	O'BounLeu CPA/Bamboo processing enterprise	097 424 9254
33	Sre Srey Nich	F	Secretary	O'BounLeu CPA/Bamboo processing enterprise	097 880 9163
34	Seath Suth	M	Committee member	O'BounLeu CPA/Bamboo processing enterprise	088 516 0777
35	Y Ol	M	Committee member	O'BounLeu CPA/Bamboo processing enterprise	097 785 1000
36	Thoeun Sreyvith	F	Committee member	O'BounLeu CPA/Bamboo processing enterprise	097 902 2477
37	Phan Noy	F	CPA Vice Chief	O'BounLeu CPA/Bamboo processing enterprise	097 900 7376
Kunpheap 1 (Pra) CF, Preah Vihear					
38	Sath Saon	M	Chief	Kunpheap 1 (Pra) CF	088 391 0023
39	Nhoung Sem	M	Vice Chief	Kunpheap 1 (Pra) CF	N/A
40	Sem Soeung	M	Member	Kunpheap 1 (Pra) CF	N/A
41	Roeng Ream	M	Member	Kunpheap 1 (Pra) CF	088 392 3963
42	Sok Sath	ឃ្ល	Member	Kunpheap 1 (Pra) CF	N/A
43	Hem Choeng	ឃ្ល	Member	Kunpheap 1 (Pra) CF	N/A
44	Chaev Pha-at	ឃ្ល	Member	Kunpheap 1 (Pra) CF	N/A
45	Hem Hoeth	ឃ្ល	Member	Kunpheap 1 (Pra) CF	N/A

46	Khun Khom	M	Chief of Police Post	Chaep 2	097 753 8997
47	Kuch Saor	M	Village Chief	Chaep village, Chaep, Chaep	088 940 6069
48	Mom Uong	M	Vice Village Chief	Chaep village, Chaep, Chaep	097 803 7299
Kunpheap II CF, Preah Vihear					
49	Nay Ky	M	Chief	Kunpheap II CF	088 474 2428
50	Roeung Sum	M	Cashier	Kunpheap II CF	N/A
51	Tey Yin	M	Member	Kunpheap II CF	N/A
52	Yuon Sarim	M	Member	Kunpheap II CF	N/A
53	Leng Ra	M	Member	Kunpheap II CF	097 334 4609
54	Nut Nith	F	Member	Kunpheap II CF	N/A
55	Sorm Sor	F	Member	Kunpheap II CF	N/A
56	Sim Roeun	M	Member	Kunpheap II CF	N/A
57	Khoeum Korng	F	Member	Kunpheap II CF	N/A
58	Phay Sun	M	Village Chief	Pra village, Chaep2, Chaep	097 878 4372
59	Ny Kung	M	Vice Village Chief	Pra village, Chaep2, Chaep	096 753 1877
60	Peang Khoeup	M	Vice Police Post Chief	Chaep 2	097 262 7749
Sangae1, Preah Vihear					
61	Sok Khoeun	F	Vice Chief	Sangae1 CF	088 519 1244
62	La-on Loeth	F	Member	Sangae1 CF	
63	Sa-ay San	F	Member	Sangae1 CF	
64	Chea Son	M	Traing Processing Enterprise	Sangae1 CF	
65	Suos Han	M	Traing Processing Enterprise	Sangae1 CF	086 838 710
66	Seng Tapra	M	Traing Processing Enterprise	Sangae1 CF	
67	In Sum	M	Traing Processing Enterprise	Sangae1 CF	
68	Tith Yeun	M	Traing Processing Enterprise	Sangae1 CF	
69	Kav Chuon	M	Traing Processing Enterprise	Sangae1 CF	
70	Puth Savan	M	Traing Processing Enterprise	Sangae1 CF	
71	Meas Hoeu	M	Traing Processing Enterprise Chief	Sangae1 CF	097 279 7293
Chaep 1 (Chaep Kaet) CPA, Preah Vihear					

72	Khuon Rath	M	Traing Processing Enterprise Chief	Chaep 1 (Chaep Kaet) CPA	097 616 3274
73	Suos Rath	M	Traing Processing Enterprise Chief	Chaep 1 (Chaep Kaet) CPA	
74	Sou Mom	M	Member	Chaep 1 (Chaep Kaet) CPA	
75	Sou Huon	M	Member	Chaep 1 (Chaep Kaet) CPA	
76	Kurung Chin	M	Member	Chaep 1 (Chaep Kaet) CPA	
77	Suon Leth	F	Member	Chaep 1 (Chaep Kaet) CPA	
78	Va-an Louth	F	Member	Chaep 1 (Chaep Kaet) CPA	
79	Kung Then	M	Member	Chaep 1 (Chaep Kaet) CPA	097 302 4965
Taop Cheang CPA, Koh Kong					
80	Khut Pheang	M	Chief	Taop Cheang CPA	088 271 4110
81	Cheng Oun	F	Marketing	Taop Cheang CPA	096 713 1739
82	Ma Sai	F	Processing Chief	Taop Cheang CPA	010 824 733
83	Yam Phen	M	Member	Taop Cheang CPA	086 561 802
84	On Borey	F	Member	Taop Cheang CPA	015 811 807
85	Nuon Phoeun	M	Member	Taop Cheang CPA	
86	Nuon Kung	M	Member	Taop Cheang CPA	
87	Lach Mouk	M	Member	Taop Cheang CPA	
88	Sa-em Sem	F	Member	Taop Cheang CPA	
89	Cheng Sam ath	F	Member	Taop Cheang CPA	
90	Puth Kheun	F	Member	Taop Cheang CPA	
91	Khut Tun	F	Member	Taop Cheang CPA	
92	Cheng Sary	F	Member	Taop Cheang CPA	
93	Long Thet	M	Former Chief	Taop Cheang CPA	0968079601

Annex 4: Practical Process for Requesting for Exporting NTFP Products Based on the Informal Information Given by the Import/Export Office, FA, MAFF

The report does not intent to provide the detail about each step for requesting for exporting but rather tell how many steps involved are have be gone through for an idea. Totally, based on the real experience, there are 17 steps to be taken prior to exporting:

1. A company applies for exporting;
2. The secretary of the delegations of the MAFF: FA works to process the application;
3. Then, the application is sent to the right technical department;
4. The application sent to the Import and Export office of the FA;
5. The application sent to the Vice Director of the Forestry Import and Export Department;
6. The application cleared and sent to the Director of the Forestry Import and Export Department;
7. The application approved and sent to the Delegate, General Directorate Director of FA: making approval and arrange sending the right officers to visit the proposed exporting products;
8. The officers visit the proposed exporting products;
9. The officers make a report;
10. **In case it is approved to go further, the Minister sends a letter to the Council of Minister to seek for approval for all Timbers and Non-Timber Forestry Product;**
11. **If the Council of Ministers agreed, the Council of Minister sends a letter back to the Minister of MAFF;**
12. **Based on the letter of the Council of Minister, MAFF makes a letter to MoC for opening way for exporting;**
13. **Now making application for Export License (use the decision of the Council of Ministers and MAFF as references);**
14. The company pays the commission fee (1%) of price of each product unit;
15. MoC evaluates the request for exporting;
16. The company arranges to pay the customs tax; and
17. Arrange for export by making request for transportation authorization letter.

Annex 5: Extra Information about Incomes made from Other NTFPs

The NTFPs have served significantly to the livelihood of Cambodian people, especially, the rural people as stated early in this report. Based on the recent study, 2020, it contributes up to 50% of livelihood shares of local community:

Medical plants: The same report also mentioned that more than 40% of Cambodian people use medical plants. Therefore, as estimated, the income from this part can contribute up to USD 5.6 million to the rural livelihood¹⁷.

Wild Vegetables: Additionally, the CFs and CPAs also have got attractive wild vegetables which are less than the demand. For instance, based on the focus group discussion, Chi Klab CPA in Mondulkiri, 100 community members earns \$1,220, just to only sell a type of a wild mushroom (Phset Ba’ok) in 2019¹⁸.

Below are several important information about incomes made from NTFP collections which was studied by the Livelihood Department of MoE in 2020, presented through the PowerPoint by Mr Kim Sarin, Vice Chief, during the Annual Meeting of the Cambodia NTFP Working Group (CNWG), facilitated and held by/at NTFP-EP:

- i. NTFP shares to the livelihood: NTFPs are the most important shares for the community livelihoods as it contributes 50% to several others: animal raising (25%), rice (15%), cassava (5%) and others (5%). This is based on the study of 118 families of the Preay Kda CPA of Phum Kompenh, Yeang commune, Chaom district and Preah Vihear province, who manage 1, 190 hectares of the authorized forestry land. Its total average income, for the year 2020, from selling 12 different kinds of NTFPs like wild vegetables, resins, honey, etc., and one small wild animal, is USD151,000.
- ii. Samrong Seeds: The Ortung CPA, located at Koklak, Vaeuns Sai district, Ratanakiri province, earns USD 520 000 per year from selling Samrong (សំរុង) seeds¹⁹.
- iii. Wild flower (name in Khmer 100 kun ១០០គុណ): The CPA of Orchaom of Orchaomleu and Orchaom Kandal villages of Kompong Phnov commune, Samlout district and Battambang province, earn in an average USD 28, 317 per annual from selling 100 kun flower. The community has 430 families and 258 of them collect the flowers.

¹⁷ Executive Summary of the UNDP Research Report on NTFP Value Addition for Increased Benefit for Rural People, 2017, by Emmanuelle Andaya & Khou Eang Hourt

¹⁸ Actually, there are a few different good price wild mushrooms available in the CF/CPA forest.

¹⁹ A kind of seed which are used by the local people for making desert and traditional medicines.

- iv. Resins case: The CPA of Dorng Phlet CPA, Dorng Phlet village, Chaep II district and Preah Vihear province, in average, the people earns USD 241, 832 per year. The community has 307 families and owns 27,120 resin trees.

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