Community forest business in Myanmar: Pathway to peace and prosperity?

Report of an advisory mission

Duncan Macqueen

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Contents

Executive summary

This report summarises a short consultancy mission to Myanmar from 10-18 December 2015 to provide inputs to Pyoe Pin's programme of work on a market led approach to community forestry. Over the past two years there have been significant changes, both in the forest sector where exposés of illegal logging have gone hand in hand with growing momentum behind community forestry, and in the political landscape generally, with a landslide victory by the National League for Democracy. The main thrust of recommendations within this report is to try and ensure that within that dynamic context, community forestry can be seen as an important platform for building peace and achieving a peace dividend in the wake of a long-hoped for peace agreement.

Community forestry is now backed by a Community Forestry National Working Group (CFNWG), and a Community Forestry Unit within the Forest Department. The Forest Department have named community forestry as one of its sixteen major themes, such that community forestry focal points have been appointed in each township and meet on the 28th of each month to discuss progress against set area targets for community forest delimitation.

These institutional developments have been accompanied by a revision of the 1995 Community Forestry Instructions which is in final draft stage and upon approval (hopefully in early 2016) will grant communities full commercial rights over timber within their community forests, but commercialising teak will require revision of the Forest Law. Those rights are a significant advance over the previously ambiguous situation (in which teak harvesting was explicitly prohibited). The new CFIs should further motivate communities to apply for community forests – which continue to form one of the only secure tenure arrangements in ethnic areas. Reform to the forest law to back these advances is anticipated in 2016 but the process of revision has been a little more opaque.

Even without commercial rights over timber, communities have established community forest areas for a variety of other benefits – notably watershed protection, tenure security, coastal protection, subsistence needs for fuel and medicine etc. But with the 2014 log export ban triggered by fears over revenue loss, unsustainable or illegal harvesting and commercial exhaustion of Myanmar's natural forests – there is now a new appetite to involve communities in the production of timber.

Over the last 5 years, a market led approach to community forestry has received support, not only from the government but also from civil society organisations and ethnic groups themselves. The agreed approach aims to restore forest landscapes and is founded on four main pillars: (i) securing commercial tenure (ii) improving technical know-how; (iii) building business skills and (iv) strengthening producer organisation. Strong forest-farm producer organisations are a critical conduit for channelling pro-poor REDD+ finance towards forest restoration. They are also a central foundation for the legal and sustainable supply of timber for programmes such as FLEGT. But at this critical moment in history, their most important role might be in mobilising local people behind constructive peace building efforts that put resources back in local hands and equip them to generate incomes that will serve as a peace dividend to those that participate.

All across the country, Government and NGO attempts to establish and scale-up community forestry are now in full flow – with notable efforts by the Forest Department, NGOs within the MERN network and major new projects such as the Norwegian funded SuComFor through RECOFTC. One minor issue is that the positive food security implications of expanding forest-farm producer control over forest landscapes has not yet been adequately grasped by major in-country programmes. The approval of the new Community Forest Instructions and the

revision of the Forest Law are key next steps in the support of this process, and there are still major political and institutional issues that need careful attention in the latter reform.

Within Kachin new models of forest business are emerging through the collective efforts of several community forest user groups clustered through the Kachin Forest Users Association. The La Myang Community Forest Rattan and Bamboo Group business is one more developed example. Ideas for a sawn timber processing business and an integrated bamboo processing business are also being actively explored. As these emerge, they need to be nurtured, and separated out from the representative association structures, and used as a basis for replicating and scaling up such income generating option. As income generating options expand, it is to be expected that the interest in establishing, registering and restoring community forest areas will likewise expand. A number of more generic recommendation are complemented by some specific recommendations for the development of the existing Kachin community forest business opportunities below:

1. Continue to support the evolution of a Community Forestry Practitioners Network through Pyoe Pin, in collaboration with RECOFTC and FFF, and as a complement to the Community Forestry National Working Group (CFNWG). The network would involve both NGO support organisations and representatives from the growing number of township level Community Forest Product Producers Associations (CFPPAs) – and might attract additional support by developing a potential thematic focus on how a market-led approach to community forestry could provide a platform for peace-building in ethnic areas.

2. Convene through Pyoe Pin and perhaps through MERN, a specific meeting to discuss advocacy messaging for the reform of the forest law plus broader desired changes to legislation and institutions under the new Government

3. Partner with RECOFTC and FFF programmes in providing useful exchange visits for community forestry leaders, support NGO staff and government community forestry focal points – especially where these involve exposure to detailed cases of community forestry business. This could further complement the work of the Community Forestry Practitioners Network.

4. Contract early in 2016 a short term consultant with regional experience in developing community forestry timber businesses to conduct, together with ECODEV and Shalom both a market assessment and feasibility analysis of the proposed Kachin State sawmilling and processing enterprise, plus potential bamboo enterprise options, and provide suggested next steps to materialise that idea if it looks promising.

5. Provide financial support through MERN members to further support the emergence of community forestry product producer associations (CFPPAs) at township and state level, and encourage further exploration of how these might be commercially viability in their own right through marketing of FUG products or services to members, and broker meetings to allow discussion of whether and how a national federation might be set up. This might involve underwriting the costs of association leaders meeting together to discuss financial strategies and prospects for higher level federation.

6. In Kachin, support local forest user groups through Pyoe Pin / Shalom to enrichment plant using rattan, conducting research about the volumes produced in particular spacings, and to explore the possibility / need for a rattan nursery to enhance the scale at which rattan can be planted.

7. As the Kachin rattan business matures, use a consultant to undertake a financial profit and loss analysis for each of the component parts of the rattan business to assess where future efforts should be focused.

8. In Kachin, work with the Myanmar Rattan and Bamboo Entrepreneurs Association to assess and prioritise which of the options (for bamboo flooring or charcoal) appears most promising, using which species, and at which location – and then offer loan funding at a concessional rate to pump prime the investment.

9. Investigate and begin to implement through Pyoe Pin a thematic support group on how a market led approach to community forestry could support the peace process and possibilities for reform that will deliver a peace dividend– drawing on existing initiatives such as EITI, and civil society networks such as MATA and TANK.

10. Support through Pyoe Pin the programmatic work of Shalom to strengthen rattan, bamboo and timber businesses linked to and financially supportive of the Kachin Forest Users Association as further detailed in this report.

The result of a diverse spectrum of Pyoe Pin interventions has been to establish a business environment in which the Forestry Department and civil society are aligned behind a push for commercial community forestry, just as the transition to the new Government is taking place. With peace building as the central priority of the new Government, there is huge opportunity to scale-up a transfer of forest resources to communities, develop their livelihood option through business development, and thereby support a peace dividend that will strengthen democratic reforms. It may be worth trying to document more carefully the jigsaw of flexible interventions that brought about this opportunity through the Pyoe Pin programme. It may also be timely to design any follow on to the Pyoe Pin programme with at least some deliberate resourcing of follow up to consolidate community forestry within peace-building efforts.

Acknowledgements

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Thanks to all those who gave of their time to discuss the fascinating issues of how best to develop a market led approach to community forestry that will contribute to the peace building efforts within Myanmar.

PYOE PIN Programme

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Acronyms

CBO	Community Based Organization
CF	Community Forestry
CFI	Community Forestry Instructions
CFNWG	Community Forestry National Working Group, Myanmar
CFPPA	Community Forestry Product Producers Association
CFU	Community Forestry Unit, Myanmar Forest Department
DFID	UK Government's Department for International Development
DFO	District Forest Officer, Myanmar
ECCDI	Ecosystem Conservation and Community Development Initiative
ECODEV	Economically Progressive Ecosystem Development
EIA	Environmental Investigation Agency
EITI	Extractive Industries Transparency Initiative
EU	European Union
FAO	Food and Agriculture Organisation of the United Nations
FD	Forest Department
FFF	Forest and Farm Facility
FFI	Flora and Fauna International
FLEGT	EU Forest Law Enforcement Governance and Trade Action Plan
FUG	Forest User Group
FSWG	Food Security Working Group
ICRAF	World Agroforestry Centre
IIED	International Institute for Environment and Development
KCWG	Kachin Conservation Working Group
KIO	Kachin Independence Organisation
LIFT	Livelihood and Food Security Trust Fund
MATA	Myanmar Alliance for Transparency and Accountability
MERN	Myanmar Environmental Rehabilitation-conservation Network
MOECAF	Ministry of Environmental Conservation and Forestry
MTE	Myanmar Timber Enterprise
MTMA	Myanmar Timber Merchants Association
NCCT	Nationwide Ceasefire Coordination Team, Myanmar
NGO	Non-Government Organization
NTFP	Non-Timber Forest Product
RECOFTC	Centre for People and Forests
REDD+	Reducing Emissions from Deforestation and forest Degradation
SHALOM	Nyein (Shalom) Foundation
SIDA	Swedish International Development Agency
TANK	Transparency and Accountability Network of Kachin
TAT	Technical Advisory Team, Myanmar
TFO	Township Forest Officer
UNDP	United Nations Development Programme
UNFC	United Nationalities Federal Council, Myanmar
UNREDD	United Nations programme for Reducing Emissions from Deforestation and forest Degradation
VPA	Voluntary Partnerships Agreement under FLEGT
WGEC	Working Group for Ethnic Coordination, Myanmar

1. Introduction to the forest sector in Myanmar

1.1 Background

Control over the timber trade

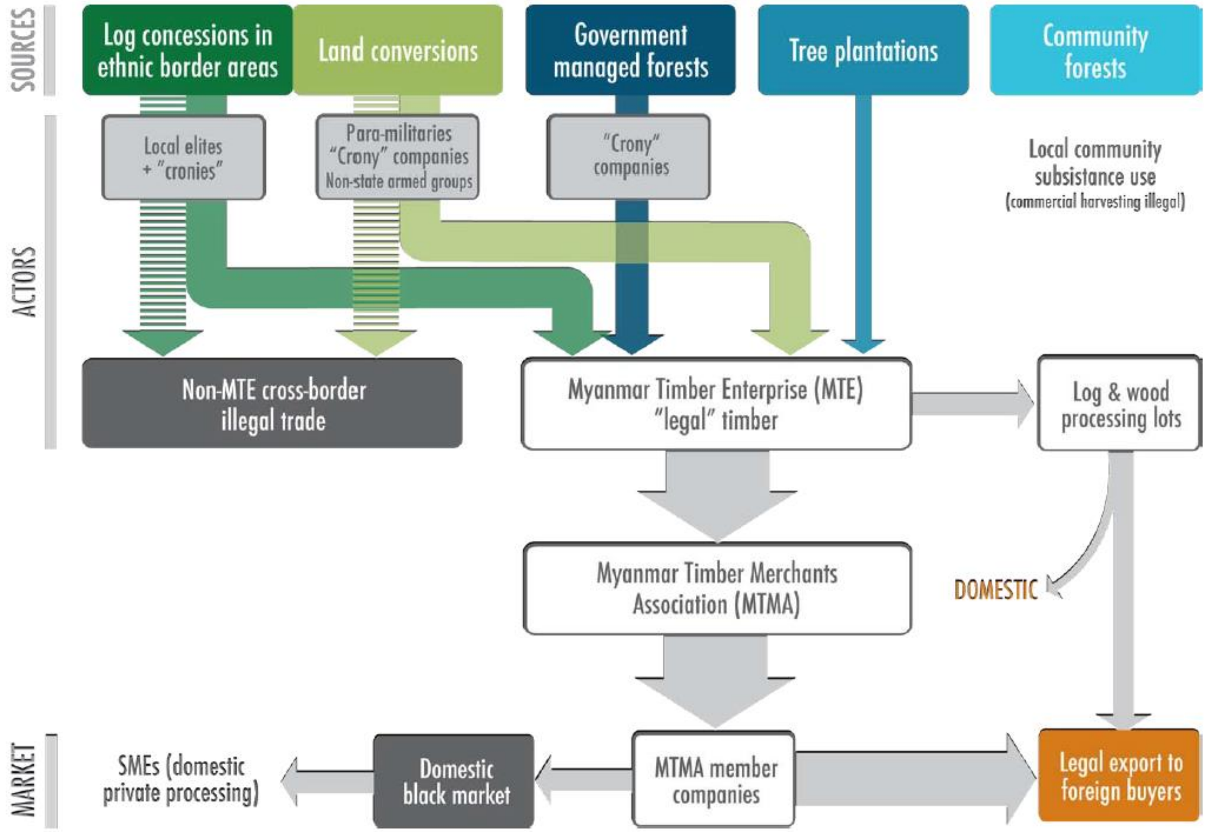
Myanmar's forests have, in both colonial and more recent governments, served as a source of revenue and power. As Myanmar transitions to a more democratic future, there is a growing momentum to put forests and forest revenues back into community hands. As noted in previous reports (Macqueen 2012, 2013a, 2013b) forests in Myanmar cover 31,773,000 ha or 47% of total land area. Some 70% of Burma's 51 million people live off the land and 17 million are classified as 'forest dependent' (DFID, 2014). While perhaps not as remunerative as some other sectors (e.g. Jade mining) the economic contribution of the forest sector is particularly important because of the geographically extensive nature of the resource – how forests are used affects almost everybody in direct ways. Historic patterns of forest land use, revenue distribution, and decision-making, have contributed significantly to grievances and conflicts within Myanmar. The new emphasis on community forestry, built upon a market-led approach, therefore offers a means of reconciliation within peace building efforts. This deliberate effort to share forest revenue generation more broadly is in some ways a litmus test of broader government intentions, and one that will be felt by many rural people.

Under recent Governments, forest management in Myanmar has been controlled by the Ministry of Environmental Conservation and Forestry (MOECAF) and its two subsidiary bodies, the Forests Department (FD) and Myanmar Timber Enterprise (MTE). It is possible that the new Government will revisit the Ministerial structures, but for now that situation remains in place. Since 2013 there have been advances in knowledge about how the forest sector functions within Myanmar. For example, Woods (2013) usefully described five different origins of timber within the Myanmar system (See Figure 1), each of which has its own issues and balance between legality and illegality:

a. State-managed (MTE) forests, largely consisting of teak;
b. Logging concessions in natural forests, mostly in ethnic conflict areas;
c. Land conversion in natural forests, predominately driven by agribusiness concessions, mostly (but not exclusively) in ethnic areas, and also known as "conversion timber";
d. Tree plantations, which are very limited in extent so far due to a host of political and economic factors; and
e. Community forests, which have historically not been allowed to conduct commercial harvesting.

As can be seen from Woods representation in Figure 1, the lucrative market for timber has been captured almost entirely by the military government and crony companies. Communities have historically been denied access to the market – one of the many grievances that exist between the Government and the 21 armed groups (only 8 of which have signed the national ceasefire agreement).

Figure 1. Timber flows and actors within Myanmar (Source: Woods, 2013)

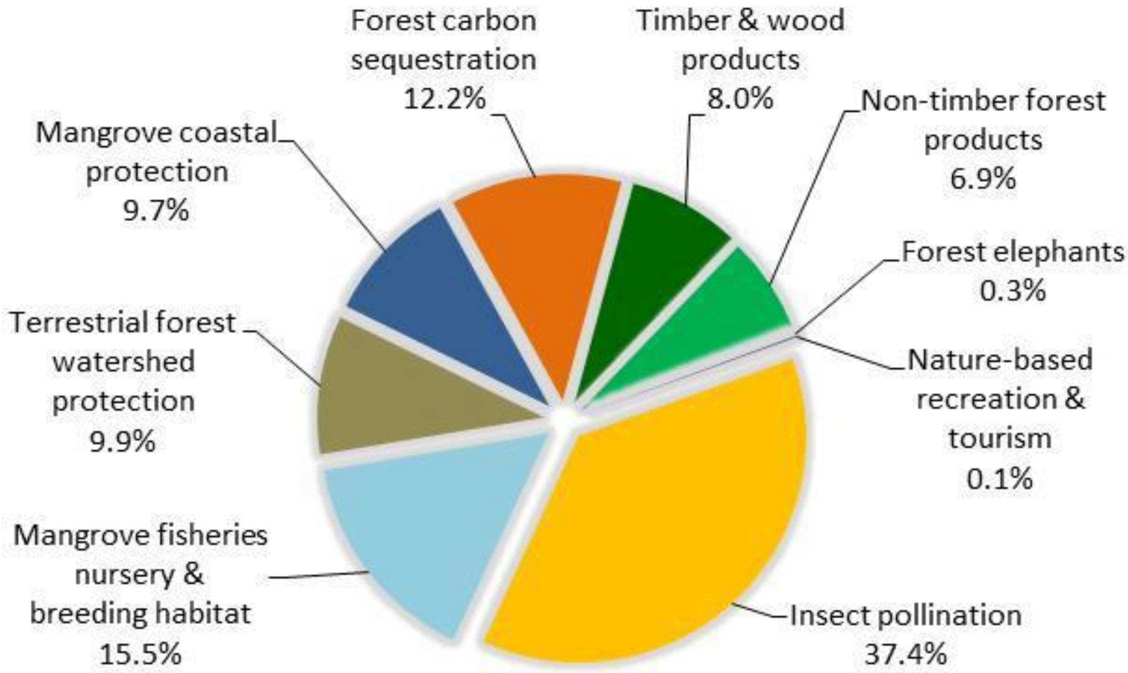


The broader benefits accruing from forests

As noted above, commercial rights of community forest user groups have been ambiguous. Nevertheless, many communities have still pursued the establishment of community forest areas (one of the only ways of securing legal land tenure for marginalised groups). But in addition to the securing of land tenure, since 2013 it has also become clear that in terms of value, income from timber (~US$ 1.5 billion in 2013) and Non-Timber Forest Products (NTFPs) together make up only a small (~15%) share of the total value contributed by forest ecosystem services to Myanmar's local and national economy (see Figure 2 from Emerton and Aung, 2013).

Many of these additional ecosystem service functions are particularly important for forest-farm communities within Myanmar. For example, in the Waing Maw Township area of Kachin interviews with community tree planters revealed that watershed protection (for their rice paddy system) was one key motivation for establishing community forests. In the Ayeyawardy Delta interviews with community tree planters revealed that mangrove coastal protection was a key driver of afforestation (providing protection from storms such as cyclone Nargis that struck Myanmar in 2008)

Figure 2. Contributions towards a total estimated annual value of US$ 7.3 billion from forest ecosystem services within Myanmar (Source: Emerton and Aung, 2013)



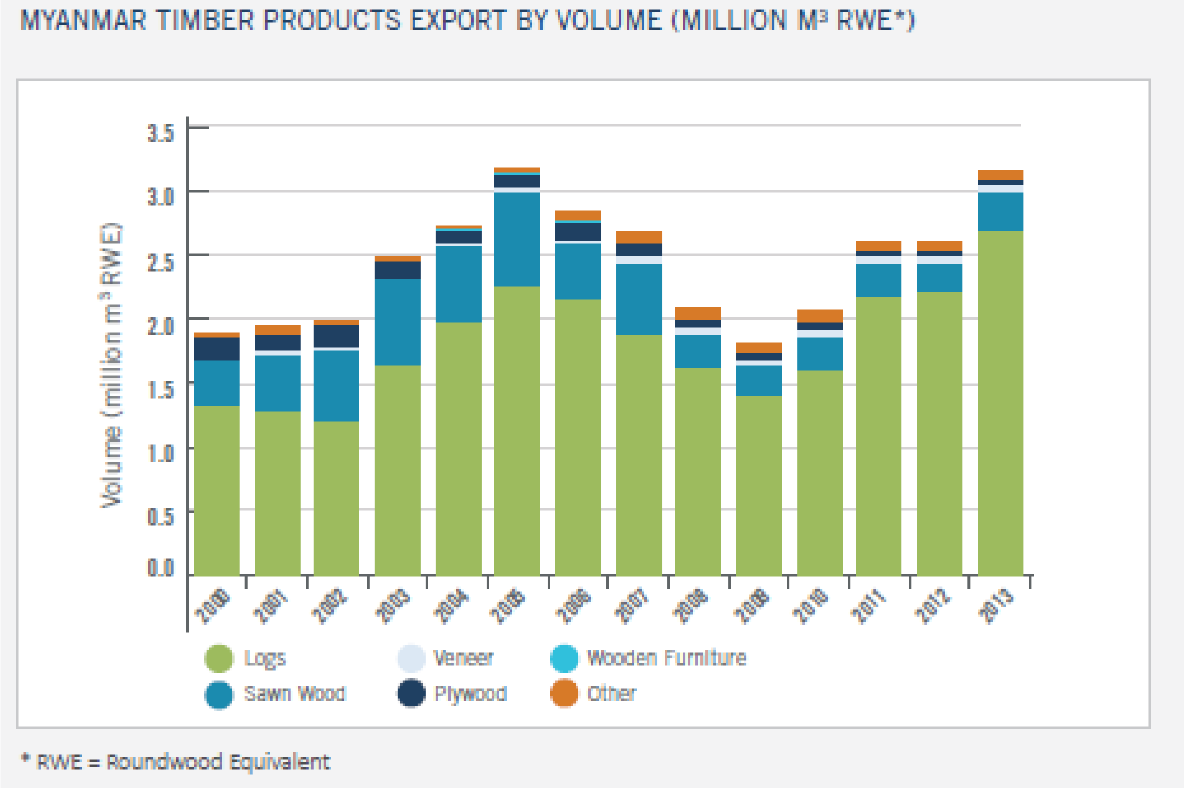
Deforestation through agricultural conversion and forest degradation through logging

Despite the significant and diverse economic contribution of forests to the Myanmar economy, deforestation rates have risen from 0.3% between 1990 and 2000 (Leimgruber, et al. 2005) to 0.9% between 2000 and 2010 (WWF, 2010). Forest loss has accelerated still further in recent years, doubling from an average 97,000 hectares a year pre-2009 to an average of 185,000 hectares a year since (Hansen et al. 2014). There are particular hotspots in the densely populated regions of the Ayeyarwady, Mandalay, Yangon, Rachine and Shan States – plus emerging areas in Tanintharyi and Kachin. The marginalisation of people from the commercial benefits of forests is believed to be one of the key drivers of this trend. It is because of this high deforestation that efforts to involve communities in forest management have risen on the political agenda.

As elsewhere in the Mekong region, the primary driver of deforestation has been agricultural expansion. And since 2010 the land area allocated for large-scale private agriculture concessions increased by an unprecedented 170 percent. This was especially the case in Tanintharyi and Kachin, although only a small fraction of this was actually planted, and motives may include both land speculation, and / or conversion logging without need for a more complex concession license (Woods, 2015). Degazetting of forest reserves often anticipates agricultural land concessions.

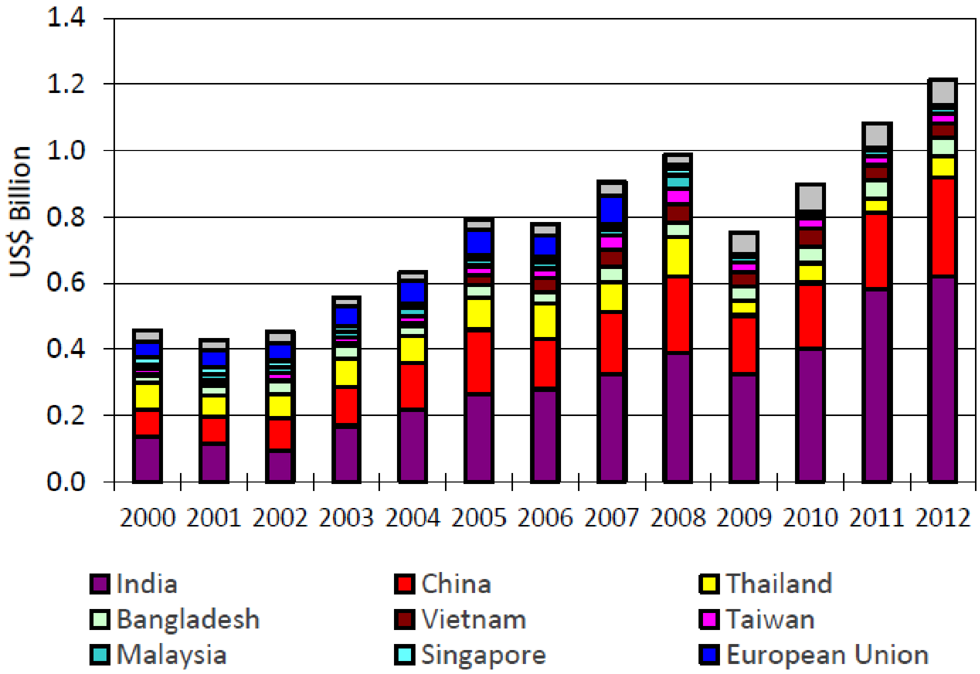
Although less significant in absolute terms, continued unsustainable logging has been responsible for considerable forest loss and degradation across Myanmar. Logging has continued unabated until 2014 (see Figure 3) when continuing national and international concern triggered a log export ban.

Figure 3. Myanmar timber products exports by volume (Source: Woods 2015)



The main destinations for timber exports up to 2014 have been to India and China (Figure 4 – sourced from Woods 2013). With little market demand for sustainable forest management from those two destination markets and little market share for regions which have strong procurement legislation in place (e.g. the EU FLEGT Action Plan and EU Timber Regulation) it is questionable what pressure can be brought to bear to rein in illegal logging. It certainly makes more challenging any progress linked to the FLEGT process.

Figure 4. Myanmar timber exports by value by country, 2000-2012 (Source: James Hewitt, European Forestry Institute, cited in Woods, 2013)



The impact of the log export ban, introduced on 1 April (Ferrie, 2014) has been some reduction in the log export trade. The ban has met with some success in terms of log seizures (DFID, 2014) although not apparently stemming an illegal cross border trade with China (EIA, 2015).

Ongoing reforms of forest legislation in favour of greater community control

In terms of legislation, in 1992 the Forest Law – followed by the 1995 Myanmar Forest Policy – laid out targets for expanding the permanent forest estate. They also introduced notions of community participation in forest management, which is further elaborated in the 1995 Community Forestry Instructions (CFI) (Tint et al. 2011). Under the CFI, a community Forest Users' Group (FUG) can identify a suitable area and apply to the Township Forest Officers (TFOs) for support in community forest establishment, under the jurisdiction of District Forest Officers (DFOs) who oversee Forest Department activities in the 62 Forest Districts across Myanmar (Springate-Baginski and Than, 2011).

The government's 2001 Forest Master Plan target was to establish 918,000 ha under community forest management by 2030. The new emphasis on community forestry came about due to the fears over future timber supply and the consequent need to create incentives for forest restoration. Recommendations have been made to expand the ambition of community forestry within the ongoing revision of the Community Forestry Instructions (Tint et al, 2014) as part of a process of deepening democracy over forest land use (Macqueen, 2014). New community forest instructions will enable FUGs to make commercial use of timber and NTFPs thereby incentivising forest management and restoration.

The revision of the 1992 forest law has been anticipated since 2013 – but seems to have stalled, and it may be that further revision is best left to the new Government when it convenes in 2016. No draft texts have been circulated although a set of civil society recommendations on community forestry have been made (MERN, 2012). The ideas put forward include the commercial use by communities of their forests – and these recommendations may be taken up soon under the revised CFI.

In 2013 there were 739 FUGs have been registered in Myanmar covering 44,065 ha (at an average demarcation rate of 2,180 ha per year). To meet the government Master Plan this rate would need to increase to about 20,000 ha per year (a tenfold increase). Even if this were to be achieved, the extent of community forestry would only be a tiny 2.8% of the forest estate (Tint et al. 2014).

1.2 Myanmar's market-led approach to community forestry

The origin of the market led approach to community forestry in Myanmar

The approach began in 2009 when a stakeholder workshop on community forestry - its experiences and future in Myanmar - was organized by FAO, UNDP, FSWG and MoECAF. In 2011, Pyoe Pin supported a review on Community Forestry which involved a national design workshop in 2010 and was undertaken by ECCDI and University of East Anglia (see Tint et al., 2011).

In 2012 a second national workshop on a 'market led approach' to community forestry was organized by Pyoe Pin in collaboration with the International Institute for Environment and Development (see Macqueen, 2012). At that workshop participants endorsed the use of a market led approach as a means of incentivizing communities to delimit, restore and sustainably use forests. A vision for a market led approach to community forestry in Myanmar was proposed based on participant priorities:

> *"Enhanced income and revenue generation, through entrepreneurship and fulfilling jobs within community forest user groups, in order to incentivise forest restoration, reduce poverty, and strengthen social networks that together will contribute to integrated rural development that mitigates and adapts to climate change, conserves biodiversity and strengthens the rule of law"*

Participants also proposed a series of desired changes, tactics to achieve them, and responsibilities for doing so under four key pillars of this new market based approach:

- Securing commercial forest rights
- Strengthening business capacity
- Scaling-up enterprise oriented organisation
- Securing the necessary financial investment

On the back of these developments, in early 2013, the Steering Committee of the new FAO-hosted Forest and Farm Facility (FFF) elected Myanmar as one of six pilot countries in which it aims to strengthen forest-farm producer organisation and their engagement with more coordinated cross-sectorial policy processes. A launch mission (see Macqueen, 2013a) was followed by grant programmes to strengthen business development within community forest user groups, develop marketing associations at township levels in Chin, Rakhine and Shan States and linking these to national policy processes.

Also in 2013, RECOFTC have worked with the Government of Myanmar to help establish a Community Forestry National Working Group (CFNWG) with financial support also coming from the FFF. Sitting under the Director General of the Forest Department, and with an explicit mandate for a 'market-led approach to community forestry' it is hoped this working group will help to give much needed formal momentum to the pursuit of community forestry enterprise. Particularly encouraging is the emergence of a Community Forestry Unit within the Forest Department to spearhead such developments I with community forestry focal points in each township.

Relevance of community forestry to FLEGT, REDD+ and peace building processes

The FLEGT Voluntary Partnership Agreement (VPA) process may prove highly useful in renegotiating what constitutes legality in terms of timber production, and the role of communities within it – if there is to be further revision of the Forest Law. Any renegotiation of legality and development of legality assurance systems offers an opportunity for those wishing to secure greater local control over forest resource rights amongst Myanmar's forest farmers.

The NGO Economically Progressive Ecosystem Development (EcoDev) organised in 2015 an initial training for civil society groups on FLEGT with input from Environmental Investigation Agency and the EU FLEGT Facility. This is the first step towards engaging with civil society stakeholders as they consider whether a VPA would benefit Myanmar and how this might integrate with the market led approach to community forestry.

There is a strong convergence between the aims of Reducing Emissions from Deforestation and forest Degradation (REDD+) and the mobilisation of community forestry expansion through a market led approach. It is difficult to see quite how deforestation and degradation will be achieved without involving, empowering and incentivising forest conservation and reforestation by the 35 million forest farms dispersed across Myanmar. Representative institutional structures of those forest farmers will be particularly important for building awareness over REDD+ and finding ways of channelling REDD+ finance for activities that support the aims of REDD+.

Myanmar joined the UN-REDD Programme in November 2011. Discussions on how the UN-REDD Programme could support Myanmar had already begun in 2010, and Myanmar had attended several UN-REDD regional meetings. In collaboration with RECOFTC, UN-REDD is developing a REDD+ Readiness Roadmap and will be seeking to mobilize resources for its implementation. Linked with this, RECOFTC is also expanding its work in scaling up of community forestry with support beginning in 2015 from the Norwegian Government (see below).

After 60 years of debilitating conflict involving Government forces and some 21 ethnic armed groups, a National Ceasefire Agreement (NCA) still appears elusive. But there is also cautious optimism about the potential for progress under the new Government. Currently, only 8 of the 21 armed groups have signed the NCA. Overcoming internal tensions over how the full suite of ethnic armed groups might be represented has been problematic with the United Nationalities Federal Council (UNFC) umbrella and Working Group for Ethnic Coordination (WGEC) both representing different faction to different extents. The emergence of the Nationwide Ceasefire Coordination Team (NCCT) which represented 16 armed groups has led to a series of constructive engagements but without fully resolving some key sticking points (International Crisis Group, 2015). In January 2016 Myanmar's Aung San Suu Kyi said that the country's peace process will be the first priority of her new government that will take power later this year, following the landslide victory of the National League for Democracy in the November 2015 election.

In the aftermath of any ceasefire agreement or peace deal, there will be pressure to bring economic development into areas hard hit by conflict. The forest sector is one of the geographically extensive sectors that has been historically appropriate by the Governing elite, yet it is one from which new income generating opportunities might be created. With the new CFI set to hand commercial rights over forests to communities, there is a historic opportunity to use the expansion of community forestry as a peace building platform that helps to restore trust between Government and ethnic groups – improve livelihood prospects following the peace deal and forms a constructive example of sharing the national wealth under the new Government.

2. Support to community forestry enterprise development and market led approach in Myanmar

2.1 Review on-going market-led community forest enterprise support in Myanmar

Government developments

Meetings were held with Prof. Kyaw Tint (ECCDI) and Aung Than Zint (MERN) on 11 December 2015. Through MERN, the FFF has been supporting the regular meetings of the Community Forestry National Working Group (CFNWG) which has now had six meetings (one of which is shown left) and draws participation from both the Government Forestry Department (led by the Deputy Director General of MOECAF) and civil society (including RECOFTC, MERN and ECCDI among others).

The ultimate aim of the CFNWG is to include a representative of organised community forestry at the national level in these discussions. A key focus of discussion within the CFNWG has been the revision of the Community Forest Instructions (CFI) which has now reached final draft stage and will be put for final approval in the seventh meeting.

The new CFI will afford communities full commercial rights over both timber and Non-Timber Forest Products (NTFPs). This will include the growing and selling of teak which will open a major new opportunity for community forestry.

In addition, the work with Government has led to the creation of a formal Community Forest Unit within the Forestry Department led by U Myo Min. The creation of this unit has been strengthened by the introduction of community forestry as a new core activity of the Forestry Department with associated targets for Forest Department staff (e.g. the re-designation of 800,000 ha of shifting cultivation as community forestry with the establishment in 2015 of 100,000 hectares of community forest – equivalent to the entire existing stock of community forestry). The Community Forestry Unit has appointed staff at sub-national level to oversee these developments and targets (which include the provision of seedlings and technical advice by the Forestry Department).

Civil society efforts

At the regional level, FFF support to ECCDI has built on earlier work to establish one township level association (comprising 6 Community Forest User Groups at village level) in Southern Shan state (with one of their meetings shown left).. The existing township level association has been expanded to 16 Community Forest User Groups. An addition 4 township level associations have also been established with an initial 5 Community Forestry User Groups in each. Together the leaders of these township-level association have formed a Shan State Community Forestry Product Producers Association (CFPPA). Training has been given in added valuing processing for rattan products and broom production to strengthen the commercial viability of these township level associations. One of the issues has been the slow recognition by the Forestry Department of new Community Forests, especially when these fall outside of the existing permanent forest estate, but this issue is being actively pursued now that the new Community Forest Unit is in place.

Also at the regional level, FFF support through MERN has led to the grouping of 42 existing Community Forest User Groups into a Rakhine State Community Forestry Product Producers Association (CFPPA). Once again, there have been market analysis and development trainings that have involved training trainers in enterprise development to help the Community Forest User Groups diversify and commercialise their forest production possibilities. ECCDI and MERN have developed a new partnership with ICRAF to develop agroforestry techniques for alternatives to shifting cultivation to provide technical assistance alongside the business support offered through the FFF.

Pyoe Pin support has been primarily focused on Ar Yone Oo (Chin State) and ECODEV / Shalom (Kachin State). Meetings were held with Salai Thawng on 11 – 18 December 2015. Pyoe Pin has been a central supporter of the development of a market-led approach to community forestry and has been instrumental in seeing that approach woven into new developments such as the FLEGT Voluntary Partnership Agreement process and the UNREDD approach. Pyoe Pin has also supported the establishment or further development of township level Community Forest Users Associations in both Kachin and Chin states through Shalom / ECODEV and Ar Yone Oo respectively. One of the aims of Pyoe Pin is to support the development of Community Forestry Practitioners Network in association with the CFNWG.

ECODEV continues to work at various levels to further a market-led approach to community forestry. A meeting was held with Win Myo Thu on 17 December 2015. ECODEV has been working in Kachin to undertake forest inventories of three community forest areas as part of an exercise to calculate the possible sustainable production yields for commercial tree harvesting. The inventory results from the three forests show quite a high stocking of *Gmelina arborea.* Initial discussions have been held about establishing a sawn timber facility in the Wiang Maw Township – with a construction site already identified and secured. The developments are also being linked to ECODEV's civil society leadership of the FLEGT process within Myanmar. The sawn timber facility might provide a test case for legality assurance from community forest areas to be included in any Voluntary Partnership Agreement (VPA)

RECOFTC is a leading partner in efforts to scale up community forestry. A meeting was held with Maung Maung Than on 17 December 2015. With support from the Norwegian Government, RECOFTC has developed a project known as SUCOMFOR (Scaling Up Community Forestry). This has a focus in seven states (Ayeyarwady, Bago, Chin, Magwe, Rakhaing, Tanintharyi and Shan) and will establish a community forestry training and learning network, expanded forest user groups on the ground, monitoring and evaluation research, networking between forest user groups and inputs to the policy review process. This complements other RECOFTC work relating to REDD+ grass root capacity development, work with the Asian Social Forestry Network, and work under the Responsible Asia Forest and Trade programme (RAFT 3).

FAO FLEGT Facility support to Flora and Fauna International. Fauna & Flora International (FFI) has secured EU funding for a new long-term partnership programme to strengthen the capacity of local civil society organisations in northern Myanmar (Chin and Kachin States) to protect biodiversity through collaborative protected area management and community forestry. The programme is jointly implemented with our local NGO partner, the Biodiversity and Nature Conservation Association (BANCA), and the People Resources and Conservation Foundation

(PRCF). Some issues have been raised about requests to expand conservation areas within conflict zones that require further discussion between partners in Myanmar

WWF is also moving into Myanmar, particularly in Tanintharyi. A phone conversation with Amalia Maling on 17 December 2015 confirmed their intention to research potential value chains in the region and develop analysis of the main actors involved within Myanmar. Through this consultancy WWF were put into contact with the various other key players in community forestry with whom they will continue to coordinate their activities.

Multiple other NGO led initiatives to support community forestry are also ongoing, for example under the Livelihoods and Food Security Trust Fund (LIFT). It was not possible in this short mission to meet and discuss progress with all of them, but notable examples do of course include FREDA in the Ayeyarwady Delta region, Wildlife Action Group (WAG) in Rakhine and Chin and ongoing community forest work by Social Vision Services (SVS); Myanmar Hearth Development Organization (MHDO); Swanyee Development Foundation (SDF); Friends of Wildlife (FOW); Myanmar Ceramic Society (MCS) in Ayeyarwady, Rakhine and Shan states.

Given the wide range of organisations working at least partially on community forestry, it would seem that Pyoe Pin should continue to have a role in its last year of this phase of work in ensuring that a practitioners network on community forestry continues to function through regular exchanges of experience. It might for example, be possible to invite participants to see the rattan enterprise developments in the Waing Maw township. The thematic content of the meeting might be focused on how community forestry development could provide a useful platform for peace building across many of the upland areas where conflicts with the Government still exist.

Recommendation 1

Continue to support the evolution of a Community Forestry Practitioners Network through Pyoe Pin, in collaboration with RECOFTC and FFF, and as a complement to the Community Forestry National Working Group (CFNWG). The network would involve both NGO support organisations and representatives from the growing number of township level Community Forest Product Producers Associations (CFPPAs) – and might attract additional support by developing a potential thematic focus on how a market-led approach to community forestry could provide a platform for peace-building in ethnic areas.

2.2 Options to strengthen synergies between community forestry support initiatives

Synergies in advocacy strategies for legislative and institutional reform

Communities have established substantial areas of forest since 1995 even without commercial motivation (as illustrated by the forest scale and tree diameters in Kachin – shown left). But in various in-country meetings since 2009, community forestry enterprise development has been seen as having huge potential for incentivising and thereby scaling-up afforestation efforts, reducing poverty and increasing food security and rural livelihoods resilience within Myanmar. If fully supported it could offer livelihood diversification and additional off-farm income to an estimated 6 million rural people in Myanmar (Tint et al., 2014). However, this potential is currently largely unmet due to limited past success in scaling up community forestry and farm enterprise development and making linkages with strong existing markets.

Conflict has been an important constraining factor, as has the existence of weak tenure and commercial rights under the old Community Forest Instructions, and lack of political will. Limited awareness of the commercial potential of community forestry has also been a constraining factor , not just among government but also among community forest user groups themselves who so far have been reluctant to take up forest management responsibilities due to the 'subsistence oriented' mentality of community forestry.

The participatory approach to the reform of the Community Forestry Instructions (CFI), not least in recent meetings of the Community Forestry National Working Group (CFNWG) has now led to the development of a game-changing text that, if ratified, grants full commercial rights to communities over both timber and NTFPs including teak. This has been complemented by institutional reform within the Forestry Department such that a new Community Forestry Unit pursues community forestry as a core area of FD activity and with associated numerical targets and focal points in each township.

What is now needed is for further effort to open up and engage with the reform of the forest law that will cement these community forestry provisions within strong legal text. There are still a number of issues that require further negotiation in reforming such law – given the rapidly changing dynamics in international agreements on sustainable development (the ratification of the sustainable development goals or SDGs) and on climate change (the Paris Agreement). At present my own opinion as to ten forest-relevant priorities for legislative and institutional reform would include:

(i) The merger of MOECAF and MOAI such that forest landscapes spanning a continuum from natural forest through to intensive agriculture be governed by one single institution (so as to avoid inter-ministerial conflicts concerning the designation of community forest land)

(ii) The expansion of the 'community forestry' land concept to include shifting cultivation areas, agroforestry planting arrangements, trees on farm, woodlots, other tree crop plantations, alongside natural forest production and conservation areas. This would greatly consolidate the rightful claims of forest-farm communities over their land and help incentivise commercial tree planting.

(iii) While fighting for the above, simplified procedures for the registration of community forestry on land not belonging to the national forest estate.

(iv) A much more ambitious target for the transfer of (significant production) forest land towards local community groups (e.g. roughly in the order of 50%).

(v) Clarification of the legality assurance system (within FLEGT) through which product arising from community forest areas is registered (and hopefully favoured in licensing and tax procedures) such that product from outside the confines of that jurisdiction cannot be laundered through it.

(vi) Clear provisions and incentives for appropriate sawmilling and other processing activities in areas adjacent to forests to reduce unnecessary transport costs and improve local value-added.

(vii) Clarification of the legal status of Community Forestry User Groups (hopefully in favour of for-profit activities) such that community forest businesses need not double register.

(viii) Simplification of the processes for registration of Township, State and National level Community Forest Product Producer Associations for community forestry groups, again with the possibility of commercial activity.

(ix) Explicit recognition of the role of local Community Forest User Groups and township and State level Community Forestry Product Producer Associations in channelling REDD+ finance for afforestation activities.

(x) The development of the Community Forest Unit within the Forestry Department into an active enterprise extension service through appropriate skill development.

Recommendation 2

Pyoe Pin might convene, perhaps through the Community Forestry Practitioners Network, a specific meeting to discuss advocacy messaging for the reform of the forest law plus broader desired changes to legislation and institutions under the new Government

Synergies in scaling up community forestry enterprise development models

Over the last three years, considerable progress has been made in advancing community forest user group progression towards the establishment of business (such as the rattan splitting business in Waing Maw pictured left). Representatives in Myanmar have also participated in international meetings of the Forest Connect alliance at which case studies of successful locally controlled forestry from beyond Myanmar were showcased. Several participants from Myanmar have been included in regional ‘training-of-trainers’ approaches to Market Analysis and Development (MA&D) in Vietnam.

In 2015 a compendium was published of successful locally controlled forestry business models (Macqueen et al. 2015). No examples from Myanmar were included in that compendium, in part due to the early stage of business development of most community forestry groups within Myanmar. At the same time, recent exchanges organised by the Forest and Farm Facility both within and beyond Myanmar (to Nepal and Vietnam) have proved useful in stimulating ideas about enterprise development. RECOFTC now has funds within SUCOMFOR to further develop

Pyoe Pin might continue to partner with FFF and RECOFTC programmes in providing useful exchange visits for community forestry leaders, support NGO staff and government community forestry focal points – especially where these involve exposure to detailed cases of community forestry business. There are already examples of community forestry groups directly acquiring technology and business ideas (e.g. the transfer of charcoal briquette making techniques from Nepal to Myanmar).

The pattern of recent exchange visits both within and beyond Myanmar has involve pairing community forest user groups with the NGO support staff with whom they work and the township level forestry officers tasked with supporting them. By engaging all three parties in exchange visits, momentum can be built that begins to resolve issues to do with technical support and administrative barriers.

Recommendation 3

Pyoe Pin should continue to partner with FFF and RECOFTC programmes in providing useful exchange visits for community forestry leaders, support NGO staff and government community forestry focal points – especially where these involve exposure to detailed cases of community forestry business. This could further complement the work of the Community Forestry Practitioners Network.

Synergies in technical support for product specific community forest enterprise clusters

The emergence of some shared enterprise options in the rattan (shown left) and charcoal sectors, with emerging options for bamboo and timber might be further consolidated by: (i) trying to expand the numbers of FUGs in a particular area that are served by a township or state level association and can get access to technical training within the association (such as the skilled weavers required for rattan); (ii) continue to link these emerging enterprises with key private sector buyers with whom they might trade – for example by sponsoring visits to Yangon and other markets where a more diversified range of buyers might be found. This has already proved highly effective in the case of the rattan sector where participation by the Chair of the Myanmar Bamboo and Rattan Association helped both to improve the quality of technical advice offered, but also assist with necessary investments and offer guaranteed purchasing agreements.

As the number of community forest business in particular sectors develops, it might be helpful therefore to broker specific field based technical missions to discuss those specific emerging value chains and how to further strengthen them. Participants might include Government Forestry Department Staff, relevant private sector actors, interested NGO actors with a vision for supporting community enterprise development in the sector described, and technical experts from within the country or region (e.g. from INBAR in the case of Bamboo).

As timber is likely to prove the most valuable forest resource, and the political context now seems to be moving towards allowing community commercial timber rights – it would be timely to try and ensure that at least one sawmilling and processing centre emerges to pilot community timber production. Similarly, the widespread availability of commercial stocks of bamboo in community areas should encourage progression towards a pilot community forest bamboo enterprise.

At this stage, getting in someone with experience in marketing community timber would be a necessary next step – and specific consultant suggestions have been made verbally and by email to the Pyoe Pin Programme. Ensuring that several interested support NGOs might be able to meet and discuss with that consultant the key issues that need to be thought through could help build synergies across the country and speed up the replication of success – for example with the proposed Wing Maw township sawmilling and processing centre. A proposed ToR for such a consultant is supplied in Annex 3.

Recommendation 4

Contract early in 2016 a short term consultant with regional experience in developing community forestry timber businesses to conduct, together with ECODEV and Shalom both a market assessment and feasibility analysis of the proposed Kachin State sawmilling and processing enterprise, plus potential bamboo enterprise options, and provide suggested next steps to materialise that idea if it looks promising.

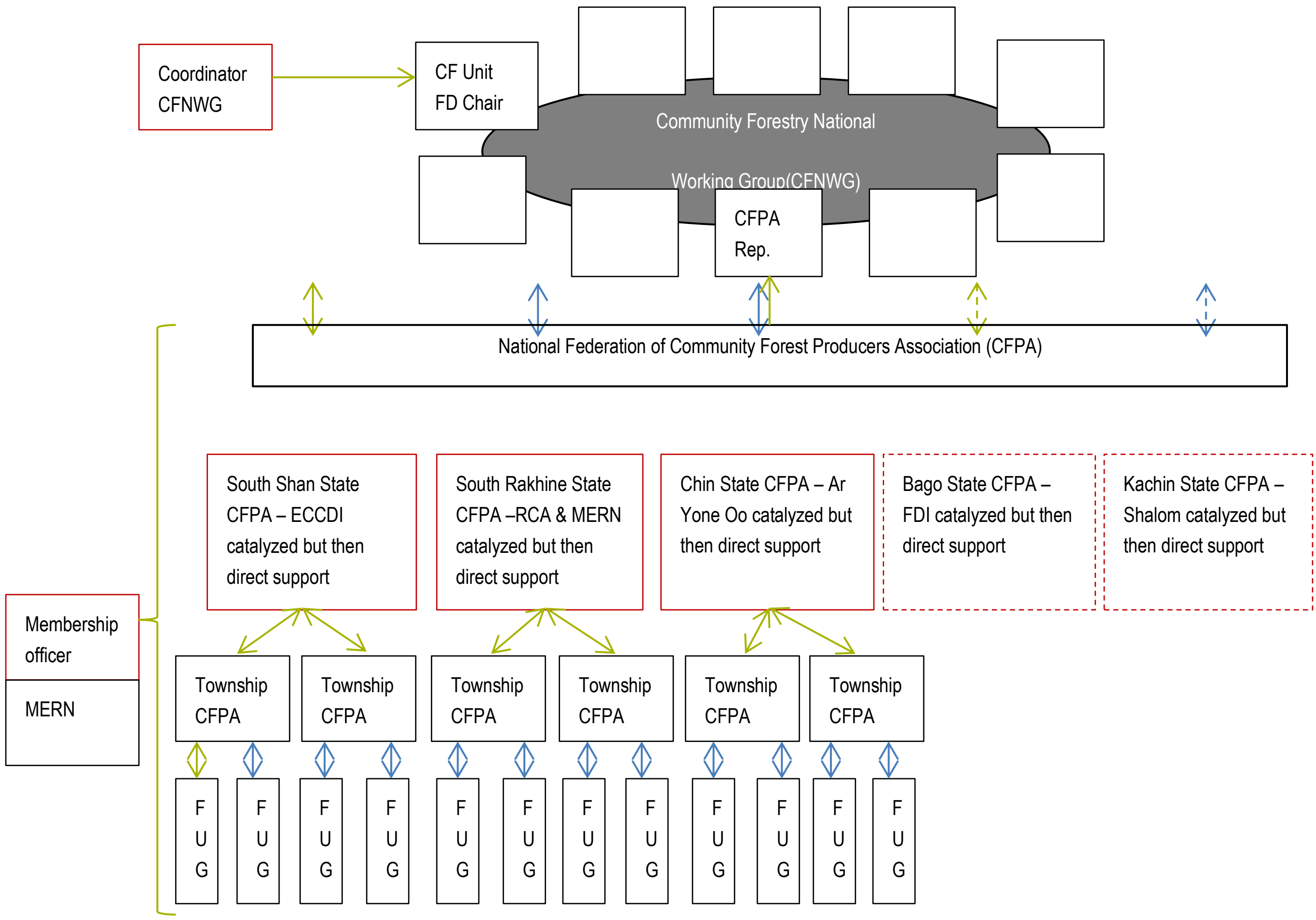
Synergies in consolidating representative structures of community forestry

A range of different programmes are now working towards a shared vision organising community forestry. This involves grouping community forest user groups into township level and state level associations with the ultimate aim of some form of national federation that would represent the interests of community forestry practitioners. The justification is that this approach will achieve scale efficiencies and reduce costs for community forest-farm businesses, help them access diversified markets and services, and allow them to speak with one voice to promote an enabling environment.

Building synergies between NGOs who are facilitating the emergence of Community Forest Product Producers Associations (CFPPAs) would make great sense. Already there are associations of community forestry emerging in Chin (around Elephant Foot Yam), Kachin (around rattan, bamboo and timber) Shan (charcoal and bamboo) Rakhine (rattan and charcoal). As these representative structures emerge, it might be useful for the leaders of each to meet together to discuss issues of financial sustainability, services to member FUGs, prospects for higher level federation etc. It might also be useful for supporting NGOs to meet to discuss the tactics they have been using to facilitate the emergence of these representative groups – and how best to continue and expand that work (see Figure 5).

In countries where national federations of locally controlled forestry have emerged (e.g. Guatemala, Nepal, Sweden etc.) these have invariably been able to shape policy so as both to consolidate the resource rights of their own members, improve their access to markets, and streamline and improve the business environment. Achieving strong sectoral representation (through the federation of community forest user groups) that spans ethnic groups and deals with a key resource sharing issue, could very much contribute to peacebuilding efforts in any post ceasefire and peace settlement period.

Figure 5. Representation of the emerging organisations of community forestry within Myanmar – Source: J. Zapata, Forest Farm Facility



Recommendation 5

Continue to support the emergence of community forestry product producer associations (CFPPAs) at township and state level, and encourage further exploration of how these might be commercially viability in their own right through marketing of FUG products or services to members, and broker meetings to allow discussion of whether and how a national federation might be set up. This might involve underwriting the costs of association leaders meeting together to discuss financial strategies and prospects for higher level federation.

3. Support to community forestry enterprise development in Kachin

3.1 Review on-going CF Enterprise development support in Kachin

Background. Meeting were held with Aung Tsen (Shalom), Peter Brang Shawng (Shalom), Gerry Fox (Pyoe Pin), Liz Paterson (DFID British Embassy) and Kyaw Thu (Myanmar Bamboo and Rattan Association) on 13 December 2015. Since a consultancy meeting in which I was involved two years ago, Shalom has been working with funding from Pyoe Pin, and in association with the Myanmar Bamboo and Rattan Association to develop a community-based rattan business. This involves 7 community forest areas within Waing Maw township, Shalom has been supporting communities in Kachin for a decade. Their first work on community forestry started in 2006 following an application for registration of a community forest in 2004. The process took 3 years – and eventually title was granted in 2007.

Within Kachin, there are now more than 100 villages in which community forest applications have been made, but only approximately 20 of these have been formally registered. A Kachin Forest Users Association has also been established and registered (within the Waing Maw Township) but it only provides a formal network for registered Forest User Groups (FUGs). Shalom's work spans both government held territory and in KIO held territory. The peace process is very much central to the work of Shalom, especially in the post-election transition to the new government. Indeed the future of community forestry in Kachin is at least partially dependent on a ceasefire.

Timber, bamboo and rattan were identified as possible business development possibilities within Kachin in previous consultancy reports. The move to develop rattan emerged more strongly because of the interest of the Chair of the Myanmar Bamboo and Rattan Association (Kyaw Thu) who with support from Pyoe Pin and Shalom engaged with the 7 communities, provided training, established basic processing machinery, and guaranteed a market. Although daily labour costs in Kachin are high (Kyat 5000) in comparison with other rattan weaving centres (e.g. the Delta), the raw material in Kachin is abundant. While only present in any volume in one of the seven FUGs (who harvested 10-20 tonnes last year), there is a possibility of re-establishing red cane and water cane in some spots in several other FUGs. Water cane is more exacting and requires wet (swampy) growing conditions but red cane is easier to enrichment plant. Rattan takes 3-4 years to mature or regrow. And while no weaving skills existed before the project, two master weavers were assigned to train weavers in each of the seven FUGs.

The rattan trade in Myanmar. The market for rattan within Myanmar is strong. Myanmar as a whole exports more than 10,000 metric tonnes per year (second only to Indonesia with 60,000 metric tonnes). Most exports go to China, in the form of raw material (at approximately US$ 600 per tonne). But the Myanmar Bamboo and Rattan Association also export finished product to a range of countries. Volumes of finished product from the whole association are in the order of 3000-4000 metric tonnes per year (at a value of approximately US$

2500 per tonne) making the industry worth roughly US$ 10,000,000 per year. Different markets require slightly different product designs, for example the Japanese market prefers unlacquered rattan which has been naturally smoked.

A major market challenge for any product originating in Kachin is the distance from markets and associated transport costs. Multiple check points at which formal and informal payments must be made are a significant obstacle. The preferred transport method is currently trucks (at roughly US$ 1500 per 20 tonne load).

Origin and structure of the La Myang Community Forest Rattan and Bamboo Group Business ('La Myang Rattan Business' for short). Rattan harvesting, processing and weaving within communities in Kachin fits well with the conservation ethic of the community FUGs – as it grows under mature forest and can be harvested without disturbing the canopy layer (Rattan is show to the right of a local forest user group member and the Chair of the Myanmar Bamboo and Rattan Association). In Kachin, many communities pursued community forestry primarily for land tenure security (protecting themselves against loss of land) and watershed conservation (to maintain dry season waters flows). Two years previous few communities had contemplated commercial sales of forest products, although some were selling small volumes of bamboo (for construction), some charcoal (especially on the Chinese border where deals have been struck with traders (electricity for charcoal production) and some firewood locally. But once they had been introduced to the idea that commercial production could be based on sustainable harvesting, the market-led approach to community forestry began to receive more support.

To explore these developments, a meeting was held between the assessment team (Aung Tsen and Peter Brang Shawng, Shalom; Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID, Kyaw Thu, Myanmar Bamboo and Rattan Association and Duncan Macqueen, IIED) and forest user group leaders of the Kachin Forest Users Association (Maw She, Yamnaw (Hpauyam Naw), Kaung Dad(Hkawng Dau), Kam Shaung (Kam Shawng)) on 14 December 2015. A follow-up meeting was held with the same group on 16 December 2015.

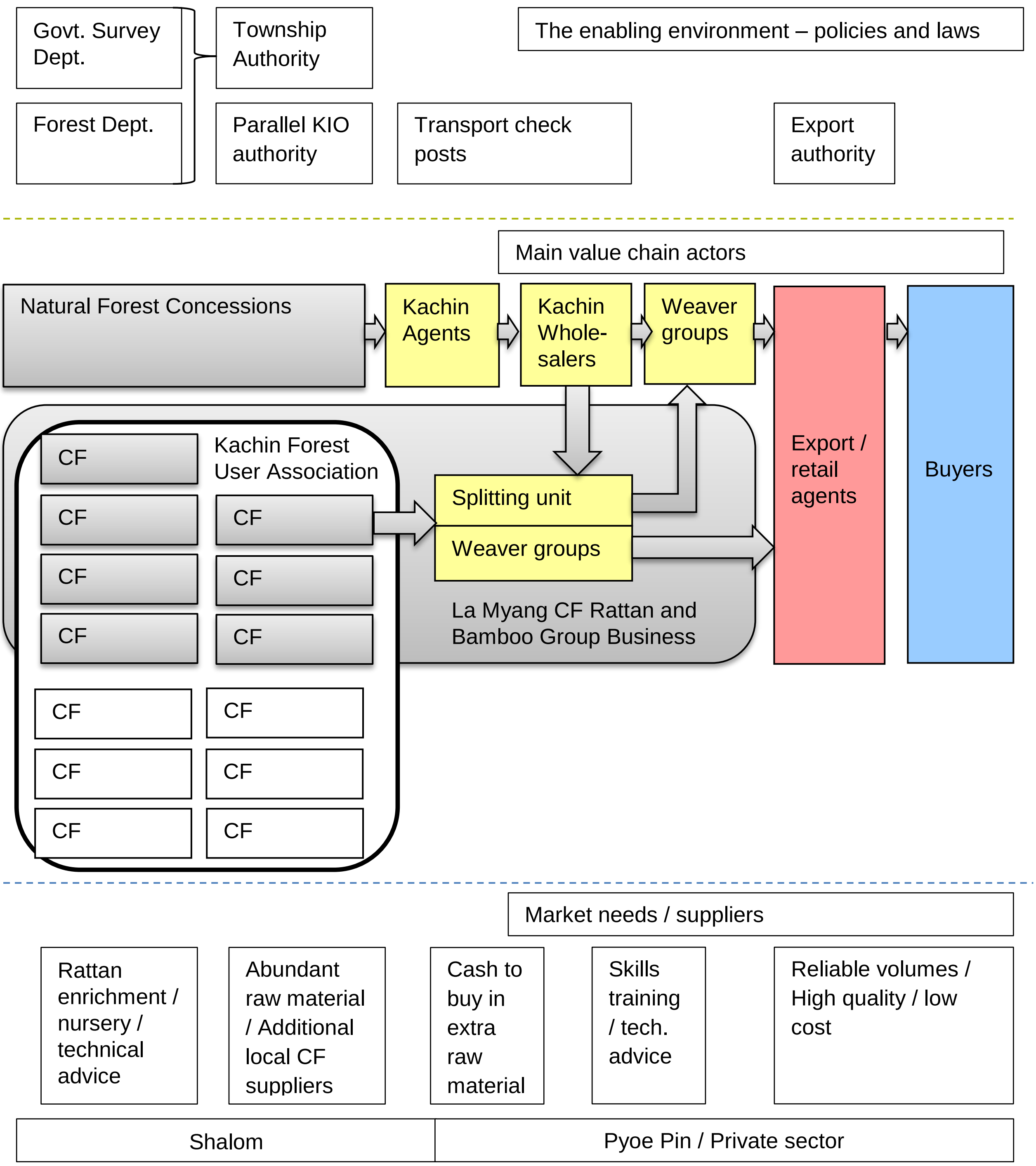
The La Myang Community Forest Rattan and Bamboo group was established in 2014 but has not yet been formally registered as a business. Discussions between members of Shalom and Pyoe Pin, the Kachin Forest Users Association and the Myanmar Bamboo and Rattan Association led to early plans to establish a rattan splitting and weaving business in La Myang community. Two master weavers were sent by the Classic Home Craft business to train 285 members in 7 communities in how to weave rattan. In addition, two splitting machines were introduced to allow semi-processing of rattan prior to shipment to Yangon and connected first to a generator and later to mains electricity. A rattan store was built that can accommodate up to 30 tonnes of raw material. There are essentially four component elements to the rattan business, and the Wing Maw communities are now involved in the first three:

- Harvesting of raw material
- Primary processing (skinning, splitting, and grading)
- Secondary processing (weaving)
- Distribution (retail and export)

Figure 6 illustrates how some of the value chain operates. It fails to capture, however, the key role of the private sector retailers in brokering the supply of raw materials from wholesalers to the La Myang Rattan Business, in providing technical and investment inputs to the establishment of that business, and to mediating the transport of semi-processed product from La Myang Rattan Business to its own organised weavers groups in elsewhere prior to aggregation in Yangon. As the La Myang Rattan business evolves, it may wish both to take on some of these functions and to diversify its buyers – but this is unlikely to be encouraged by the current Classic Home Craft business link.

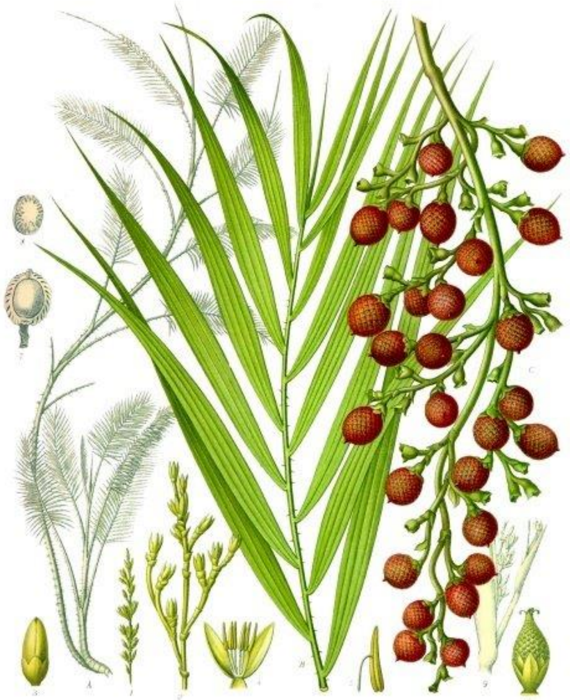
It can quickly be seen from Figure 6 that there is some considerable overlap (and potential confusion) between the La Myang Rattan Business and the Kachin Forest Users Association (that has members both within and outside that business).

Figure 6. Structure of the rattan value chain



At the present time, the secretary of the Kachin Forest Users Association keeps separate ledgers for both the Association (which is supported through members ship fees paid by its constituent FUGs) and the La Myang Rattan business (which has had some investment costs, and some project inputs and sales) but within the same bank account. It might be expected that the business may soon outgrow this arrangement and may need to establish its own bank account and management structure, even if some of the individuals in the Association and La Myang Rattan business overlap. Separating out and maintain careful financial records will be especially important once the business begins to break even (estimates for the year 2015 suggested that the business was some US$ 700 in deficit owing to the investment in facilities and machinery). Once the business becomes profitable, it will be necessary to agree some formulae for distributing benefits to members, establishing a reserve for running costs, building up an investment fund for upgrading, market research and development. It may also be necessary to formalise a management structure for the business – separating out the roles of Managing Director, Resource manager, Production Manager, Weaving Coordinators, Marketing Manager and Accountant. The issue of whether and how these roles become salaried or not also needs further discussion.

Rattan cultivation and harvesting. In terms of rattan harvesting, only La Myang community forest user group has considerable stocks of both water cane and red cane and harvested 10-20 tonnes this year. The general form of 'Calamus' rattans is shown by the illustration by Franz Eugen Köhler (left).



Each forest user group member has rights over and area of 5-10 acres of cane and accrues profit individually during the harvesting and sae of cane to the business. Each of the other forest user groups is currently considering how to enrichment plant red cane within their community forest area – with some already well established in that practice. The current practice is to divide the plants suckers or rhizomes or to collect and then replant wildlings collected in the forest. Suckers with intact roots are the best propagules in clump forming species. This traditional method is very effective at enriching the understorey of community forest with rattan. An alternative would be to collect rattan fruit / seeds when they start to fall naturally and grow rattan plants in a community nursery. The red / orange fruit can be crushed gently to release the seeds. Fruit can be gathered by climbing or by using long poles to pull them down. Seed can then be sown in seed beds at a depth roughly double the width of the seed itself. Seeds need to be covered with a thin layer of garden soil and palm leaves spread on bamboo slats about 1 foot above the bed will protect the latter from the direct impact of rain and intense sunlight. Beds need to be watered occasionally and can then develop seedlings about two months after planting. Transplanting can then be done into 10x20cm bags using the same soil as the nursery beds with a little sand to improve drainage.

In terms of planting out wildlings or seedlings in the forest, the advised spacing for clump forming species is 5 m while single stemmed species require 2-5 m spacing. In the secondary forest, planting lines are prepared by clearing 1-1.5 m wide grooves at a distance of 5 m interval and 9-12 months old seedlings are planted out in pits of 30 x 30 x 30 cm or 50 x 50 x50 cm at 5 m interval in the planting lines before the onset of monsoon. At the time of site clearing it is important to keep some trees to provide shade to the seedlings and also to serve as support for the seedlings to grow and climb. Once the plants are established, very little attention is necessary beyond occasional loosening of the soil around the clumps for 2 –3 years. Rattan takes 3-4 years before the plants are ready to harvest for cane.

It is recommended that Pyoe Pin continues, through Shalom to support local community forest users groups to enrichment plant using rattan and to explore the possibility / need for a rattan nursery to enhance the scale at which rattan can be planted. It is recommended that research is carried out to ascertain the volumes of different canes that can be produced through more concerted effort to re-establish the resource base.

A useful guide to rattan production and processing can be found on the internet (Ngo-Samnick, 2012) at: http://publications.cta.int/media/publications/downloads/1714_PDF.pdf

Recommendation 6

Continue to support local forest user groups through Pyoe Pin / Shalom to enrichment plant using rattan, conduct research about the volumes produced in particular spacings, and to explore the possibility / need for a rattan nursery to enhance the scale at which rattan can be planted.

Primary processing of rattan. Since many of the local community forest user groups do not yet have substantial stocks of rattan in their community forests, both primary and secondary processing options require bought supplies of rattan from local wholesalers. The La Myang business has now purchased two splitting machines which can convert hand-peeled rattan cane into split rattan for use by weavers. Each piece of rattan is purchased for approximately 80 Kyat and can be sold peeled and split for 160-180 Kyat (with a processing cost of approximately 20 Kyat per piece). It is quickly apparent that this part of the business is relatively lucrative, and has been the main source of income for the La Myang Rattan business to date.

In order to learn more about the convention rattan value chain from which raw material can be sourced, a meeting was held between the assessment team (Aung Tsen and Peter Brang Shawng, Shalom; Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID, Kyaw Thu, Myanmar Bamboo and Rattan Association and Duncan Macqueen, IIED) and members of a local rattan wholesaler (Yin Yin, Manager; Ma Lu, Agent; Zaw Kwan (Zau Hkun), Former Trader) on 15 December 2015. Ms Yin Yin had been in the rattan trade for 40 years with her husband (who had died 3-4 years ago) and runs the biggest wholesaler in the region – handling about 500 tonnes of rattan per year.

Forty years ago, a bundle of rattan was purchased for 1 Kyat. It now costs 500-800 Kyat per bundle – and is sold on after grading and sorting for 800-1000 Kyat per bundle. The harvesting rights are obtained through a license from the Forestry Department (which costs about 10% of the commercial value of each bundle). The Forestry Department allocates a quota for each state based on past harvesting records (and Government royalty targets). The sustainability of the resource is not routinely assessed Ms Yin Yin's central business in Myitkyina then forward finances agents (roughly US$ 20,000 each) in each surrounding township. They then contract group leaders with a team of 20-30 people to cut rattan at an agreed price – having had all the license paperwork arranged by the central business. Conflict sometimes prevents collection in which case the agents hold money over and collect the following year. The financing system is trust based, without contractual paperwork.

In recent years the number of Chinese buyers has declined sharply (due to wage rises that have harmed the competitiveness of the Chinese weaving trade).

One issue that became apparent in the La Myang Rattan business was that the electricity supply, both through the generator and the mains connection, was insufficient at times to run the splitting machines. It is recommended that the business assign someone to familiarise themselves with the machinery, spare parts and energy supply in order to resolve these issues in the future.

Rattan weaving. To date two master weavers have been brought to Kachin to train members of the 7 FUGs in contemporary rattan weaving designs and techniques. The rate at which newly trained weavers can produce pieces is not yet sufficiently fast to make the work economically attractive, but the communities are pressing ahead to familiarise themselves with the new skills so as to be able to improve on the economic returns over time. Wages are higher in Kachin than in the traditional weaving centres in the Delta, but the costs of transport are much less (as Kachin is one of the supply centres for rattan). For this reason, it is hoped that weaving in Kachin will be able to compete with the other centres within Myanmar.

Recommendation 7

As the rattan business matures, use a consultant to undertake a financial profit and loss analysis for each of the component parts of the rattan business to assess where future efforts should be focused.

Other community forest business options. In addition to the field trip into a local community forest area, a meeting to discuss possible additional community forest business options was held between the assessment team (Aung Tsen and Peter Brang Shawng, Shalom; Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID, Kyaw Thu, Myanmar Bamboo and Rattan Association and Duncan Macqueen, IIED) and members of the Kachin Conservation Working Group (Nhkum Brang Aung, FC; Zau Bawk; Rev. Kareng Htoi Dan, Myanmar Kachin Baptist Association (Myitkyina Zone Kachin Baptist Association); Peter Seng Hkum, Anglican Development Department; Kada Zau Lawn, KURM Director; Soe Win Naing, KCWG Training Coordinator; Saga Yaw San, Director of KCWG; and Wanna, KCWG Mobilizer) on 14 December 2015.

It was clear from the meeting that the staff amongst the Kachin Conservation Working Group are primarily focused on both peacebuilding and resource rights. The topic of major concern was the very slow pace at which community forest certificates were being processed by the Kachin Forestry Department and Chief Minister. Particular problems had surfaced around community forestry applications that were made for land outside the authority of the Forestry Department and which therefore had to be made through the Land Record Department. Notwithstanding these difficulties in registration, many communities had pushed ahead with forest planting and mobilisation.

In terms of enterprise development, there was an established revolving loan fund that could grant up to US$ 2000 and this had primarily been used to support small scale loans for agricultural equipment. There did appear to be interest in further developing timber, bamboo and rattan businesses (indeed many production activities already occur on a small scale). It was felt that the Chinese market for dry bamboo was strong and that there was potential to explore the Japanese bamboo charcoal market (the subject of several approaches to the Myanmar Bamboo and Rattan Association). Discussion with the latter, clarified that to make bamboo processing profitable it would probably be necessary to combine a primary product (such as bamboo flooring or bamboo charcoal) with secondary processing options such as the production of chopsticks or toothpicks to make use of waste products. The investments needed to establish such an integrated business were not huge. For example, a charcoal kiln, chopstick and tooth pick machinery could be acquired for in the region of US$ 50,000.

Recommendation 8

Work with the Myanmar Bamboo and Rattan Association to assess and prioritise which of the options (for bamboo flooring or charcoal) appears most promising, using which species, and at which location – and then offer loan funding at a concessional rate to pump prime the investment.

The improving enabling environment for community forest business. A Meeting was held between the assessment team (Aung Tsen and Peter Brang Shawng Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID, Kyaw Thu, Myanmar Bamboo and Rattan Association and Duncan Macqueen, IIED) and the *Community Forestry focal point for Kachin within the Forestry Department* (Thein Win) on 16 December 2015. The introduction of Community Forestry as one of 16 major tasks in the Forestry Department and the emergence of the Community Forestry Unit and focal points at each township are major developments. On the 28th of each month there is a meeting of all the focal points to check on progress.

A remaining challenge is to ratify the new Community Forestry Instructions which helps clarify the new commercial nature of community forestry. In addition there is a need to streamline procedures for community forestry applications that are submitted through the land records department. More generally, staff at the Forestry Department need greater awareness of and exposure to working examples of community forestry and particularly to community forestry business. Forestry is a relatively long term business, and so a more integrated approach that combines forestry and agricultural crops needs further development within the community context.

How a thematic support group on a market led approach to community forestry might contribute to the peace process. A meeting was held between the assessment team (Aung Tsen and Peter Brang Shawng, Shalom; Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID, Kyaw Thu, Myanmar Bamboo and Rattan Association and Duncan Macqueen, IIED) and three Kachin representatives of the National League for Democracy (NLD) from Kachin State (Ze Jung, Li Naw Li (Naw Li) and Ze Hhawng (Ze Hawng)) on 14 December 2015, one member of the Civilian Ceasefire Monitoring Group (My Tsaw)(Myu Tsaw), three members of the Technical Advisory Team (TAT) to the Kachin Independence Organisation (Gawlu La Awng, KIO; Minzai and Dau Hka) and three members of the Kachin State Democracy Party (KSDP) from Kachin (Zau Mu Naw, Minister (Vice Chair); Brang Li, Party Secretary and Pan Naw, Party Committee Member)on 15 December 2015. A meeting was held between the assessment team (Gerry Fox; Pyoe Pin; Salai Thawng, Pyoe Pin; Liz Paterson DFID and Duncan Macqueen, IIED) and members of the Myanmar Alliance for Accountability and Transparency (MATA) at the Humanities Institute (Peter Seng Hkum) on 15 December 2015.

The peace process has been announced as the top priority of the incoming Government. With only 8 of 21 armed groups signed up to the National Ceasefire Agreement, the armed groups are waiting for Government to agree to discuss some of the outstanding issues, and with all parties. Many of the key actors listed above are open to the idea that thematic support groups (for example in areas such as fishing, forestry etc.) might help to negotiate between Government and ethnic groups, specific advances in those thematic areas that will strengthen prospects for a peace dividend if a national ceasefire can be agreed. The issue of community access to commercial forestry is already far advanced, and would be a good candidate for such a group given the dispersed geographical nature of forest resources. Some thematic areas are already the subject of (or could be linked to) initiatives to bring about greater transparency and accountability (for example with in the Extractive Industries Transparency Initiative (EITI), the Myanmar Alliance for Transparency and Accountability (MATA), the Transparency and Accountability Network of Kachin (TANK). Budgetary scrutiny will be an important component of efforts to track how resources within different thematic areas are being appropriated and used.

The relocation of Internally Displaced Peoples and how they might gain access to land, agricultural and forest resources is one critical area that might be discussed in a thematic forum relating to forests. Such issues are currently necessarily subsidiary to the more important peace discussions, but will assume much greater importance, and become the focus of both the National League for Democracy and ethnic parties such as the Kachin State Democracy Party in the event of a peace agreement. All side wish to build a strong local economy in the wake of a peace deal – which will involve further transfer of rights to local communities – as currently envisaged by the Community Forestry Instructions and related targets.

Recommendation 9

Support through Pyoe Pin thematic support group on how a market led approach to community forestry could support the peace process and possibilities for reform that will deliver a peace dividend– drawing on existing networks such as EITI, MATA and TANK.

3.2 Identification of new opportunities and develop a strategy and plan to strengthen on going initiatives that will be incorporated in Shalom's new program

Further consolidation needed. It is certainly the case that Shalom's work (funded by Pyoe Pin) to support the La Myang rattan business in association with the Chair of the Myanmar Bamboo and Rattan Association (Pictured left) has resulted in major income generating opportunities for the 7 community forest user groups involved – even if the investment they have had to assume has deferred profits to date. These potential livelihood gains are still at a fragile stage however, and much needs to continue to be done to consolidate the La Myang rattan business so that its success will encourage a scaling up of the rattan business across community forestry in Kachin State.

There are a number of elements that might be woven into a new Pyoe Pin agreement with Shalom to help that process of consolidation, and indeed to explore further new opportunities that might be developed. Among these I would suggest that there are eight main sets of activities that might be the basis for an ongoing agreement (in addition to any other areas of Shalom's work outside the forestry sector):

1. *Consolidating the rattan business structure.* Shalom might help the La Myang Rattan business to consolidate its management structure, separate out its accounts, develop

protocols to deal with profits, and articulate a proper business plan. It might also help to register the business as a separate or sub-entity of the Kachin Forest Users Association. I am unaware of the degree to which Shalom may need bookkeeping and business management training in order to achieve this but such assistance might be possible through short term consultancy work.

2. *Invest in forest enrichment research.* Shalom could take the lead in catalyzing further establishment of, and research around, the productivity of enrichment plantings of rattan through the development of a nursery and pilot research sites. Collaborative experiments with farmers about the best way to cultivate and plant different types of rattan to improve yields would be in the long term interests of the La Myang Rattan Business.

3. *Broaden market understanding.* Shalom could help run an exchange visit to Yangon rattan processing centres to familiarize the La Myang Rattan Business staff with market issues, design, contacts and investment possibilities. Ultimately the business will need to diversify its buyers and develop ideas of how to upgrade its operations and compete over time. The more exposure and contacts the members of the business have, the better future prospects will be.

4. *Expand the rattan business idea to another township.* Shalom should be funded to continue to pursue community forestry registration but also seek to expand commercial rattan production from Waing Maw to Moe Kaung township (where 6 FUGs are already working with Shalom and a further 15 community forest users groups exist)

5. *Facilitate cross learning between communities and Forest Department staff.* Shalom could broker a Kachin-level learning event between CFUG leaders and Forestry Department staff at La Myang Rattan business to showcase progress, spread awareness, and press for Government support.

6. *Explore another commercial option, namely bamboo.* Shalom could explore with Myanmar Bamboo and Rattan Association the commercial profitability of, best location and species for, and investment needs to bring about a bamboo processing enterprise

7. *Accompany the development of community timber production*. Shalom should definitely participate alongside ECODEV in a consultancy to further elaborate a Waing Maw township sawmilling and processing centre and develop better understanding of the skillsets that will be needed to run such a business within Shalom – for dissemination across Kachin.

8. *Bring in a consultant to explore other tree crop options.* In other Mekong countries, farmers cultivate a wide range of trees to product species (e.g. cinnamon, star anise, cloves etc.) fruit (e.g. rambutan, mangosteen etc.) and medicinal products (for example see the existing book on Myanmar's medicinal plants (Ministry of Health, undated) available at: http://www.moh.gov.mm/file/Medicinal%20Plants%20of%20Myanmar.pdf)

Recommendation 10

Continue to support through Pyoe Pin the programmatic work of Shalom to strengthen rattan, bamboo and timber businesses linked to and financially supportive of the Kachin Forest Users Association as further detailed in this report.

4. Summary conclusions and recommendations

The Pyoe Pin programme has, through a kaleidoscope of different interventions, helped to create the conditions under which community forestry can make a telling contribution to peace building, poverty reduction and forest restoration (with associated benefits in terms of resilience to and mitigation of climate change). It is no small achievement. It has been possible through many interlocking areas of work:

- *Framing the issue*: 'a market led approach to community forestry' – through sponsorship of public meetings to generate ownership of and buy-in to the idea, which now has broad acceptance by both Government and NGOs
- *Building alliances:* notably with community producer groups themselves, MERN members, Government Forestry Staff and Private sector actors.
- *Catalysing institutional innovation:* working with RECOFTC to see the emergence of the new Community Forestry National Working Group, the associated Community Forestry Unit within the Forestry Department and regional community forestry focal points.
- *Piloting workable business models: f*or example the rattan business in Kachin with Shalom, the Elephant Foot Yam business in Chin with Ar Yone Oo.
- *Private sector market linking:* For example linking Kachin producers with the Myanmar Bamboo and Rattan Association and the Chin producers with the Myanmar Konjac Cultivator Processors and Exporters Association.
- *Arranging trainings in group business development:* for example with the IIED and FFF teams.
- *Facilitating exchanges of experience:* making sure that good experiences can be copied and scaled up, for example by co-financing an internal exchange on community forestry amongst Myanmar Community Forestry User Groups, NGO supporters and FD staff – and two international exchanges with Nepal and Vietnam.
- *Underwriting strategic networking:* ensuring that key Forest Department and Myanmar NGO staff participated in regional meetings such as the Chinese Guilin meeting on forest-farm producer organisations 'Strength in numbers' and the Vietnam Forest Connect workshop and training on Market Analysis and Development (MA&D).
- *Making telling inputs to legislative revision*: finding strategic ways to make inputs to the revision of the Community Forestry Instructions towards full commercial control by communities, and pushing for reform of the forest law as well.

The result of all this work is an environment in which the Forestry Department and civil society are aligned behind a push for community forestry, just as the transition to the new Government is taking place. With peace building as the central priority of the new Government, there is huge opportunity to scale-up a transfer of forest resources to communities, develop their livelihood option through business development, and thereby support a peace dividend that will strengthen democratic reforms. It may be worth trying to document more carefully the jigsaw of flexible interventions that brought about this opportunity through the Pyoe Pin programme. It may also be timely to design any follow on to the Pyoe Pin programme with at least some deliberate resourcing of follow up to consolidate community forestry within peace-building efforts.

As noted above, there are also a few specific recommendations that have been made in response to what I have seen in the field. Pyoe Pin has been very responsive to past recommendations and so I humbly submit the following recommendations for consideration:

- Continue to support the evolution of a Community Forestry Practitioners Network through Pyoe Pin, in collaboration with RECOFTC and FFF, and as a complement to the Community Forestry National Working Group (CFNWG). The network would involve both NGO support organisations and representatives from the growing number of township level Community Forest Product Producers Associations (CFPPAs) – and might attract additional support by developing a potential thematic focus on how a market-led approach to community forestry could provide a platform for peace-building in ethnic areas.

- Convene through Pyoe Pin and perhaps through MERN, a specific meeting to discuss advocacy messaging for the reform of the forest law plus broader desired changes to legislation and institutions under the new Government

- Partner with RECOFTC and FFF programmes in providing useful exchange visits for community forestry leaders, support NGO staff and government community forestry focal points – especially where these involve exposure to detailed cases of community forestry business. This could further complement the work of the Community Forestry Practitioners Network.

- Contract early in 2016 a short term consultant with regional experience in developing community forestry timber businesses to conduct, together with ECODEV and Shalom both a market assessment and feasibility analysis of the proposed Kachin State sawmilling and processing enterprise, plus potential bamboo enterprise options, and provide suggested next steps to materialise that idea if it looks promising.

- Provide financial support through MERN members to further support the emergence of community forestry product producer associations (CFPPAs) at township and state level, and encourage further exploration of how these might be commercially viability in their own right through marketing of FUG products or services to members, and broker meetings to allow discussion of whether and how a national federation might be set up. This might involve underwriting the costs of association leaders meeting together to discuss financial strategies and prospects for higher level federation.

- In Kachin, support local forest user groups through Pyoe Pin / Shalom to enrichment plant using rattan, conducting research about the volumes produced in particular spacings, and to explore the possibility / need for a rattan nursery to enhance the scale at which rattan can be planted.

- As the Kachin rattan business matures, use a consultant to undertake a financial profit and loss analysis for each of the component parts of the rattan business to assess where future efforts should be focused.

- In Kachin, work with the Myanmar Rattan and Bamboo Entrepreneurs Association to assess and prioritise which of the options (for bamboo flooring or charcoal) appears most promising, using which species, and at which location - and then offer loan funding at a concessional rate to pump prime the investment.

- Investigate and begin to implement through Pyoe Pin a thematic support group on how a market led approach to community forestry could support the peace process and possibilities for reform that will deliver a peace dividend- drawing on existing initiatives such as EITI, and civil society networks such as MATA and TANK.

- Support through Pyoe Pin the programmatic work of Shalom to strengthen rattan, bamboo and timber businesses linked to and financially supportive of the Kachin Forest Users Association as further detailed in this report.

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Annex 1. Persons consulted in the course of consultancy

*Nhkum Brang Aung (FC)

Gawlu La Awng, Technical Advisory Team and KIO Central Committee Member

Zau Bawk, Kachin Conservation Working Group

Kaung Dad, FUG leader, Waing Maw Township

Dau Hka, Technical Advisory Team

Rev. Kareng Htoi Dan, Myanmar Kachin Baptist Association (KCWG)

Mehm Ko Ko Gyi, ECCDI, Vice Chairman

Ze Hhawng, Member of Kachin State Parliament, National League for Democracy

Peter Seng Hkum, Anglican Development Department (KCWG)

Ze Jung, Member of Union Parliament, National League for Democracy

*Kada Zau Lawn, KURM Director (also KCWG and MATA)

Brang Li, Secreatry of Kachin State Democracy Party

Li Naw Li, Member of Kachin State Parliament, National League for Democracy

Amy Maling, WWF

Minzai, Technical Advisory Team

Soe Win Naing, Training Coordinator, KCWG

Pan Naw, Committee Member of Kachin State Democracy Party

Zau Mu Naw, Kachin Minister of Parliament, Kachin State Democracy Party

Saga Yaw San, Kachin Conservation Working Group, Director

Kam Shaung, FUG leader, Waing Maw Township

Peter Brang Shaung, Shalom

Maw She, Chair of Kachin Forest Users Association, Waing Maw Township

Maung Maung Than, Country Program Coordinator, RECOFTC

Salai Thawng, Pyoe Pin

Kyaw Thu – Chair of Rattan and Bamboo Association

Win Myo Thu, Managing Director, ECODEV

Kyaw Tint, ECCDI, Chairman

Aung Tsen, Shalom,

Wanna, Mobilizer KCWG

Thein Win, Community Forest Unit Focal Point for Kachin Forest Department

Haw Yamnaw, FUG leader, Waing Maw Township

Aung Thant Zin, MERN

Annex 2 – Terms of Reference

Market-led Community Forestry (CF) and Community Enterprise Development

Introduction to Pyoe Pin

The British Council has been working in partnership with the UK's Department for International Development (DFID) to deliver a Programme that aims to strengthen the potential of civil society to participate in decision making.

The Programme was designed to select topical issues, around which collections of different social and economic interests are expected to gather. By working on these issues the programme engages with coalitions of civil society groups, individuals, and the private sector to identify, commission, and implement activities that contribute to furthering the future basis for democratic and accountable governance within Myanmar.

The selection of issues to work on (an Issues-Based Project is developed to support the range of interests around each issue) is determined by a number of factors, but includes an assessment of the current political economy.

Phase 1 of Pyoe Pin commenced in 2008 and was concluded in September 2011. The programme has now entered a new phase which is expected to run until December 2015.

Background

Under Pyoe Pin Phase 1 (PP1) there were two related forestry IBPs – one supporting community forestry in Kachin, and the other the development of the Mangrove Environment and Rehabilitation Network (MERN) a local trust fund and network that had both the skills to demonstrate good practice through the delivery of projects and the gravitias and legitimacy with government to influence policy and practice. While the project in Kachin achieved good success in building community partnerships and social capital, the actual achievement of approval of Community Forestry Certificates (CFCs) was poor. We believe there are a number of reasons for this. These include:

- a lack of resources and priority placed by the authorities in the potential of community forestry to both protect forests and provide commercial benefits;
- weak and inadequate legislation and competition between forestry and agricultural jurisdictions resulting in a lack of trust and confidence of communities and private sector to invest both human and financial resources in CF; and
- that shared commercial interests between Forestry Department Officials, some politicians, and large companies exploiting the forest resources have been too well aligned.

For these reasons a major proposed evolution of the project is to focus upon measures aimed at achieving alterations to the CFI legislation, pursuing better land tenure rights for communities, and allowing the commercial development of community forest areas.
The consultant work will contribute to community forestry commercialization, developing options for micro and small forestry enterprises and community based enterprises.

Key Tasks

1. For support to CF enterprise development in Kachin
    - a) Review on-going CF Enterprise development support to Shalom
    - b) Consult with Shalom, MERN, ECODEV, FUGs , private sector and other key stakeholders
    - c) Conduct field visit to Kachin together with Pyoe Pin and Shalom team

d) Identify new opportunities - different products, areas etc and provide elaborated
e) Develop a strategy and plan to strengthen on going initiative that will be incorporated in Shalom's new program

2. For support to CF enterprise development and market led approach in Myanmar
f) Review on-going CF enterprise and market led supports in Myanmar by ECCDI, MERN, etc
g) Consult with MERN, ECCDI, RECOFTC, private sector and other key stakeholders
h) Explore options to strengthen synergies between community forestry support initiatives such as RECOFTC, Forest and Farm Facility (FFF) and help to design in-country engagement strategy that is mutually beneficial to Pyoe Pin and other supporters
i) Recommendations to Pyoe Pin and its partners on CF enterprise development and market led approach

Outputs

A final report, structured to address the above points.

Work Arrangement

The consultant will report to Strategic Advisor in Pyoe Pin in collaboration with the Team Leader.

Annex 3 – Proposed draft Terms of Reference for community forest business specialist

Market-led Community Forestry (CF) and Community Enterprise Development

Introduction to Pyoe Pin

The British Council has been working in partnership with the UK's Department for International Development (DFID) to deliver a Programme that aims to strengthen the potential of civil society to participate in decision making.

The Programme was designed to select topical issues, around which collections of different social and economic interests are expected to gather. By working on these issues the programme engages with coalitions of civil society groups, individuals, and the private sector to identify, commission, and implement activities that contribute to furthering the future basis for democratic and accountable governance within Myanmar.

The selection of issues to work on (an Issues-Based Project is developed to support the range of interests around each issue) is determined by a number of factors, but includes an assessment of the current political economy.

Phase 1 of Pyoe Pin commenced in 2008 and was concluded in September 2011. The programme has now entered a new phase which is expected to run until December 2016.

Background

Under Pyoe Pin Phase 1 (PP1) there were two related forestry IBPs – one supporting community forestry in Kachin, and the other the development of the Mangrove Environment and Rehabilitation Network (MERN) a local trust fund and network that had both the skills to demonstrate good practice through the delivery of projects and the gravitias and legitimacy with government to influence policy and practice. While the project in Kachin achieved good success in building community partnerships and social capital, the actual achievement of approval of Community Forestry Certificates (CFCs) was poor. We believe there are a number of reasons for this. These include:

- a lack of resources and priority placed by the authorities in the potential of community forestry to both protect forests and provide commercial benefits;
- weak and inadequate legislation and competition between forestry and agricultural jurisdictions resulting in a lack of trust and confidence of communities and private sector to invest both human and financial resources in CF; and
- that shared commercial interests between Forestry Department Officials, some politicians, and large companies exploiting the forest resources have been too well aligned.

For these reasons a major proposed evolution of the project is to focus upon measures aimed at achieving alterations to the CFI legislation, pursuing better land tenure rights for communities, and allowing the commercial development of community forest areas.
The consultant work will contribute to community forestry commercialization, developing options for micro and small forestry enterprises and community based enterprises.

Key Tasks

The consultant will be expected to make publically available an assessment of, and inputs to, three potential business cases in Kachin, the first relating to a proposed timber processing enterprise, the second to an existing rattan production, splitting and weaving enterprise, and the third to a proposed bamboo enterprise.

1. To conduct a feasibility assessment of, and provide advisory inputs to, community forestry timber enterprise development in Kachin

   a) Conduct field visit to Kachin together with Pyoe Pin and ECODEV / Shalom team

   b) Explore with ECODEV and Waing Maw township cluster of seven community forestry enterprises the vision for a community forestry timber processing enterprise – and develop that vision with the Kachin Forest Users Association

   c) Undertake with ECODEV price assessments for possible buyers of community timber and processed product (and particularly for the species known to be abundant in community forests such as *Gmelina arborea*, but also additional possibilities such as *Tectona grandis, Xylia dolarbriformis, Chukraria tabularis, Cedrela multijuga, Amoora wallichii* and even *Aquilaria molaccensis*).

   d) Draw on knowledge of appropriate sawmilling technology and assess with local experts recommended options for, and up-front costs of, such technology. – including possibilities for both primary processing and secondary processing (e.g. local carpentry development)

   e) Using existing preliminary inventory data from three community forest areas and price / cost information from ECODEV / local assessments, make the following three assessments to the extent possible: (i) a preliminary profit / loss assessment of the proposed business; (ii) total likely up-front capital investment needs and (iii) cash flow analysis that sheds some light on likely working capital needs – to present a case for required 'enabling investment' and the likely local returns from it.

   f) Provide detailed advisory inputs on the main risks associated with establishing and running a community forest timber business and how to mitigate such risks – including risks associated with (i) the management and development of the forest resource; (ii) business management structures, staff roles and expertise; (iii) financial security and transparency; (iv) market linkages and market development; (v) human resource issues and training needs (vi) branding and reputation.

   g) Provide a set of practical next steps that could be undertaken in the next year to realise the vision of a Kachin Community Forest Timber processing enterprise.

2. Review on-going community forestry enterprise development support to Shalom for the establishment of a rattan production, splitting and weaving enterprise.

   a) Consult with Shalom, forest user group representatives, private sector buyers / supporters and other key stakeholders regarding the history of and current operations of the Kachin Forest Users Association rattan business

   b) Make an assessment of the profitability of the three different elements of the business (rattan growing / harvesting; rattan splitting for the Yangon market; rattan weaving)

   c) Provide recommendations about how to strengthen the ongoing initiative that will be incorporated in Shalom's new program

3. Make a preliminary assessment of possible options for a multiple product bamboo enterprise in Kachin with Shalom and members of the Myanmar Bamboo and Rattan Association.

   a) Consult with the chair of the Myanmar Bamboo and Rattan Association about possible enterprise options and sites within Kachin for the establishment of a bamboo processing enterprise.

   b) Assess with local experts up-front capital investment needs of such an enterprise.

   c) Provide advisory inputs on the steps that might be required to further materialise such a business

d) In the light of the three case studies above, provide recommendations to Pyoe Pin and its partners on a market-led approach to Community Forestry enterprise development

Outputs

A final report, structured to address the above points.

Work Arrangement

The consultant will report to Strategic Advisor in Pyoe Pin in collaboration with the Team Leader.