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*Based on the Timber Legality Risk Assessment, V1.0
from November 2020*

Cambodia Risk Mitigation Guide



Timber



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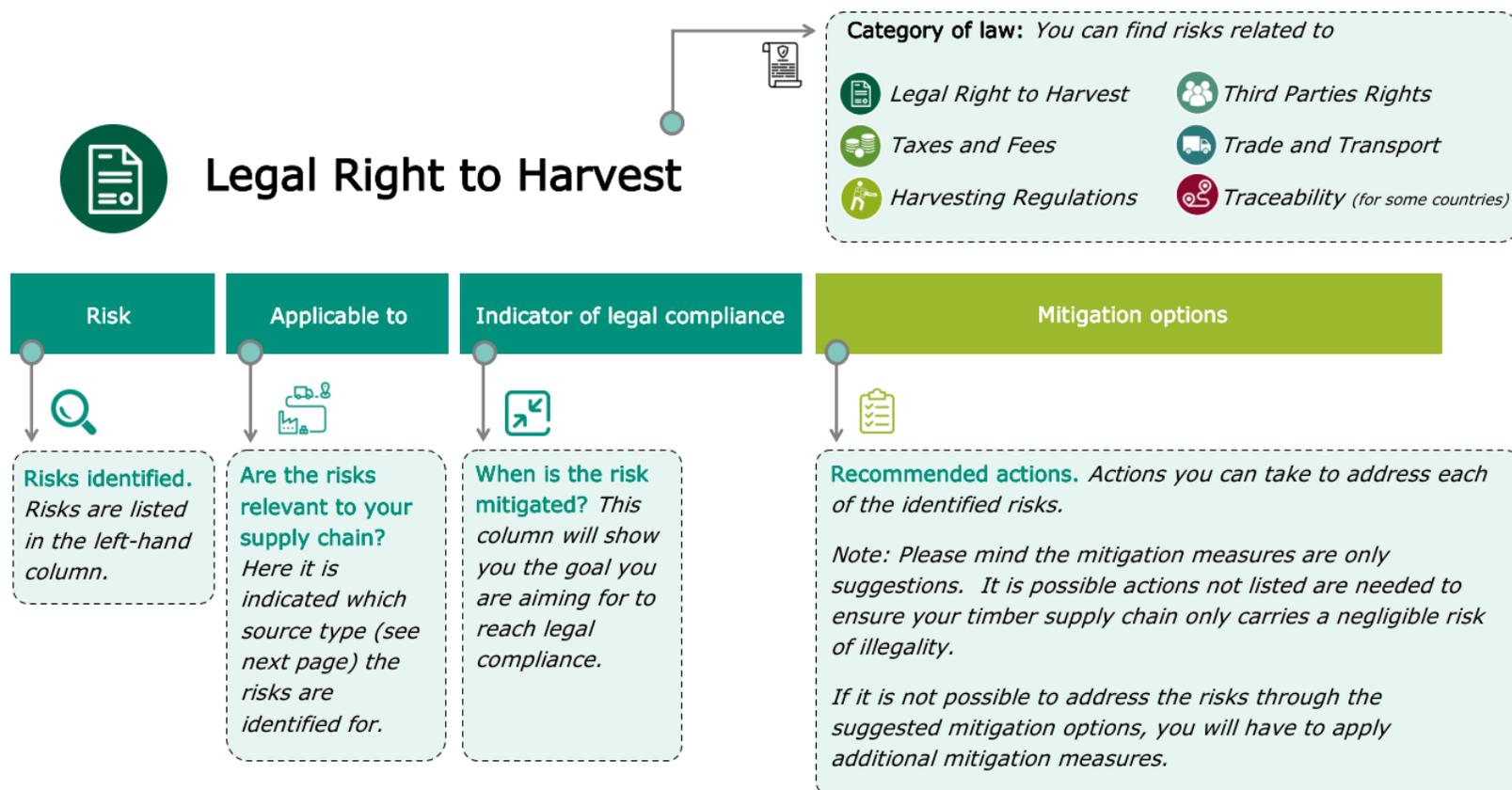


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Cambodia Forestry Risk Mitigation Guide

This guide provides a series of mitigation options to assure low risk of illegality of timber harvested in Cambodia. The guide relates only to timber harvested in Cambodia – not to material imported into Cambodia.



Timber Source Types

To understand what risks are relevant for your supply chain, you will first need to identify the origin of your timber. In general, it is often helpful to know not only the country of origin, but also other information about the origin, such as legal ownership, management regime, forest classification and permits in order to select the Timber Source Type(s) that applies to your supply chain. Identifying the right Timber Source Type is important to detail which risks are related to your supply chain and your timber products and how you can mitigate them.

Definitions used for Timber Source Types in Cambodia:

Conversion timber from infrastructure development	Located on State Private Land allocated to private companies for development (e.g., hydro-power dams, national and provincial road areas). Harvest Permits are required to clear the land for the development. Timber harvest and forest clearance are made by separate entities. Timber from infrastructure development can be used for domestic use or export.
Economic Land Concessions (ELC)	Located on State Private Land classified as production forest or within the protected areas system. ELC contracts are allocated to private companies to develop forest areas for other uses. ELCs can be awarded for maximum 50 years and for areas no greater than 10,000 ha. Harvest Permits are required. The actual timber harvest is to be carried out by an entity separate to ELC companies.
Timber/ NTFP from community forestry areas	Limited source of timber Located on state public property. A Community Forest Agreement with Management Plan (CFMP) is required. Timber from community forestry areas can be exported as long as the timber is purchased by Timber Export Companies. However, as of late 2020, there is no timber available from community forestry areas.
Confiscated illegal timber	Transport Permits are required. Any drifted, stranded, sunk, unmarked logs, and any unclaimed timber shall be seized as state property and publicly auctioned. A transport permit (PC-2) is given to the auction winner, to transport the seized timbers to their target processing sites.

Tree plantation

On Private land: Privately owned land managed by private companies. Land must be registered as forest land and a Registration Certificate is issued.

On State land: State Forest Land that is managed privately, either by communities, individuals, households, or the Forestry Administration. Agreements for granting rights to plant trees must be obtained.

Timber from Social Land Concessions (SLC).

Limited source of timber

State Private Land allocated for residential use and/or family farming as social land concessions. Timber derived from SLCs can enter the commercial timber chain including export. After five (5) years of tenure of State Private Land, the Social Land Concessions can be converted to private land as forest plantations. A land certificate and land tenure title are required.

Note: *Natural Forest Concessions* and *Timber from Annual Bidding Coupes* has not been used in many years, and due to evolving legal framework and jurisdictions it is unlikely to be used in the future. We have therefore not included these timber sources in our guide.



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General Risk Level and mitigation needs

Risk

There is a general high level of legality risks in Cambodia identified for the timber sector in Cambodia¹. In addition, there is a high level of perceived corruption (CPI 21/100 in 2020²) and the World Bank Worldwide Governance Indicator estimate a low level of control of corruption and below average estimate on the Rule of Law³.

The root cause for many risks identified in the Timber legality Risk Assessment for Cambodia relate to governance issues such as conflicting or unclear legislation. Thus, many risks identified are likely to have to be addressed at governance level.

General mitigation options

To mitigate risks in Cambodia, the following types of risk mitigation measures are recommended:

- Supply chain mapping back to forest level
- Document Review
- Onsite verification
- Stakeholder consultation

¹ Preferred by nature (2020). Cambodia Timber Legality Risk Assessment. November 2020. Available at: <https://preferredbynature.org/sites/default/files/TIMBER-Cambodia-Legality%20Risk-Assessment-EN-V2.1.pdf>

² Transparency International (2021). Corruption Perception Index (CPI), 2020. Available at: <https://www.transparency.org/en/cpi/2020/index/gng>

³ World Bank (2021). Worldwide Governance Indicators. Available at: <https://databank.worldbank.org/source/worldwide-governance-indicators>

As a buyer of timber from Cambodia we generally recommend a full evaluation of legal compliance at forest level on all aspects of applicable legislation in Cambodia.

For evaluating legal requirements of documents, please see the Cambodia Document Guide.

Below are the legality risks for Cambodia listed (based on the Cambodia Timber legality Risk Assessment from November 2021).

Many of the risks identified for Cambodia will have to be addressed at a higher governance level. For companies sourcing from Cambodia we therefore stress the need for thorough [supply chain mapping](#) and onsite verification to be able to effectively mitigate risks in Cambodia. We highly recommend that timber is sourced from known, regular and trusted suppliers.

It is recommended to seek professional advice and support from credible organisations with knowledge about the country and forest sector to conduct onsite verification.

Where possible we have added specific suggestions for mitigation options. Note that additional measures might need to be applied to effectively address the risks. Whether a risk has been effectively mitigated needs to be evaluated as part of a company due diligence evaluation.



Legal Rights to Harvest

Risk	Applicable to	Mitigation options
Land tenure is unclear due to confusion regarding property rights (1.1).	All source types	Consult <ul style="list-style-type: none"> • Consult local villagers to obtain information about the following aspects; <ul style="list-style-type: none"> ○ ensure there is no overlapping property claims ○ ensure there are no conflicts between local communities and concession owners
Conflict occurs in relation to land concessions, arising from land grabs, forced evictions, and natural resource exploitation (1.1, 1.2).	SLC, ELC	

Illegal forest clearance takes place prior to the legal process for granting Economic Land Concessions (ELCs) being completed (1.2).	ELC	<ul style="list-style-type: none"> ○ verify that the area of a current ELC was not harvested prior to the allocation process.
The legal maximum allocation limit of 10,000 ha for ELCs is often exceeded. This is because many ELC parcels of 10,000 ha are owned by the same investors and are adjacent to each other (1.2).	ELC	<p>Ensure that the ELC parcel is not in practice managed as part of a larger ELC covering an area larger than 10,000 ha.</p> <p>Ensure that ELCs are not allocated within the wrong zoning of protected areas.</p>
ELCs are illegally allocated in the wrong zoning areas within protected areas (PA) (1.2).	ELC	Ensure that ELS are meeting their productive use objective. Check the permit and Forest Management Plan and ensure that the ELC are managed as planned, and not left unmanaged.
Some ELCs do not meet their productive use objectives (1.2).	ELC	
The requirement to have management plans in place is not complied with (1.3).	All source types	<p>Review document and verify</p> <ul style="list-style-type: none"> • Confirm that a valid and approved Forest Management Plan is in place. <p>Onsite verification</p> <ul style="list-style-type: none"> • Ensure that the information in the Forest Management Plan correspond with the actual situation on the ground.
Timber theft takes place through harvesting without a permit (1.4).	No source	Ensure that harvesting permits are in place and not misused to launder illegally logged timber. Harvesting shall take place within allocated boundaries, and if conversion takes place, this shall be justified.
Illegal harvesting beyond allocation boundaries takes place (1.4).	ELC / Conversion /SLC	<p>Review documents and verify</p> <ul style="list-style-type: none"> • Confirm that a valid and approved harvesting permit is in place. • Collect supply chain documents and compare information with the harvesting permit. • Review management plan / inventory / harvesting dossiers to verify that information provided across documents correspond and that it is feasible that the timber originates from the harvesting area indicated by the documentation.
Illegally harvested timber is laundered through ELC or conversion projects (1.4).	ELC / Conversion	
Conversion permits are misused to harvest profitable forest areas (1.4).	Conversion	

		<ul style="list-style-type: none"> • If conversion of natural forests has occurred, ensure that it is justified by reviewing relevant documents related to harvesting, as well as documents related to the planned project requiring conversion. <p>Onsite verification</p> <ul style="list-style-type: none"> • Onsite verification should confirm the place of harvest and confirm that no harvesting has taken place beyond the allocation boundaries. <p>Timber testing Timber testing can in some situations help verify origin.</p> <p>Consult Consult local communities and stakeholders to verify that no harvesting was done outside allocated boundaries and that conversion conducted was justified.</p>
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Taxes and Fees

Risk	Applicable to	Mitigation options
There is non-payment of taxes and fees (1.5, 1.6, 1.7).	All source types	No mitigation options were identified.



Timber Harvesting Activities

Risk	Applicable to	Mitigation options
Harvesting above the annual allowable cut (1.8).	All source types	Onsite verification <ul style="list-style-type: none"> Mitigation of risks related to compliance with harvesting regulations requires on-site verification: <ul style="list-style-type: none"> Verify that the annual allowable cut is not exceeded Verify legal compliance of all regulations relevant for harvesting
The regulations specified in some ELC contracts are violated (1.8).	ELC	
Guidelines and regulations are not complied with the conversion of forests (1.8)	Conversion	
Protected areas are illegally harvested due to inconsistent zoning (1.9).	All source types	Onsite verification <ul style="list-style-type: none"> Mitigation of the risks related to protected sites and species require on-site verification: <ul style="list-style-type: none"> Verify legal compliance of regulations related to protected sites and species at harvesting level. Ensure that timber is not sourced from protected areas or sites.
ELCs/SLCs are allocated within protected areas (1.9).	ELC / SLC	
Illegal logging of protected species (i.e., luxury timber/resin trees) (1.9).	All source types	
Environmental Impact Assessments (EIA) and Environmental and Social Impact Assessments (ESIA) are not in place prior to operation of ELCs (1.10).	ELC	Onsite verification <ul style="list-style-type: none"> Mitigation of the risks related to environmental requirements require on-site verification:

There is fertilizer run-off from the areas of ELCs (1.10).	ELC	<ul style="list-style-type: none"> ○ Verify the legal compliance related to environmental requirements at harvesting level. ○ Verify that the company meets EIA requirements, as well as evaluation of the contents of the EIA document.
Environmental requirements, including respecting buffer zones are not complied (1.10).	All source types	
Logging is approved despite EIA/ESIA showing negative social and environmental consequences, which is in violation of the law (1.10).	All source types	
Health and safety regulations are violated during logging operations (1.11).	All source types	<p>Onsite verification</p> <p>Mitigation of this risk shall include on-site evaluation of the employer to confirm that legal requirements related to employment and health and safety measures are complied with. This shall be done through observations and interview with staff.</p>
Legal requirements related to employment are not complied with (1.12).	All source types	



Third Parties 'Rights

Risk	Applicable to	Mitigation options
Logging companies do not provide development to villagers in accordance with the law (1.13).	All source types	Consult Consult local villagers to verify that no legal violations related to the rights of local communities take place.
Conflict between villagers and logging companies (1.13).	All source types	
Villagers are not permitted by logging companies to enter the forest (1.13).	All source types	



Trade and Transport

Risk	Applicable to	Mitigation options
Abuse of transport documents occurs due to lack of identification of logs and associated volumes (1.16, 1.17).	All source types	No mitigation options were identified.
Incorrect information on quality and volumes (1.16, 1.17).	All source types	
Illegal offshore trading and transfer pricing takes place in timber transactions (1.18).	All source types	No mitigation options were identified.
Illegally logged timber is exported (1.19).	All source types	<p>Document review and verification</p> <ul style="list-style-type: none"> • Collect export documents and verify that these are authentic and contain the required information: <ul style="list-style-type: none"> ○ Confirm information related to the product sourced, ○ Confirm that no alterations have been made to the export document. ○ Verify that material sourced does not exceed the allowed dimensions and are not listed as luxury timber. ○ Verify that information corresponds with supply chain documents relevant to the product and ensure that material has been sourced from a legal origin. • Ensure that export has been done through official border crossings.
Export documents are fraudulent (1.19).	All source types	
Timber is exported through unofficial border crossings (1.19).	All source types	
Despite legal controls, luxury timber and timber larger than 25 cm width are exported (1.19).	All source types	

<p>Illegal harvest and export of CITES species (1.20).</p>	<p>All source types</p>	<ul style="list-style-type: none"> • Avoid buying CITES listed species unless it can be confirmed that a full inventory of the species has been done at a national level, and that a sustainable harvesting level has been set.
<p>CITES permits are illegally issued (1.20).</p>	<p>All source types</p>	<ul style="list-style-type: none"> • If a full inventory has been conducted at national level, ensure that relevant stakeholders (e.g., scientists and NGOs) agree with the permitted harvesting levels and that this level is sustainable compared to the national inventory of the given species. • Collect CITES permit for the species sourced and confirm with the authorities that the permit is authentic.

About LIFE Legal Wood

[LIFE Legal Wood](#) is an initiative that aims at supporting timber-related companies in Europe with knowledge, tools, and training in the requirements of the EU Timber Regulation. Knowing your timber's origin is not only good for the forests, but good for business. The initiative is funded by the LIFE Programme of the European Union.



Preferred by Nature (formerly NEPCon) is an international non-profit organisation working to support better land management and business practices that benefit people, nature, and the climate.

We do this through a unique combination of sustainability certification services, projects supporting awareness raising, and capacity building.