

# Advancing forest-farm producer groups in Myanmar within market-led community forestry

Report of an advisory mission  
26 April – 11 May 2013



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## Executive summary

Pyoe Pin invited the author to undertake an advisory mission from 26 April to 11 May 2013 to advance forest-farm producer groups for a market led approach to community forestry in Myanmar. This report describes that mission and the main recommendations from it. The main elements of the mission included: (i) participation in and linking Pyoe Pin to a launch mission of the FAO-hosted Forest and Farm Facility (FFF); which also involved (ii) co-facilitating two national workshops, in Yangon and Nay Pyi Taw; (iii) a series of meetings in Chin State linked to a pilot to strengthen forest farm producer groups for business, that in this instance involved agroforestry producers of Elephant Foot Yam; (iv) the organization and facilitation of a national training workshop on ‘facilitating a market led approach to community forestry; and (v) the development of this report based on the above.

Chapter 1 begins with a brief summary of the status of forest cover in Myanmar, the development of community forestry and the more recent move towards a market led approach – in part through the careful facilitation work of the Pyoe Pin team in collaboration with the Myanmar Environmental Rehabilitation-conservation Network (MERN). Significantly, it was recommendations from participants at the workshop on “Exploring a market led approach to strengthen community forestry” in December 2012 that led to the FFF steering committee selecting Myanmar as one of six pilot countries in which to launch the FFF.

Chapter 2 provides a descriptive account of a series of meetings relating to the launch mission of the FFF involving staff of FAO, IUCN and IIED together with in country partners such as Pyoe Pin and MERN. The mission culminated in a formal launch workshop in Nay Pyi Taw. The FFF has two main pillars (i) strengthening forest and farm producer organizations for business and (ii) facilitating cross-sectorial policy processes that can be engaged by those forest and farm producer groups. A major outcome of the launch mission is a competitive call for proposals organized through MERN that will finance NGOs in the first instance for work that strengthens forest and farm producer organizations for business. Findings from these attempts will be presented at a cross-sectorial meeting of Government agencies in an attempt to provide practical solutions to some constraints encountered. These activities are directly relevant to a market led approach to community forestry giving impetus (and UN backing) to the initiative.

Chapter 3 describes a series of investigative meetings in Chin State hosted by the NGO Ar Yone Oo and linked to a project entitled “Sustainable market-based livelihoods through improved land tenure security and land utilization” that was discussed and agreed for Pyoe Pin funding together with the consultant on the last advisory mission. Meetings with farmers, traders and local government officials allowed the author and colleagues to assess prospects for the business development of Elephant Foot Yam from forest and farm producer groups using agroforestry production systems in Chin State. The chapter introduces the complexities of commercial land and natural resource tenure, and the current production activities relating to Elephant Foot Yam. It makes an initial attempt to describe the Elephant Foot Yam value chain and the main challenges and opportunities to develop locally controlled businesses based on it.

Chapter 4, based on those discussions, goes on to develop an initial proposal for a business model that could be pursued at the level of a Township Elephant Foot Yam association, but with supplier links from organized community producer groups who have themselves established collective businesses. It provides some short advisory text on how to strengthen producer organizations, and provides a health check methodology developed through the Forest Connect alliance for use in projects such as that of Ar Yone Oo or equivalents elsewhere in the country.

Chapter 5 lays out initial ideas on best practice in any company community partnerships that might develop – with a particular focus on possible partnerships that might develop around the Elephant Foot Yam value chain in Chin State. It draws on the work of Elson (2012) to suggest a series of steps that require attention before signing off on such partnerships: proposition, establishment, validation, preparation, negotiation and performance management.

Chapters 6-7 and related annexes outline first the content of a training course given on 10 May 2013 at the Central hotel in Yangon to an NGO audience on ‘Facilitating a market led approach to community

forestry. Second, they describe the possible content for a business training course that could be run at community level to strengthen producer organizations for business.

The report makes a number of recommendations that build on those from the last advisory mission and include the following:

1. Continue to support through Pyoe Pin a practitioner network on community forestry (in association with RECOFTC) but which also now draws in the potential pilot projects of the Forest and Farm Facility to strengthen forest and farm producer groups for business.
2. Make use of the convening power of the FAO-hosted FFF to stimulate cross-sectorial discussions in Nay Pyi Taw of the opportunities and constraints linked to strengthening forest and farm producer groups for business
3. Draw on increasingly detailed attempts to develop market led community forestry pilot projects to push for changes in the Farmland Law and the Vacant, Fallow and Virgin Lands Management Law (VFV Law) – and track the emergence of the new Forest Law to build new legal opportunities into those pilots.
4. Continue to support NGO pilot projects to develop businesses based on a range of agricultural and forest products whose agroforestry or forest production systems can both be enhanced and registered as Community Forests.
5. Deliberately set out to support pilots of Community Forestry on both *Reserved Forest Land* and *Public Forest Land / Vacant and Fallow Land* to offer possible solutions to the conundrum of how to formally recognize customary tenure.
6. Provide support to NGOs to strengthen Township level businesses (e.g. Elephant Foot Yam) that have a business model drawing on village level suppliers that can themselves become businesses in their own right.
7. Through Pyoe Pin support for events, try to encourage NGOs' engaged in a market led approach to community forestry to present their findings to one another to spread understanding of approaches and tactics to supporting sustainable business.
8. Continue to support regional NGOs to make market linkages between Township level business and national clusters / associations with whom partnership agreements might be brokered – for example those relating to timber, bamboo and rattan and agricultural cash crops such as Elephant Foot Yam.
9. Arrange independent reviews of key projects relating to a market led approach to community forestry with an explicit focus on checking the organizational health of emergent business groups.
10. Continue to develop) pilot programmes with product-specific clusters of well-established FUGs (e.g. in Ayeyarwadi, Chin, Kachin or Magwe states), involving at an early stage a joint business training, using the particular cluster product as an example, and involving staff of one national business development service provider, international experts, regional NGOs, the Ministry of Cooperatives staff and forest department extension staff.

## Acknowledgements

I would like to express particular thanks to the Pyoe Pin team for organizing the many meetings, the field trip to Chin State and the training workshop associated with this advisory mission. In particular thanks go to Salai Cung Lian Thawng, Tin Su Su Mar, and Gerry Fox who set up the terms of reference and accompanied my visit in detail. Special thanks also to War War Hlaing for all of the administrative support in getting me to Myanmar and organizing accommodation during the tourist season.

Thanks also to Ms. Bui Thi Lan and Ms. Sanda Saing of FAO for the support with the logistics and meetings relating to the launching of the Forest and Farm Facility in Nay Pyi Taw.

Sincere gratitude to Cin Khan Lian, Programme Director, and Bosco, Project Manager at Ar Yone Oo for arranging the field visit and to the community forest user groups of Mindat Township in Chin State for accommodating us for a field visit and also to Kyaw Ko Ko Wi and Tin Su Su Mar n of Pyoe Pin for all their insight, translation and good company.

Thanks to Aung Thant Zin and Tin Su Su Mar for helping to organize the facilitators training workshop on a market-led approach to community forestry through the Myanmar Environmental Rehabilitation-conservation Network (MERN).

Many people have given of their time during my visit to discuss a market-led approach to community forestry – and I would like to extend my gratitude to all – listed in alphabetical order in Annex 1.

Finally I would like to thank The UK Government's Department for International Development (DFID) and the Swedish International Development Agency (SIDA) for the financial support for this mission channelled through the Pyoe Pin Programme.

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## Acronyms

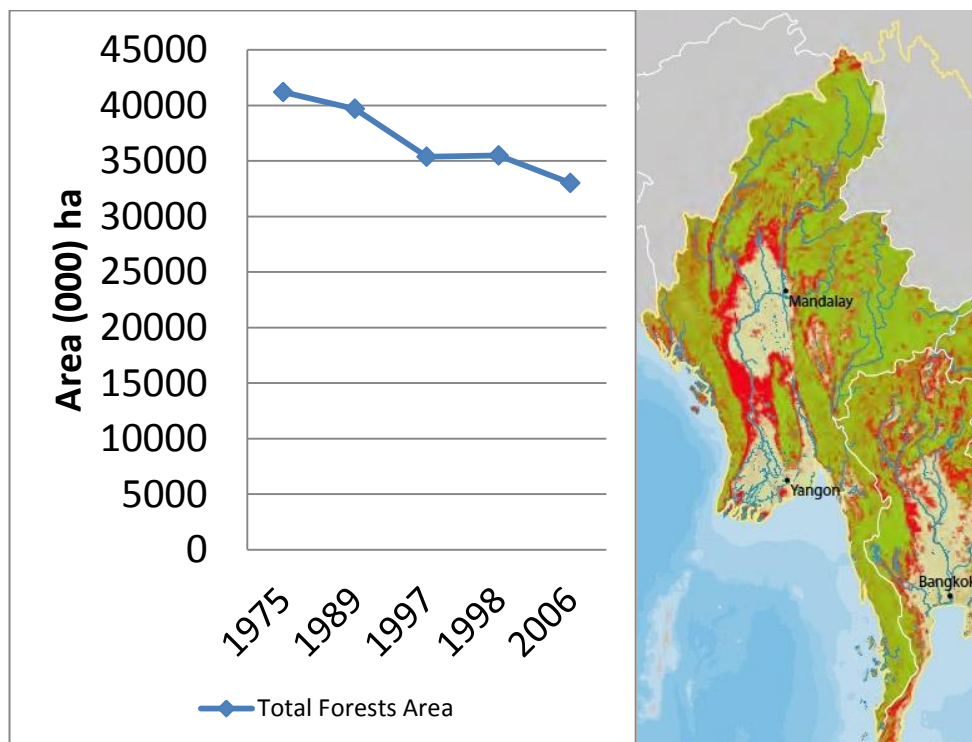
BDA	Border Area Development Association
CBO	Community Based Organization
CF	Community Forestry
CFI	Community Forestry Instructions
DFID	UK Government's Department for International Development
ECCDI	Ecosystem Conservation and Community Development Initiative
ECODEV	Economically Progressive Ecosystem Development
ECLOF	Ecumenical Church Loan Fund
FAO	United Nations Food and Agriculture Organization
FFF	Forest and Farm Facility
FREDA	Forest Resource Environment Development and conservation Association
FUG	Forest User Group
IIED	International Institute for Environment and Development
IUCN	World Conservation Union
LIFT	Livelihoods and Food Security Trust Fund
MERN	Myanmar Environmental Rehabilitation-conservation Network
MoAI	Ministry of Agriculture and Irrigation
MoC	Ministry of Cooperatives
MoECAF	Ministry of Environmental Conservation and Forestry
MoU	Memorandum of Understanding
NAG	Network Activities Group
NGO	Non-Government Organization
NTFP	Non-Timber Forest Product
RECOFTC	Regional Community Forestry Training Center
SDF	Swanyee Development Foundation
SIDA	Swedish International Development Agency
UNDP	United Nations Development Programme
VFV	Vacant, Fallow, Virgin lands
WCS	Wildlife Conservation Society

# 1. Introduction to the emerging consensus on a market led approach to community forestry in Myanmar

## Background to community forestry in Myanmar

In Myanmar, forests cover 31,773,000 ha or 47% of total land area. But the rate of deforestation is high. Earlier estimates of 0.3% between 1990 and 2000 (Leimgruber, et al. 2005) with particular hotspots in the densely populated regions of the Ayeyarwady, Mandalay, Yangon, Rachine and Shan States have increased and are now believed to be running at 0.9% between 2000 and 2010 (see figure 1). In 1992 the new 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 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.

Figure 1. Forest cover loss in Myanmar between 1973 and 2009 (in red on map to right - Source: WWF-Greater Mekong Programme based on multiple datasets)



A revision of the 1992 forest law is now anticipated. While no draft texts have been circulated 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 as an incentive to speed up the government's 2001 Forest Master Plan target to establish 918,000 ha under community forest management by 2030. The Master plan also aims to supply 4.13 million cubic metres of wood fuel from community forests (25 per cent of the Myanmar total fuel wood requirement of 16.53 million cubic metres) by 2030. Currently 739 FUGs have been registered in Myanmar covering 44,065 ha (at an

average 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).

Past perception of mixed Forest Department support to community forest enterprises, due to the strong role of the Myanmar Timber Enterprise (MTE) within the Ministry of Environmental Conservation and Forestry (MEOCAF), may now be changing under the new Government. There now appears to be considerable appetite to improve on the roll out of community forestry in Myanmar.

In 2009 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).

## The adoption of a market-led approach

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 (IIED). 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

A report capturing these recommendations – and outlining a set of recommendations was published by IIED and Pyoe Pin (see Macqueen, 2013)

On the back of these developments, in early 2013, the Steering Committee of the new FAO-hosted Forest and Farm Facility 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.

This report captures the findings from the launch events associated with that new Forest and Farm Facility in Myanmar, an inception mission to Chin State to develop thinking on strengthening forest and farm producer groups, and a series of more conceptual chapters on organisational models partnerships and value chains.



## 2. The launch of the Forest and Farm Facility and useful next steps for Pyoe Pin engagement

### Initial meetings with private sector, donors and civil society groups

The Forest and Farm Facility (FFF) was launched in late 2012, is hosted by the Food and Agriculture Organisation of the United Nations (FAO) with a management team that also includes IIED and the International Union for the Conservation of Nature (IUCN). At the first steering committee in January 2013, Myanmar was chosen as one of six pilot countries (the others including Gambia, Guatemala, Liberia, Nepal and Nicaragua). The FFF marks a significant development from the National Forest Programme (NFP) Facility that preceded it. It focuses in on people in forested landscapes (and the cross sectorial enabling environment that is needed to allow them to develop producer groups for business) rather than the former focus on sustainable forest management and stakeholder inclusion in forest-sector policies that belonged to the NFP Facility (see Figure 1 below).

Figure 2. The evolution of the FFF from the NFP-Facility.

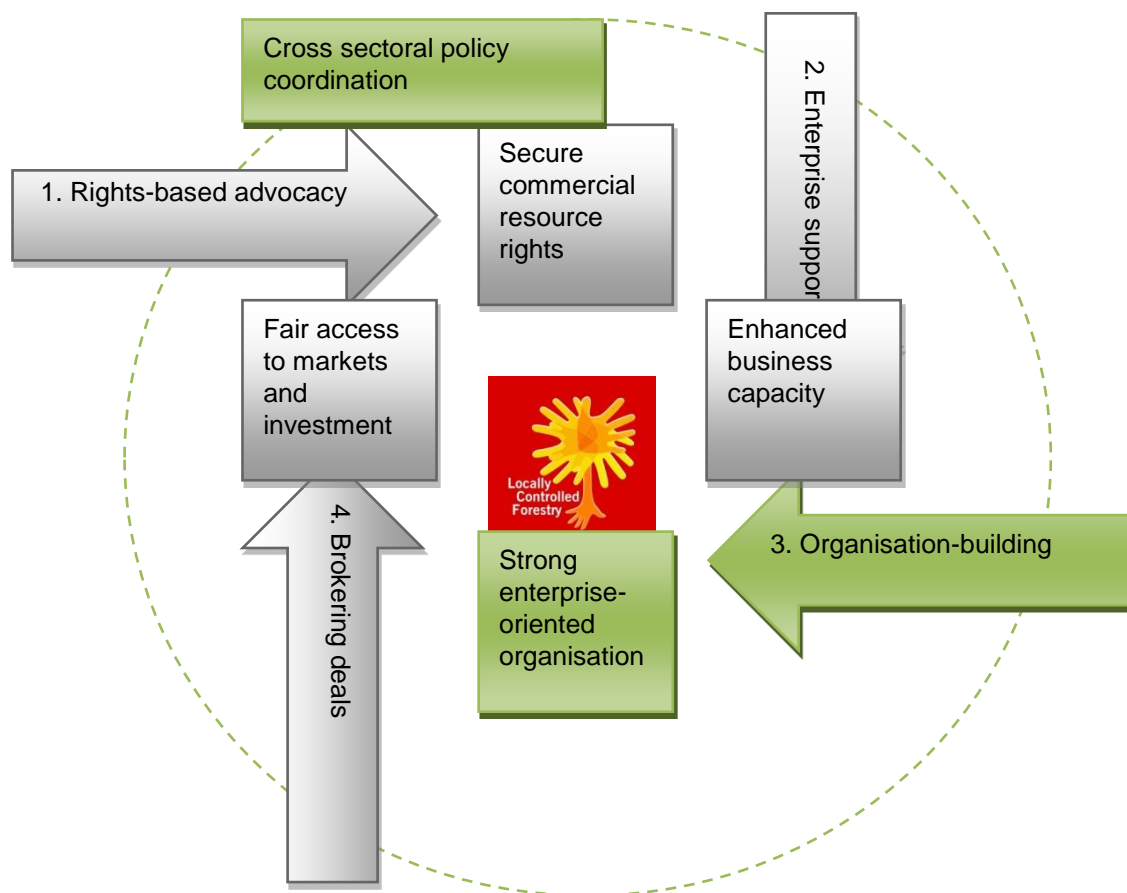


The Forest and Farm Facility has a mission to: “support smallholder producer organization to provide business incentives and policy voice for sustainable forest landscapes”. It has three main intended outcomes:

- Local forest and farm organizations:
  - are strengthened and cooperate in networks, alliances, federations etc.
  - have access to financing mechanisms, collaborate with private sector and gain investments
  - are actively engaging and contributing to national policy development
- Cross-sectorial collaboration, experience sharing and consensus building established by Government at all levels
- National policies and global agendas reflect the knowledge and priorities of local people

As noted in a prior report “Recommendations for a market-led approach to community forestry in Myanmar” (Macqueen, 2013) – four main pillars for success exist (see Figure 2 below).

Figure 3. The two main Forest and Farm Facility entry points (in green)



There are obvious synergies therefore between the FFF and the work of Pyoe Pin on a market-led approach to community forestry that could be usefully developed.

From 29 April to 3 May 2013 a launch team representing the implementing institutions of the FFF Management Team and comprising Sophie Grouwels and Johnny Zapata (FAO) Jake Brunner (IUCN) and Duncan Macqueen (IIED) participated in and facilitated with the help of FAO and Pyoe Pin, a series of bilateral meetings and workshops described below.

**29 April 2013**

### **Bamboo and Rattan Association**

After initial briefing with Pyoe Pin, the FFF launch team met with Kyaw Thu, Chairman of the Myanmar Bamboo and Rattan Association. There was interest expressed in working with the FFF – particularly in the area of piloting rattan plantation in the Northern region of Ayeyarwadi State. A large group of some 5000 weavers already works as part of the Bamboo and Rattan Association and either there or in Rachine State were another 3000-4000 weavers operate there is potential (and indeed a need) to secure supplies of rattan by establishing plantations, potentially linked in the first instance to the weaver communities (rattan harvesting and weaving communities have traditionally been treated as separate sectors in the rattan value chain). A pilot mission had to be abandoned through conflict but will be rescheduled. It might be possible for FFF to finance a pilot of organisational strengthening linked to rattan plantation – which would fit well with the interests of the broader commercial association and the interests of the market led approach to community forestry.

### **FAO Regional Office**

A meeting was held with Bui Thi Lan, the FAO representative for Myanmar. She expressed the interest of FAO in the integrated approach of the FFF – but noted the complexity of Ministerial line management arrangements in Myanmar with the Ministry of Agriculture and Irrigation, Ministry of Environmental Conservation and Forestry, Ministry of Livestock and Fisheries, Ministry of Border Affairs (responsible for poverty reduction) and Ministry of Cooperatives all having an obvious interest in this area but with many other ministries also involved. She noted the high priorities of poverty reduction and smallholder support – which resonated well with the proposed FFF outcomes. In particular it would be important to highlight how pilot development of smallholder and poverty reduction activities could be spread across Myanmar.

### **JICA**

A meeting with Kyosuko Inada and Yoko Yamazaki of the Japan International Cooperation Agency (JICA) highlighted potential links, both from past JICA support for disaster-related mangrove reestablishment in the Ayeyarwadi Delta, and from on-going work with high value agricultural crops in Shan state. It was recommended that in order to engage high level decision-makers in Myanmar on cross sectorial coordination it would be important to bring findings from any FFF pilots to a high level discussion – so that there was a strong rationale for cross-sectorial discussion. It was also mentioned that new approaches from outside were welcome at present in Myanmar and that international lesson sharing might be appreciated.

**30 April 2013**

### **Elephant Foot Yam Association**

A meeting with Khin Maung Than of the Myanmar Konjac Cultivator Processors and Exporters Cluster noted the strong competitive market competition from China. Securing supply within Myanmar therefore needed further investment. One of the key issues was Elephant Foot Yam product quality – which required careful selection for larger yam sizes and proper cutting and drying – and the cluster had produced information briefings for communities on this topic. With a well-established network of traders and merchants within their membership, the cluster was keen to develop organised community groups with capacity to supply quality in secure supply arrangements. As the crop is highly seasonal – it was felt that communities would also need to develop other crops to maintain their income generation opportunities.

### **Civil society workshop in the Chatrium Hotel**

Some 25 participants of the Myanmar Environmental Rehabilitation-conservation Network (MERN) attended a meeting organised by Pyoe Pin at which the nature, approach and tactics of the FFF were presented. Members of MERN expressed broad support for aims of FFF. There was a generic concern that it was very difficult for money actually to reach the field. Nevertheless, participants endorsed the

idea of direct support to forest and farm producer groups – once these had been facilitated in the initial stages by NGOs. They felt that the market led approach is much more sustainable because people living in the forest have to have livelihoods – and so an approach that improves livelihoods and provides rights and incentive for sustainable forestry is the way to go. Initially there was some unease over the breadth of the programme until it was explained that the focus was not mainstream agricultural support but rather a focus on communities in forested landscapes where producer group business could provide an incentive to manage sustainable forest landscapes. The possibility of linking to community forest pilots under RECOFTC was noted with an emphasis on piloting saving schemes. All participants mapped the main areas where their NGO was operating in the field. Further information is available at the Myanmar Information Management Unit.



It was agreed that the best approach would be to start activities with a set of small grants to strengthen producer organisations for business. This could then provide a platform of experience upon which to convene a cross-sectorial dialogue at national policy level in search of solutions to entrenched policy problems. It was agreed that MERN would facilitate a competitive and inclusive call for proposals for those first small grants. The next steps agreed included: announcing the call for proposals (mid-May); Proposal deadline (mid-June); Review of proposals by a committee that will include FFF partners, MERN, government, and business (early July); Issue of contracts (early August); Project period (6 months); Maximum value (US\$15,000 per small grant).

### 1 May 2013

**Livelihoods and Food Security Trust Fund (LIFT)** - Andrew Kirkwood and Antoine Deligne of LIFT noted how LIFT had Several Programmes – one of which was still open for competitive proposals – the Learning and Innovation Fund. The approach taken by FFF resonated well with the approach and focus of LIFT and it was felt that there might be scope to submit a proposal in line with the FFF activities to LIFT to leverage more funding than might be available through the FFF. With this in mind it was both important and necessary that FFF pursued its plan of a competitive and transparent call for proposals. The idea of piloting in order to take concrete examples into a cross-sectorial policy arena was one that LIFT supports. It matches the current function of the Ministries which are currently set up as implementation, rather than policy development, agencies. It was also recommended that FFF might need to be flexible and reactive – with in-country presence – since proposed policy changes often emerged very suddenly (as in the recent case of the proposed Farmer Protection legislation). It was noted that CARE was one of the stronger forest-oriented NGOs in Myanmar.

Travel to Nay Pyi Taw.

## The national Forest and Farm Facility launch workshop

### 2 May 2013

#### **National launching workshop in Thingaha**

**Hotel, Nay Pyi Taw** - A launching workshop was organised by FAO and Pyoe Pin comprising 40 government and civil society representatives at the Thingaha Hotel, Nay Pyi Taw. Both government and civil society representatives welcomed the launching of the FFF in Myanmar and endorsed its mission of support for smallholder producer organization to provide business incentives and policy voice for sustainable forest landscapes. It was also clear that the approach of targeting smallholder producer groups for business development



was new and departed somewhat from the longstanding approach of using community forestry to conserve forests (for example, the 1992 Forest Law (now under revision) makes all teak trees property of the state).

The twofold approach presented by the FFF management team of (i) piloting producer group formation and organisation and (ii) using lessons from those pilots to catalyse cross-ministerial dialogue on solutions to policy constraints was felt to be the way forward, as opposed to starting off with a high-level policy dialogue that was not rooted in practical experience.

Community forest user groups (FUGs) have been established since 1995 when the CFI was issued. The largest areas of community forest in the Shan, Magwe, Mandalay and Kachin States, but the total still only comprises 739 FUGs and 44,065 hectares, which comes to 0.4% of the Forest Sector Master Plan target of 1 million hectares of forest under community management.

Working groups in the launch workshop identified a range of business opportunities for forest and farm producer groups, including timber production, wood energy, non-timber forest products (including medicinal plants), agricultural crops (including aquaculture). They noted that one of the reasons for the very slow uptake of community forestry (notwithstanding constraints on commercially trading timber) is the opportunity cost of waiting 10-20 years for high value timber trees to mature. By providing short-term income, cash crops potentially allow communities to make the long-term commitment to forest management.

Participants also identified other key constraints to faster FUG development which included: the perception that high value timber belongs to the government, high penalties for logging (illegally), the CFI's lack non-legal status, lack of clarity about the conditions under which commercial production was possible, administrative hurdles to do with transport beyond the township, lack of extension and legal support, perceived threat to community forestry through unchecked illegal cutting among others.

Experiences were shared of forest and farm producers already developing businesses throughout Myanmar with regional variation depending on the product in question. But there is a considerable gap in terms of organised producer groups for those businesses. The next steps proposed at the civil society workshop were endorsed by the national launching workshop.

### **Ministry of Cooperatives**

Modelled on the British experience (the Ministry of Cooperatives was formed in 1905), there is a long track record of cooperatives in Myanmar with 20,600 cooperative societies formed with 2.5 million members. Yet of these, only seven cooperative societies are based on forest products.

The ministry indicated that there had been tensions between efforts by communities to sell charcoal or fuel wood and the legitimate concerns for sustainability by MOECAAF. For potential timber cooperatives, the CFI allows transport of timber products across township borders (there are 600 townships in Myanmar) but requires a permit to do so and this may lie beyond the capacity of most communities.

### **3 May 2013**

#### **Ministry of Environmental Conservation and Forestry (MOECAAF)**

Officials of MOECAAF expressed a desire to improve cross-sectorial coordination. They welcomed the idea of a cross-sectorial dialogue, perhaps chaired by a focal point in the Forest Department, and drawing on the results of the FFF pilots.

Forest Department officials expressed a desire to move forward on the idea of assigning a focal point for such cross-sectorial coordination. They noted that, following comments from civil society organisations the department had submitted a new Forest Law to the Attorney General for approval. And the department is currently revising (or thinking about revising) the CFI. These reforms may create the space for forest and farm producer groups for business.

The new forest strategy emphasises people centred approaches for bottom-up poverty reduction – and securing rights for smallholders. This resonates with the FFF approach. It was noted also that any support we provide for a community forest focal point would need to be discussed and coordinated with RECOFTC' own focal point - which under its MOU with the department will set up community forestry

pilots in all 14 states and divisions. FFF could take advantage of these pilots by supporting producer group development within them.

### **Ministry of Agriculture and Irrigation (MAI)**

Officials of MAI including Deputy Director General Aung Hlaing and Director Zaw Win also expressed strong interest in better cross-sectorial co-ordination but were rather sceptical of whether this could really be achieved without the merger of MAI, MOECAAF and the MLF. They endorsed the need for practical concrete suggestion emerging from pilot projects about which some form of cross-sectorial dialogue could be organised. They noted the significant level of extension staff capacity under MAI that could potentially support the more agricultural crop developments of forest and farm producer groups for business.

Travel to Yangon.

### **Next steps**

The FFF launch team prepared a brief summary of key findings from the launch mission which will be posted on the FFF website - <http://www.fao.org/partnerships/forest-farm-facility/en/>) and is appended in Annex 4. MERN will be contracted to facilitate a call for proposals to strengthen forest and farmer producer groups for business. IIED will commission a baseline study with the Network Activities Group for monitoring and evaluation purposes of the metrics of forest and farm producer organisation in Myanmar. A formal invitation will be sent to MOECAAF inviting the nomination of a focal point within the Forestry Department to drive forward both a market led approach to community forestry and the initial FFF pilots.

## **Recommendation 1**

Continue to support through Pyoe Pin a practitioner network on community forestry (in association with RECOFTC) but which also now draws in the potential pilot projects of the Forest and Farm Facility to strengthen forest and farm producer groups for business.

## **Recommendation 2**

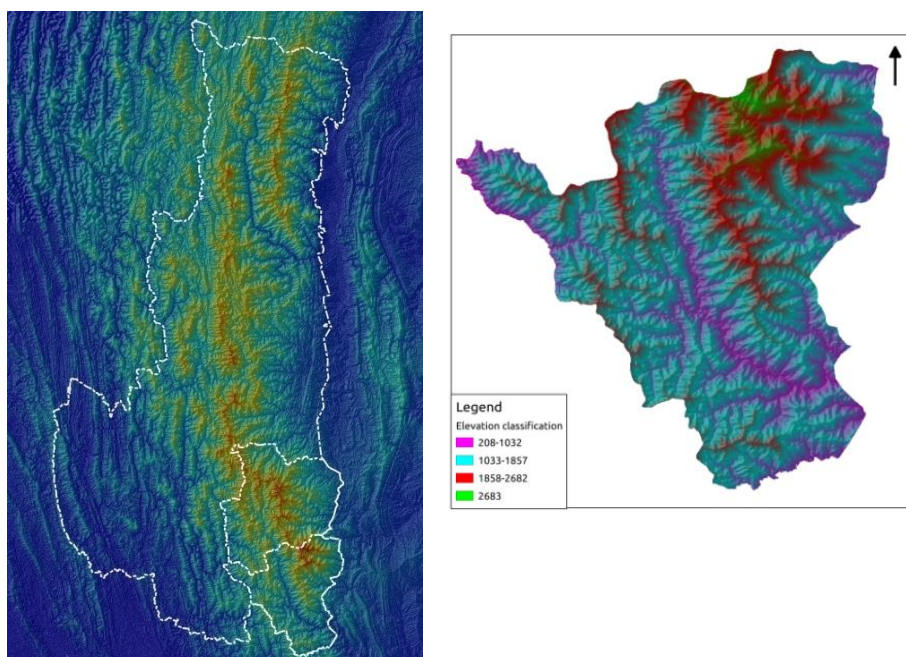
Make use of the convening power of the FAO-hosted FFF to stimulate cross-sectorial discussions in Nay Pyi Taw of the opportunities and constraints linked to strengthening forest and farm producer groups for business

### 3. Report of initial attempts to engage forest users groups on a market led approach in Chin State

#### Background to the initiative

Between 6-9 May 2013 a team comprising staff of Ar Yone Oo, Pyoe Pin and IIED visited a project called “Sustainable market-based livelihoods through improved land tenure security and land utilisation” in the South Chin State shown in Figure 4.

Figure 4. Topographical maps of South Chin State (Source: Aung, 2013)



A UNDP survey on social livelihood conditions from 2009-2010 identifies Chin state as one of the most vulnerable in Myanmar – the poverty incidence stands at 73%. Shifting cultivation is the normal land use practice, but with population growth shorter fallow periods are leading to land degradation. In Chin as elsewhere in Myanmar, land and natural resource rights are governed by at least three main bodies of law (Oberndorf, 2012): (i) the 1992 Forest Law - which defines *Protected Public Forest Land* (for conservation), *Reserved Forest Land* (for production, and under which the Community Forest Instructions fit), and *Public Forest Land* (which is currently mainly forest under customary form of shifting cultivation and which can be assigned to ‘State economic development’ through a request from the Ministry of Agriculture and Irrigation (MOAI) to the Ministry of Environmental Conservation and Forestry (MOECAF) that the lands be treated as Vacant, Fallow, Virgin lands – see below); (ii) the 2012 Farmland law – which defines *Farmland* in terms of sedentary practices such as paddy land, crop land, perennial plant land, Taungya, garden land, vegetable or flower growing, alluvial island land; and (iii) the 2012 Vacant, Fallow, Virgin Lands Management Law (VFV Law) – which defines *Virgin Land* as new land or other woodland in which cultivation has never been done before, *Vacant and Fallow land* as land that was once cultivated, but no longer for any reason – i.e. including shifting cultivation, and *Grazing land*.

While some communities in Chin border *Reserved Forest Land*, much of the land in which communities live is defined as *Public Forest Land / Vacant and Fallow land* in which their customary rights to shifting cultivation are not formally recognised. The rights for these lands are controlled in the first category by

MOECAF, but in the latter categories by MOECAF and / or MOAI together with a Central Committee for the Management of Vacant, Fallow and Virgin Lands (CCVFL), the State Lands Records Department (within MOAI) and the General Administration Department (GAD). In the latter category, land is subject to confiscation through state sponsored agricultural projects, agro-industry development by private sector entities, industrial developments, military settlements, urban expansion and even land speculation.

### Recommendation 3

Draw on increasingly detailed attempts to develop market led community forestry pilot projects to push for changes in the Farmland Law and the Vacant, Fallow and Virgin Lands Management Law (VFV Law) – and track the emergence of the new Forest Law to build new legal opportunities into those pilots.

Within Chin, the Ar Yone Oo project area is mountainous with limited flat Farmland for intensive paddy fields. Recent years have seen natural bamboo die back that has resulted in rodent infestation of crops – adding to an already precarious food security situation. In search of solutions and feasible improvements to rural livelihood, Pyoe Pin are supporting Ar Yone Oo to research upland agriculture and agroforestry systems – with an initial focus on the cultivation of a promising cash crop, Elephant Foot Yam, integrating within agroforestry and forestry planting.

From initial meetings with the Myanmar Konjac Cultivator Processors and Exporters Cluster it had been clear that the market for Elephant Foot Yam was strong (from both China and Japan). For example a 2010 quota for Myanmar of 300 tonnes tax free imports into Japan had been increased to 700 tonnes in 2011 (of which the cluster had only been able to supply 480 tonnes). The Chinese market appeared to be less discriminating in terms of quality. The Japanese buyers require high Glucomannan content (which can only be found in yams of at least 1kg in weight). Glucomannan is a water-soluble polysaccharide that is considered a dietary fibre. It is a hemicellulose component in the cell walls of some plant species. Glucomannan is a food additive used as an emulsifier and thickener. Products containing glucomannan, marketed under a variety of brand names, are also sold as nutritional supplements for constipation, obesity, high cholesterol, acne vulgaris and type 2 diabetes. The end products are a variety of reconstituted food products (e.g. noodles, meat substitutes etc.) often used in dietary meals. Yams from Chin state are regarded as the highest quality by Japanese buyers.

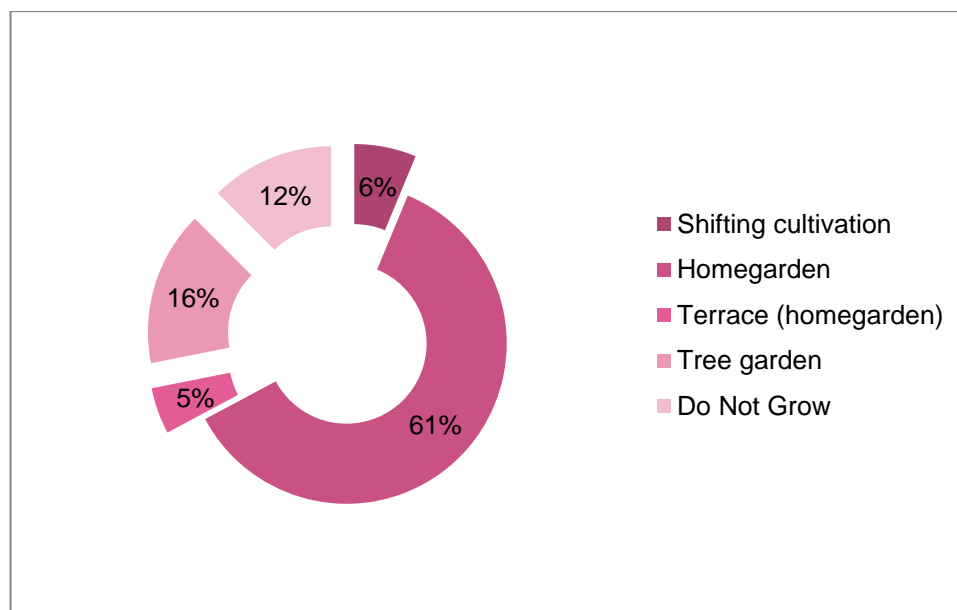
Within Chin state, the Ar Yone Oo project has three main areas of focus:

- Strengthen land tenure security – customary shifting cultivation practices are not recognised by law (such land is deemed “cultivable wasteland” and officially belongs to the state)
- Improve upland farming techniques to reduce environmental degradation (in many townships the fallow period falls below the sustainability threshold of ten years)
- Strengthen communities market opportunity (the sale of Elephant Foot Yam is by far the most profitable cash crop – 2-8 million kyat per acre compared to 200-300,000 kyat per acre for corn)

Meetings were held with the Ar Yone Oo Elephant Foot Yam Growers and Traders Association, non-member farmers, one community group, town elders in Mindat, the District Administrative Officer and the Land Settlement and Land Records Township Office. A background paper (Aung, 2013) also provided detailed analysis of the existing land use practices, including the production of Elephant Foot Yam. This crop is regarded as the best income generation opportunity in the region, with yams from Chin State regarded by buyers as of the highest quality. The yams include three species (or perhaps varieties) which form harvestable tubers over a two to three year period. The tubers are then washed, sliced and dried – before eventual processing into powder which is used in reconstituted foods, particularly in China and Japan, but also some other South East Asian countries. The required time before harvesting makes them ill-suited to shifting cultivation (where the normal practice is to shift every 1-2 years). As a result they are grown primarily in home gardens, although this might change if permanent community forest areas could be registered.



Figure 5. Location of Elephant Foot Yam cultivation in Southern Chin (Source: Aung, 2013)



### Preliminary findings on the value chain for the production of Elephant Foot Yam from agroforestry smallholdings

The current value chain for Elephant Foot Yam was explored with producers and traders (with insights also from the processors and exporters in Yangon). The basic functions within the Elephant Foot Yam are depicted in the form of a cycle below. It should be noted that it was not possible to visit the agents in Mandalay who supply the Chinese market – and the value chain dynamics and requirements for this market segment are therefore not clear to the author. It is immediately obvious that the value chain is not vertically integrated – and the recent emergence of the market opportunity means that the degree of organisation between the discrete actors in the value chain is still underdeveloped. At the moment, the forest and farm producer groups in the rural areas in Chin state are only concerned with the basic function of sourcing the raw material and sometimes chipping and drying that raw material. They are unable as yet to undertake the other (potentially more lucrative) value addition activities – which might include mechanised chipping and standardised drying, powdering, packaging – or even ultimately making the final food products for which Elephant Foot Yam provides the raw material. Price information was available for the production and sourcing of dried chips, but not for the costs and returns from export sales of dried powder. It is unclear therefore of the proportion of value that is being captured at different stages of the value chain. Further more detailed research would be needed to make such an assessment.

Figure 6. Basic business cycle for Elephant Foot Yam production

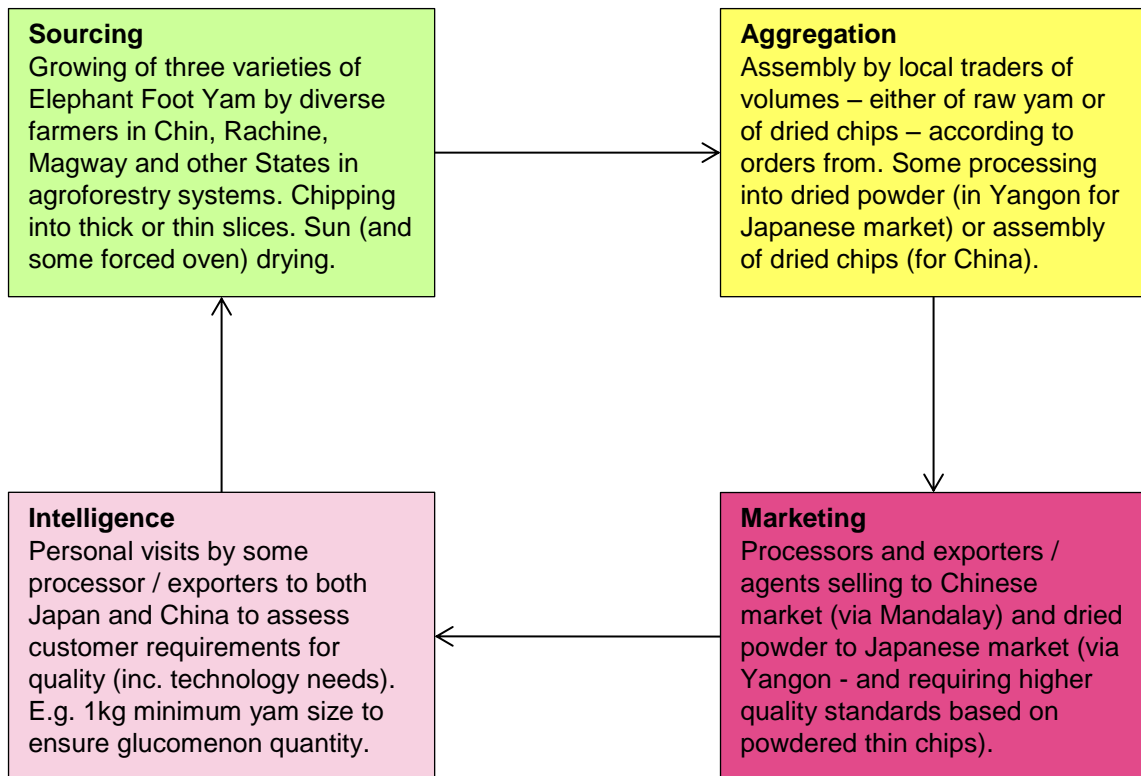


Figure 7. Photos showing from top left the agroforest cultivation of Elephant Foot Yam, a typical yam farmer, the flower, tuber, and a dried chips (Photo: IIED/Duncan Macqueen).

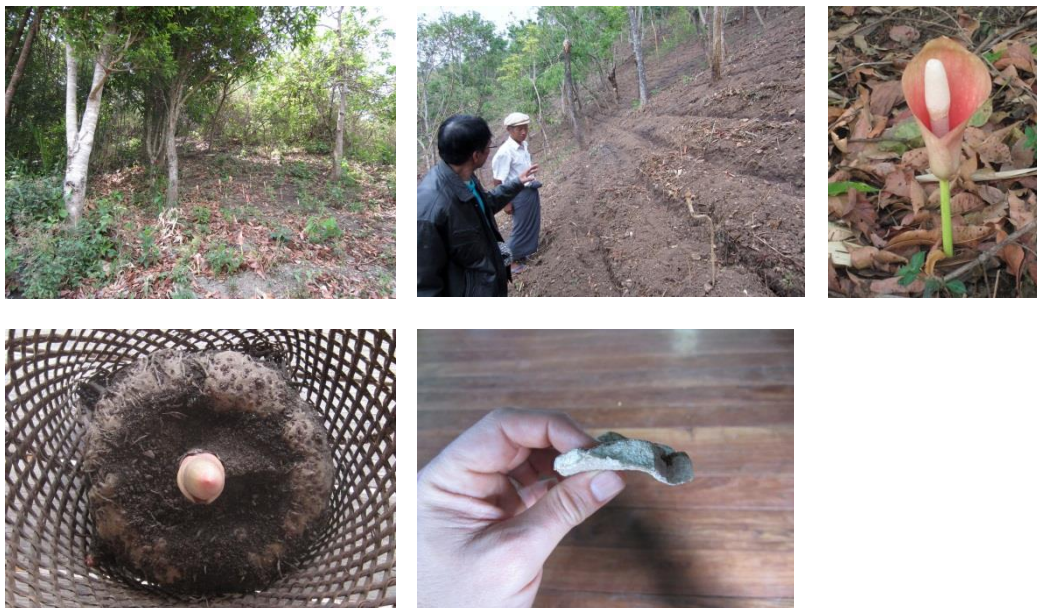
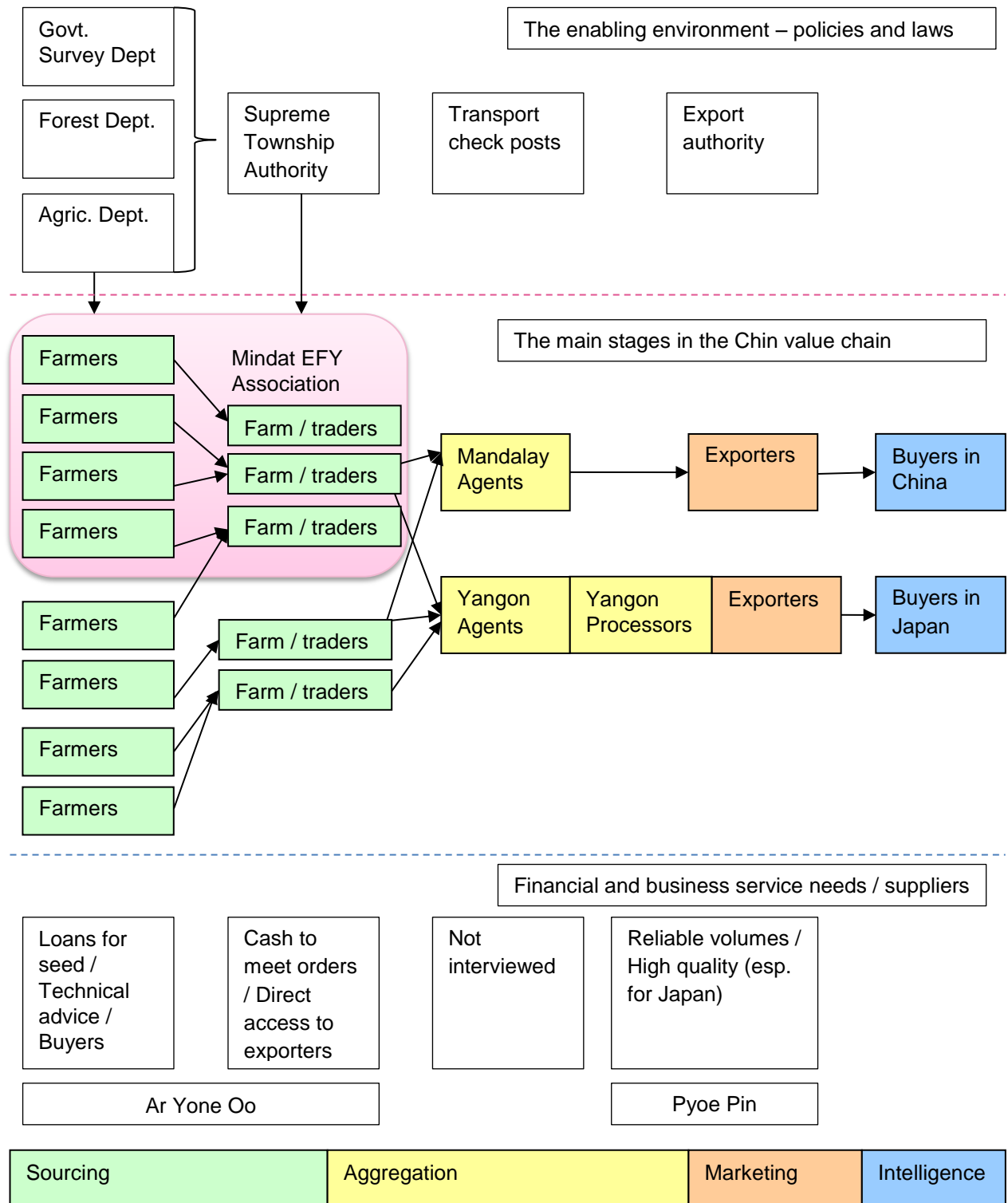


Figure 8. Preliminary depiction of the Elephant Foot Yam value chain in Myanmar (with information gaps for the agents – and especially those supplying the Chinese market)



## Potential next steps for developing a market led approach to community forestry – linked to the Elephant Foot Yam value chain in Chin state

### Elders in Mindat Township

A meeting was held with elders of the Mindat Township to understand better the context of Elephant Foot Yam development in the region. There was a general perception that the township was in a state of change – both politically (with the new Government) and ecologically (with increasing population causing degradation of natural resources). The former cycle of fallow regeneration between shifting cultivation was shortening – leading to some increasing sedentary agriculture. But land and natural resource rights were still precarious – and it was felt that some sort of integrated master plan for forest and agriculture land use was becoming essential. Elephant Foot Yam had been grown in the region since 1990, but it was only recently that substantial price increases had made it the preferred cash crop. A number of groups had formed, but no association had yet achieved formal registration due to inefficiencies in administrative procedures.

### Farmer groups

A meeting was held in Pang Awh village primary school with a number of forest farmers, including at least two representatives from each of four other communities within the Ar Yone Oo project site (Bawng Thae village; Khung Im village; Phui village and Kyang Lei Hlen village) which all fall within approximately 10 km of Mindat town. Mindat Township comprises a total of 197 villages with a total population of approximately 27,000. The majority of these farmers still practiced shifting cultivation on areas governed by Chin customary law (which has three main systems governed by: chieftains; communal land authorities; private landholders). They grow staple crops of upland rice, maize, red and yellow millet, and various beans. But while farmers continue to carry out shifting cultivation, they are also establishing more permanent home gardens boasting a rich diversity of agricultural and tree crops including: strawberries, elephant foot yam, turmeric, ginger, coffee, pineapple, limes, sour oranges, jackfruits, mango, avocado, bamboo and Agar wood, often used in incense or perfumes, and Thanaka, a tree whose ground wood powder is also used in cosmetics.



In home gardens and in an increasing number of more permanently settled plots, farmers are experimenting to maintain soil fertility through terracing, contour planting and mulching – using various designs of intercropping with trees. The economic advantages of longer term crops, such as Elephant Foot Yam, coffee or tree crops provide an incentive for more permanent arrangements of agroforestry production (though sadly, high value teak trees are rarely planted as they are the designated property of the state even if planted by farmers). Chin State boasts the ideal growing conditions for Elephant Foot Yam. Compared to an income per acre of about US\$ 215-320 for maize, the income per acre from Elephant Foot Yam can be anything between US\$ 2000-8500. Unsurprisingly, farmers want to grow the crop (and some have already established associations of farmers and traders in towns such as Mindat – see below).

At the village level, however, forest farmers growing Elephant Foot Yam are still disorganised (acting on an individual basis). They expressed a variety of constraints. One key constraint was that of finance to purchase the growing material (either corms, budlets off the main corm or seeds). One of the intentions of the Ar Yone Oo project is to establish village level savings schemes (pump primed with some initial cash) in order to address exactly this sort of constraint. So an immediate priority would be to form organised groups of Elephant Foot Yam producers at village level to manage such schemes.

Other major constraints that were voiced have to do with the cultivation arrangements of the plant. Of the three varieties of the yam being cultivated locally, farmers were unclear which offered the best financial returns. It was also not known which crops could best be inter-planted with the Elephant Foot Yam. There were problems cited of itchiness associated with the peeling of Elephant Foot Yam – although one progressive farmer had brought a metal brush and scrubbed, rather than peeled the yams, which proved just as effective as a pre-drying treatment. Some attempts at organic mulching had

led to the introduction of a soft rot that affected the yams – and therefore preferred non-mulched planting, but it was not known whether there might be ways of avoiding the soft rot. There were questions raised on behalf of landless people as to the role they might play in Elephant Foot Yam production. There appeared to be some interest in outsourcing the peeling/ scrubbing, chipping and drying to other members in the community, especially as some farmers expressed labour constraints to undertake those activities. Once again, for many of these constraints, an organised group that shared technical experienced and managed initial processing activities collectively might provide a solution, especially if backed by technical training sourced through Ar Yone Oo.

A final area of constraint identified by the farmers was the issue of both locating and getting a fair price from local traders who had access to agents from serving the Mandalay or Yangon export markets (to China and Japan respectively). At the moment farmers are receiving approximately 4900 Kyat per vis of crop (with a 200 Kyat deduction for transport / organisation costs of local traders). It was agreed that organised groups at village level might be able both to negotiate better prices with those traders, or take on the function of traders, or alternatively buy and use their own scales to avoid the allegations of trader cheating that some farmers alluded to.

With village level producer organisation so prominent in the meeting a discussion was then held about the various reasons why a local group might form: (i) to cut the costs associated with production, processing and transport (e.g. sharing brushing equipment, drying tasks etc.); (ii) to increase prices through collective bargaining; and (iii) to take on new roles in the value chain, e.g. operating a savings scheme to provide loans for farmers purchasing growing stock or to nominate someone from the village to act as a trader and deal with agents directly on behalf of the community. It was agreed that through the Ar Yone Oo project, the formation of groups.

## Recommendation 4

Continue to support NGO pilot projects to develop businesses based on a range of agricultural and forest products whose agroforestry or forest production systems can both be enhanced and registered as Community Forests.

Another topic of discussion related to how to secure formal rights to production – both through registration of Community Forestry under the provision for *Reserved Forest Land* and / or potentially some new arrangement for Community Forestry delimitation on *Public Forest Land / Vacant and Fallow Land*. A concern was that these latter lands can be appropriated by the state or transferred to distant investors. By contrast, Community Forestry secures a formally recognised 30 year land lease arrangement for which Chin communities can apply to secure their heritage.

But while it is straight forward to claim community forest rights on *Reserved Forest Land*, it is much more difficult to negotiate in areas spanning the clan, communal and private holdings of customary tenure. Here there are trade-offs between insecure but permanent customary rights and more secure but time-limited formal ones. The intention of the Ar Yone Oo project is to pilot the establishment and registration of five Community Forests in the project area, three of which would be in *Reserved Forest Land*, and two of which would be in *Public Forest Land* – the more complex situation. In this latter category, it might be opportune to work with land owners producing Elephant Foot Yam as a sedentary agroforestry system as the basis for the delimitation of these Community Forests.

## Recommendation 5

Deliberately set out to support pilots of Community Forestry on Reserved Forest Land and Public Forest Land or Vacant and Fallow Land to offer possible solutions to the conundrum of how to formally recognise customary tenure.

### Mindat Elephant Foot Yam Traders Association

Meetings were held in Mindat Township with both members and non-members of the Mindat Elephant Foot Yam Association (also known as Ar Yone Oo). The association has not been formally registered yet, despite application to the government in 2011. Despite its informal status the association has 50 members – each paying a 10,000 Kyat membership fee. They provide three main services to members: (i) Loans at 3% interest per month to farmers who cannot otherwise afford to buy Elephant Foot Yam propagation material, (ii) market access to regional agents from both Mandalay and Yangon for those without their own contacts; and (iii) technical advice on farming methods pertaining to Elephant Foot Yam. Another advantage of working as a group was that four separate authorisations are required to transport Elephant Foot Yam (from the local Agriculture Department, Forest Department, State Lands Record Department and finally from the Township Administrative Authority) and these authorisations are time consuming – but vital if the product is to pass the relevant check points on the way to agents in Mandalay and Yangon.



Amongst the members of the association the majority were farmers, but 10 were both farmers and traders – and would sell thick Elephant Foot Yam chips at 5100 Kyat per vis to Mandalay agents (destined for China) or 5300 Kyat per vis for thin chips to Yangon agents (destined for Japan). Despite the higher prices of thin chips for the Japanese market the traders deemed the highest profit to be associated with the thicker chips for the Chinese market on account of the processing costs and loss involved in producing the thinner chips (for example six units of weight of raw yam are required for one unit of thick chips, but eight units of weight of raw yam are required for one unit of thin chips). This is something that Yangon processors / exporters obviously need to address if they are to enter into purchasing agreements with traders such as those in Mindat. Farmers were paid a lower price – with 200Kyat per vis deducted for transport and organisation costs.

Two main issues were raised by members of the Mindat association. First, there was limited finance available for granting necessary loans to farmers to assemble the volumes of product that were requested by agents. Farmers need cash in advance to purchase the growing stock, and even with membership fees, the available loans were insufficient. Second, there are perceived problems in dealing with the agents, and the traders would prefer to deal direct with the processors / exporters of Elephant Foot Yam chips and powder. They would also prefer to process the final product themselves (e.g. powder) so as to be able to capture the value added locally. An issue here is that the volumes that can be assembled currently by the association probably are insufficient to meet the requirements of those processors / exporters – or to finance the sort of industrial processing unit that could add value to the product. Attracting new members for the association was therefore a priority, but one hampered by their lack of formal registration.

In interviewing Elephant Foot Yam farmers in Mindat who had not chosen to join the association it also became clear that many did not see the need for membership. They already had the finance for growing stock, market contacts and technical skills necessary to operate. In view of this fact, it might be necessary to rethink the membership rules of the association. Perhaps a better tactic would be to deduct a small percentage of the sales price (which is what happens in any case for non-trader farmers) and to use a portion of this money to establish an investment fund which could ultimately be used to improve the processing capacity at Township level and / or employ an agent directly to be based either in Mandalay or in Yangon.

## Recommendation 6

Provide support to NGOs to strengthen Township level businesses (e.g. Elephant Foot Yam) that have a business model drawing on village level suppliers that can themselves become businesses in their own right.

### Agents from Mandalay / Yangon

Time and logistic constraints prevented any meetings with the agent from either Mandalay or Yangon. It would be instructive for the project team to try and meet with some of these agents to map out further the value chain (including the Elephant Foot Yam margins at different stages in the value chain). Understanding in more detail the Chinese market, which seems to be favoured by local traders in Mindat) would also be advantageous in developing a strategy to maximise the value from this business opportunity.

### Processors and exporters in Yangon

As noted in the second chapter of this report, a meeting was held with the Myanmar Konjac Cultivator Processors and Exporters Cluster. In addition to noting the strong competition from agents serving the Chinese market, these processors and exporters were keen to develop organised community groups with whom they might develop long term purchasing agreements. Visits had been made to farmers and trader groups in Chin State (exactly where was not determined). In addition to the need to improve the quality standards of farmers, one issue that was raised was the difficulty of organising farmer groups to produce a product to a specified purchase agreement. It was felt that short term cash needs of farmers often led to selling out sub-optimal sized yams to traders and agents, rather than optimising production. It was noted that CARE – Myanmar had also been attempting to organise farmer groups with more reliable supply in mind. This fact, and the meeting notes with Friends of Wildlife – Myanmar (see below) suggests there is a need for some kind of network and learning function between in-country NGOs dealing with these issues.

## Recommendation 7

Through Pyoe Pin support for events, try to encourage NGOs' engaged in a market led approach to community forestry to present their findings to one another to spread understanding of approaches and tactics to supporting sustainable business.

### District Administrative Officer of Mindat Township

A meeting was organised with the head of the Mindat Township Administration (Kyaw, Anntt Maung). He noted that the Ministers of Government were very supportive of the development of the Elephant Foot Yam trade. In addition, he was aware of the visit of several processors / exporters who had wanted to secure supplies of Elephant Foot Yam and had offered loans to farmers. He noted the current issues to do with the formal registration of customary land holdings, and mentioned a revision to the Chin State Act, but also noted that farmers are unlikely to be able to formally register their land under the new legislation if it was shifting cultivation – but might be able to form a group to register more sedentary land use that was usually associated with Elephant Foot Yam cultivation. He noted too the multiple authorisations that were required for traders to transport their product to market – but stated that this was essentially to ensure that farmers were protected from seizures that might accompany the illegal trade of other products using the same transport vehicles.

### Land Settlement and Land Record Department, Mindat

A meeting was arranged with Bawi Khay, the head of the Township Office of the State Land Record Department. The office is responsible for one of four pieces of authorisation required to transport Elephant Foot Yam and involves the registration of farm owners (based on the location of farms) – and which, despite the caveats over tenure security noted above, is a permanent record (unlike the Community Forestry 30 year lease arrangement). He noted that Elephant Foot Yam was planted under trees, in ditches / holes and increasingly on terraces (which from his experience were the most suited to production). The average income of farmers producing Elephant Foot yam had increased substantially (almost five-fold) since 2010. As yet, he noted that there had been no registration of Community Forest User Groups within the Mindat Township area. He was aware that such registration would fall under the *Reserved Forest Land* and that it might be more difficult to pioneer a system of registration on customary lands under *Public Forest Land* or *Vacant and Fallow Land*.

**Friend of Wildlife, Yangon**

A meeting had been arranged with Myint Aung of Friends of Wildlife prior to travelling to Chin State. Friends of Wildlife had established among Chin groups (but in Rachine State) a Community Forestry area. The interest of Friends of Wildlife had been in addressing both the hunting with dogs, guns and bow and arrow that was threatening local wildlife, and the system of shifting cultivation which was unrecognised by Myanmar law. Of interest to the Ar Yone OO project above was the organisation of 24 families (out of 36) within a community to establish a Community Forest, with a built in agreement to sell hunting dogs in return for subsidised rice procurement by the NGO. An initial 50 acres of land had been delimited as Community Forest – which was augmented by 75 acres in year 2 and 25 acres in year 3. A strong education component had been developed through the school, and through a conservation committee who operated out of a newly constructed community hall. The model developed for the Community Forest was one of agroforestry in which a profitable commercial village nursery supplied seedlings of useful trees such as Agar wood or Sandalwood. Again, it would be useful for NGOs working in similar contexts and on similar issues to share experiences with regard to the establishment of Community Forestry within a market-led approach.



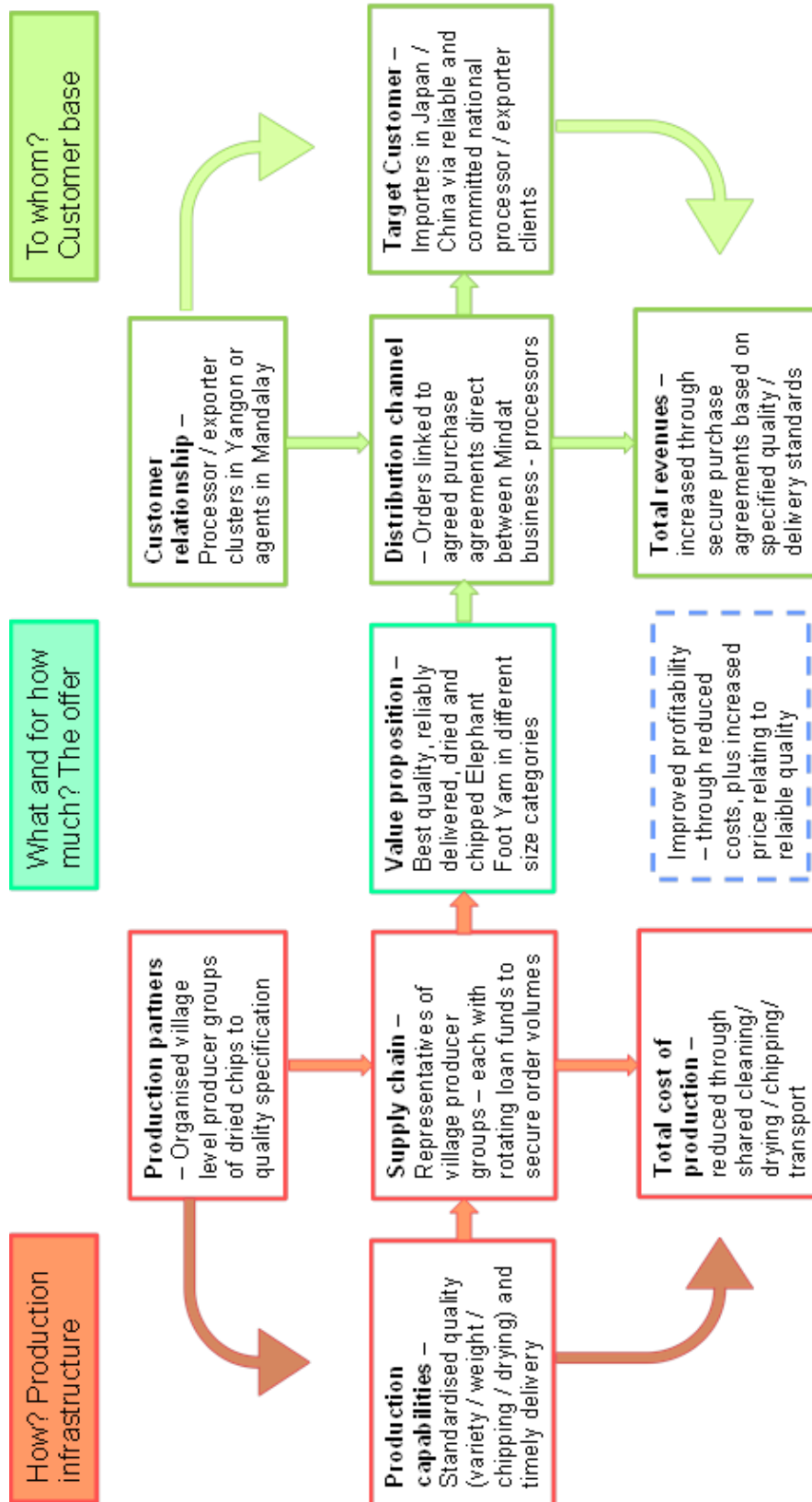
## 4. Possible business model options for community based producer association – with an organisational health check methodology

### A potential business model for Elephant Foot Yam in Chin State

A business model describes the rationale of how an organization creates, delivers, and captures value. For Elephant Foot Yam producers and traders different options for that business model will exist depending on the level at which the particular business in question is conceived (e.g. a village level business might have a different value proposition to a township level trading association). In this instance, it may be preferable to look at the business model at the level of a township farmer / trader association, as this is the entity most likely to be able to deal with the customers – while also involving representatives of organised Elephant Foot Yam producers at village level. Figure 9 lays out a schematic representation of such a business model which is then described briefly below. I have followed the analytical logic of Lundy et al. 2012.

#### Target customers

These are at the heart of any business model because without them no business can survive. In this instance the ultimate customers are the consumers of Elephant Foot Yam products (principally in China and Japan) – but there are intermediary customers both in terms of importers of the products in those countries, but also nationally in terms of the processors / exporters of Elephant Foot Yam powder or chips. Since a business located at Mindat is unlikely to be able to contact the ultimate customers or overseas intermediaries, it is preferable to treat the national level processors / exporters as the target customers. It is for these customers that the business is trying to create and offer value. Through this preliminary research we know of at least two distinct customer bases in Mandalay and Yangon. In Yangon we know that reliable quality – particularly in relation to yam size, drying and chipping (with define glucomannan content) is a key concern – as this is the main consideration for their Japanese buyers. Further research is needed by Ar Yone Oo or Pyoe Pin to determine the customer needs of potential Chinese market intermediaries. As the Mindat level business develops a key consideration should be regular dialogues with either or both of these customer groups to ensure that the business offers a superior service to competitors in Myanmar. In addition it will be important to constantly research and pursue potential new clients to avoid the risk of over-dependency on one customer segment. Figure 9. Initial proposal for a business model of Elephant Foot Yam trading at Mindat Township level



In the short term, once the business at Mindat is formalised as an association – it would be worth pursuing, through a series of brokered meetings, a more secure purchase arrangement at least with the Yangon producer / exporter cluster for specific quality and delivery of Elephant Foot Yam, at a price that recompenses the processing losses occasioned by the demand for thinner chips. While the customer might have to pay more, this is the only realistic way of securing supply in the face of competition from the less discerning Chinese market.

For the future it is important for the association to be stimulated into thinking about how best to manage customer relationships. For example, how might communication best be developed? What type of relationship does each of our customers expect us to establish and maintain with them (for example reporting any delivery problems)? Which ones have we established? How can we best negotiate improved revenue streams with our customers?

### **Distribution channels**

These refer to how the business is to reach the customer with its product. At the current time the Mindat association is restricted to dealing with agents who then aggregate product for the processor / exporter customers. While this reality may have to continue for some time, the business ought to have a plan for taking on the role of delivering product to the customer so as to ensure improved delivery efficiency and communication with the customer – while retaining more of the profit. Quite how this is to be achieved will need to be worked out. Time did not allow for a detailed analysis of transport modalities and the costs involved with this. It may be that though establishing a capital savings fund at the association level, eventual investment into delivery of product might be possible.

In the interim period it is advisable that the association works towards strengthening relationship with a few reliable agent delivery partners who are acceptable to the customers in question. In addition to issues of trust, there is also a need to examine which delivery agent or partner offers the most efficient and reliable service such that as much value as possible is given to the customer. Notwithstanding these facts, it is important for the association to be able to communicate directly with the customer – so as to make clear the value proposition that the association wishes to offer, and the vision for how that might best be developed in the future. A key element of this is to ensure that the delivery of the product meets the requirements of the processor / exporter such that they can meet their own production deadlines.

### **Value proposition**

The value proposition is the reason why customers choose your product or service over another. In this instance the value that can be offered to customers is reliable and timely delivery of quality graded Elephant Foot Yam chips. It is at this stage unrealistic to consider processing into powder – although that may be an option in the future. A number of factors might form part of the offer to the customer: quality of supply (for example grading to ensure that customers serving the Japanese market get only yams in excess of 1kg weight so as to endure Glucomannan content; reliability of supply (for example ensuring adequate loan structures both at township and village level so that orders can be met through loans to farmers which guarantee adequate quantities on time); brand or customer story (for example, the fact that through this trade the customer is contributing to sustainable rural development and forest protection); compliance with food standards (for example, instituting a quality testing procedure associated with quality standards).

While looking outwards to customers, it is also important to ensure that value is being offered to potential production partners – for example the organised producer groups at village level. To these production partners value can be offered in terms of: stable and consistent demand (for example, through longer term purchasing agreements with the customer); service provision (for example, the sharing of technical information on optimal Elephant Foot Yam varieties, planting technology and associated cropping etc.); training and education (for example, in cleaning, chipping and drying yams to specified quality standards); credit and financing (perhaps by using a portion of the sales price to capitalise a loan fund, part of which can be used to seed village level revolving loan funds); contracts (for example, agreeing formal contracts with different village producer groups represented within the Township level business).

## Supply chain

This involves all the physical arrangements required to supply the value proposition in question. In this instance the main arrangements required are at the village level amongst farmer producers of Elephant Foot Yam. There is an urgent need to help organise these producer groups so as to improve the quantity of supply (for example through village level revolving loan funds to purchase growing stock). Arranging more regular and reliable supply contracts, perhaps backed by loan funds to allow village level businesses to purchase growing stock would be an excellent way to start.

As the business association at Mindat develops it might be worthwhile organising the membership of the association such that each village in the supply region applies for membership as a single business, partly to reduce costs for the village level businesses, but also to ensure that each village has a say in how the township level association is run and the services it offers to suppliers.

## Production capabilities

These are the intellectual, financial or human resources that are essential to create and sustain the value proposition. In this instance the association needs first to clarify exactly what key resources will be acquired from production partners (for example, is there a preference for raw yams, dried and chipped yams, and to what size specification?) The association also needs to understand in more detail exactly what constraints are faced by those production partners. In addition to the quantity of supply noted above, the Mindat association needs to ensure that village level producer business can supply the required quality of elephant foot yam (for example this might mean sharing technical information on optimal Elephant Foot Yam varieties, planting techniques, optimal inter-cropping arrangements, avoidance of pests and diseases such as soft rot, cleaning / peeling techniques to avoid skin irritation, chipping and drying technology, grading for quality etc.).

At the present time, it is suggested that the Ar Yone Oo project helps to facilitate the development of village level producer groups as businesses – providing some of the initial technical inputs that may be required to meet the production capabilities necessary to sell at the township level. Brokering meetings between representatives of these village groups and the township level association could then occur to try and formalise membership.

## Recommendation 8

Continue to support regional NGOs to make market linkages between Township level business and national clusters / associations with whom partnership agreements might be brokered – for example those relating to timber, bamboo and rattan and agricultural cash crops such as Elephant Foot Yam.

## Rationale for strengthening business organisations and how to go about it

As noted above, one of the key steps in the immediate future is to strengthen both township level business associations and village level producer groups within the Elephant Foot Yam business. Ar Yone Oo is not alone in attempting to do this. One general point is that as NGOs across Myanmar attempt to strengthen forest and farm producer groups for business within the framework of a market led approach to community forestry, it is essential that they facilitate, rather than insist on organisation development. What this means in practice is for facilitation staff to understand themselves and explore with community groups possible reasons for forming a group. Past work on forest associations / producer groups (see Macqueen et al. 2006; FAO, 2013) indicates that there are three main reasons why enterprises form – and a number of pointers as to what leads to success (or failure).

It is important that field staff work with communities to identify genuine reasons for forming an organisation. If there are none – stop there!

Why do producer groups form? The three main reasons for group formation are as follows – with some assessment of why producer groups in Chin State might (or might not) wish to form:

### 1. Cutting costs through scale efficiencies

One important reason to form a group is if that group can share the costs that would otherwise be borne by individual members or buyers with whom they interact. For example, if product needs to be transported from farms to the market, it may make sense to form a market oriented group to share the costs of this (either between members or reducing costs for buyers who would either have to interact with multiple individual members).

In the villages surrounding Mindat township a number of cost cutting possibilities were identified that a group might be able to make: sharing yam cleaning and cutting equipment; pooling chipping and drying equipment and labour; sharing transport costs; sharing the time / cost of negotiating with traders.

At the level of the Mindat Elephant Foot Yam association further cost cutting options exist from group formation: the revolving loan fund to purchase growing stock; shared investment in a chipping machine to standardise chips and thereby increase quality; shared access to technical expertise and information on customers.

### 2. Adapting to new opportunities through networking and specialisation

A second reason for forming a group might be to gain access through networking and pooling of information or staff resources to new business ideas. For example a group may be able to pay for a dedicated representative to build market contacts – or may pool their knowledge on buyers so as to get a better price – or may identify individual within the group with particular skill sets that could benefit the group as a whole. This advantage of groups is true at many levels, from local producer groups, through regional associations, to federations at national level (where for example, access to policy makers can be secured that would be impossible for an isolated community group on its own).

In the villages around Mindat there are only a few options for networking and specialisation. Nevertheless community members did note the importance of: sharing technical experiences relating to the choice of variety, agronomic production of Elephant Foot Yam, intercropping possibilities, avoidance of pests and diseases; organising a representative to act as a trader with agents at the Mindat township level; selecting a group member as a representative within the Mindat Elephant Foot Yam association and feeding back customer information to farmers; potentially separating out growing tasks from a dedicated cleaning, chipping and drying facility that could employ local landless people.

At the level of the Mindat Elephant Foot Yam association a number of networking and specialisation options might be available through group formation: tasking someone with the role of customer liaison with processors / exporters; building up a capital investment fund to act as collateral on bank loans for more advanced purchasing equipment or transport equipment through which they might cut out agents.

### 3. Negotiating power for a fair price and enabling environment

A third reason why groups form is because through market scale, producer can push for better prices (especially in a situation with limited supply). This works because buying in bulk reduces the transaction costs (and potentially also quality fluctuations) and especially if supply is limited, buyers may be willing

to pay extra. Additionally, and as noted above, groups at local, regional and national level carry more weight in decision-making – representing large numbers of potential voters.

In the villages around Mindat forming groups might enable them to: get a fairer price from traders (or agents in the event that the village nominates someone to act as a trader in Mindat township); have their views represented both within the Mindat township Elephant foot Yam Association, but also with local Government departments of agriculture, forestry, land records etc.

At the level of the Mindat Elephant Foot Yam association a consolidated offer of substantial volumes of quality controlled yam would put the association in a powerful bargaining position – either with agent, or ultimately directly with processors / exporters in the event that the association reaches a scale sufficient to take on transport functions.

Pointers to successful group formation from past analyses form a good list of recommendations for those attempting to facilitate the establishment of forest and farm producer groups in Myanmar. For example it is recommended to pursue if possible:

- Self-organisation with freedom from political ties. Groups that are forced through some imperative or incentive frequently fail when that external force is removed.
- Early experiences of success based on a strong shared current agenda. It is worth investing time and effort to make the first group formation successful in every way possible – as this will inform future reactions to group formation.
- A focus on few business ideas in which they are big local players. Groups tend to have multiple social, economic and environmental agendas, which while perfectly acceptable cannot continue unless the core business is sustainable. This need not necessarily be a business activity (other things can glue groups together) but it certainly help if a group is profitable.
- Clear membership and function boundaries. Members should be clear about both their rights (access to benefits) and responsibilities (what functions they must perform) and these should be things that are not easily accessible outside the group.
- Commitment to broader social / environmental causes. While a profitable business activity can act as glue for a group – it certainly helps relationships both internally and beyond the group if there are other social and environmental objectives.
- Clear record keeping and transparency. This is absolutely fundamental. Nobody wants to be part of a group in which they cannot see what is happening to their investments of money, time and effort. Keeping the accounts book accessible on the table / wall is a good policy.
- Dynamic early leadership. Most groups are helped by a dynamic leader to make things happen – so identifying such individuals and giving them responsibility is key.
- Written rules and grievance procedures over time. Leaders move on, and if there are complex issues that need management or mediation (such as benefit sharing) it is worth capturing procedures in written form over time so that the group does not become dependent on one particularly strong individual.

## Proposed organisational health check methodology

As Pyoe Pin and others (including the NGOs funded through the FFF) begin to facilitate the establishment of forest and farm producer organizations – it is worth perhaps adapting some form of participatory method to assess the health of those new organizations. Identifying difficulties quickly before they get out of hand can help to build the early success that will shape perceptions of the utility of such groups. In this section a participatory methodology is advanced that was developed through the Forest Connect alliance (see DeMarsh and Macqueen, 2011).

## Recommendation 9

Arrange independent reviews of key projects relating to a market led approach to community forestry with an explicit focus on checking the organizational health of emergent business groups.

### Purpose – what this assessment methodology is for

This assessment methodology aims to help producer organizations, and external supporters, understand how healthy a particular organization is. It is designed for use on an annual basis. It provides a quick structure for assessing what is going well and badly and provides guidance on how to strengthen performance.

### Format – what you need to carry this methodology out

This assessment methodology would ideally involve 15 members of a group organization (five management committee members, five male members and five female members). The assessment requires a full working day and should be structured in four sessions with morning coffee, lunch and tea breaks with sufficient time for members of the group to discuss among themselves the exercises that are proposed or have just occurred.

The facilitators need to prepare in advance! These exercises will require pre-prepared sheets that (i) list in local language the main questions to be raised in telling the story of the group (see Exercise 1); (ii) display in local language “before and after perception circles” into which each member of the group can place coffee beans to vote (see Exercise 2); (iii) create space for a local translation of a Strengths, Weaknesses, Opportunities and Constraints (SWOT) matrix – one sheet for each category – onto which members of the group can place cards with their views on the strengths, weaknesses, opportunities and constraints of the group (see Exercise 3); and (iv) provide a big visual diagram in local language of possible areas where capacity building might be necessary - at least four sheets stuck together (see Exercise 4).

In addition to these pre-prepared sheets in local language, the facilitators will need to bring 15 marker pens, a large number of multi-coloured cards onto which members can write their responses, and a small sack of coffee beans or pebbles to use as voting counters (at least 150 counters are required). Marker tape is also valuable to stick each exercise onto the walls once complete (or exercises can simply be left on the floor if no walls are available).

### Outline – the main steps you need to try it out

#### Exercise 1. Familiarization – telling the story

To be able to perform a ‘health check’ on a ‘Group’ (i.e. a forest and farm producer group), a first step is to share understanding of what the Group does and why. A good start is to introduce the purpose of the assessment – that it is an internal health check. Then invite the chairperson together with other key members of the enterprise to tell their story against a check list of key functions. If possible, it may also be useful to carry out semi-structured interviews with independent people familiar with that enterprise, so as to cross check findings and feed them back to the Group. Some key elements for this exercise are suggested below:

- Introduce the facilitation / assessment team and the reason why you are here – to help the Group review its progress, build on the positives and address problem areas
- Introduce the idea of hearing the Group story. Set up a flip chart that describes in both words and pictorially the main parts of the story we want to hear. Suggest to them that a different person should tell each part of the story – but that at the end others can add information – and that the facilitators may want to ask questions too.
- Invite the chairperson or key members of Group to tell their story against a check list of key issues that you have already prepared on a flip chart. Each section should be led by a different member of the Group. For example, the following issues represent a good checklist for getting to know a Group:

**History**

- Origins – where did the idea come from
- Goals, functions, structures how were these decided
- Were these part of a larger community development plan

**Present situation***Concrete results:*

- incomes in the community;
- forest protection and health of the environment;
- spirit in the community and confidence in the future

*Organizational structure, functioning:*

- clear roles for leaders, members, employees
- accountability –how often do members receive reports/ consulted on
- decisions, plans, finances
- decision making – fast enough, quick enough
- disagreements: how are they handled and with what results
- review of progress, goals, structure: has there been/ how often is it planned

*Participation:*

- how many members are attending general meetings (and how does this compare with earlier in the process)
- are women and youth becoming more active
- are new members joining

*Relations with:*

- non-members in the village
- other co-ops
- other neighbouring villages
- State enterprises
- Other Government agencies
- Legal and political authorities
- NGO's
- Other groups with whom good relations are important

**Future – in 10 years what do you hope to see in terms of improvements in the forest, incomes, and community spirit**

- Make sure one of the facilitators record a written summary of the story on a flip chart so that members can see their own story and comment or correct and mis-perceptions (see figure 6 – but preferably use local language).
- Build in time for plenary discussion at the end so that all members can comment on and discuss their story so far.



**For external reviewers**

Information from the story can be checked against any performance reports, operating manuals and any business plan that has been developed by or for the enterprise at the end of the meeting. Reviewing meeting minutes, records and reports also gives clear understanding on practical application of their constitution. As well, if there is time and available interviewees, conduct *semi-structured interviews with independent people familiar with that enterprise*. Using the categories of information collected above, assessors can also gather relevant information from national and regional stakeholders, giving an outsiders perception and experience on the Group's governance and structure and any perceived strengths or weaknesses. External stakeholders might include government line agencies, leaders of enterprise federations / associations, informants in local Community Based Organizations (CBOs) or Non-Government Organizations (NGOs), other private institutions, etc.

**Exercise 2. Assess impact of Group on Participatory Forest Management**

Assessors can use this quick method to capture perceptions of what impact the Group has had on Participatory Forest Management – fundamental in a health check of any Group. An adaptation of the 3Rs method has been tested and used for this purpose. The 3Rs stand for the three fundamental issues that define a group’s impact: (1) Rights for community members to commercially use the forest area; (2) Responsibilities for forest management; (3) Revenues from the forest.

- Introduce the purpose of the method (to self-assess the impact of the Group so far) and the need for frankness and honesty during it. Stress the fact that this assessment will not have any impact on funding or support – but can be used to see what is working and what needs to be improved. If possible divide the members into particular groups (e.g. management / workforce or men / women) so that you can compare opinions from different groups within the Group. Do the exercise separately with each of these groups.
- Introduce the matrix below by placing on the ground in a suitable location and clarify each category. The facilitators should have six pre-prepared large circles – one for each box in this matrix (see figures 8 and 9).

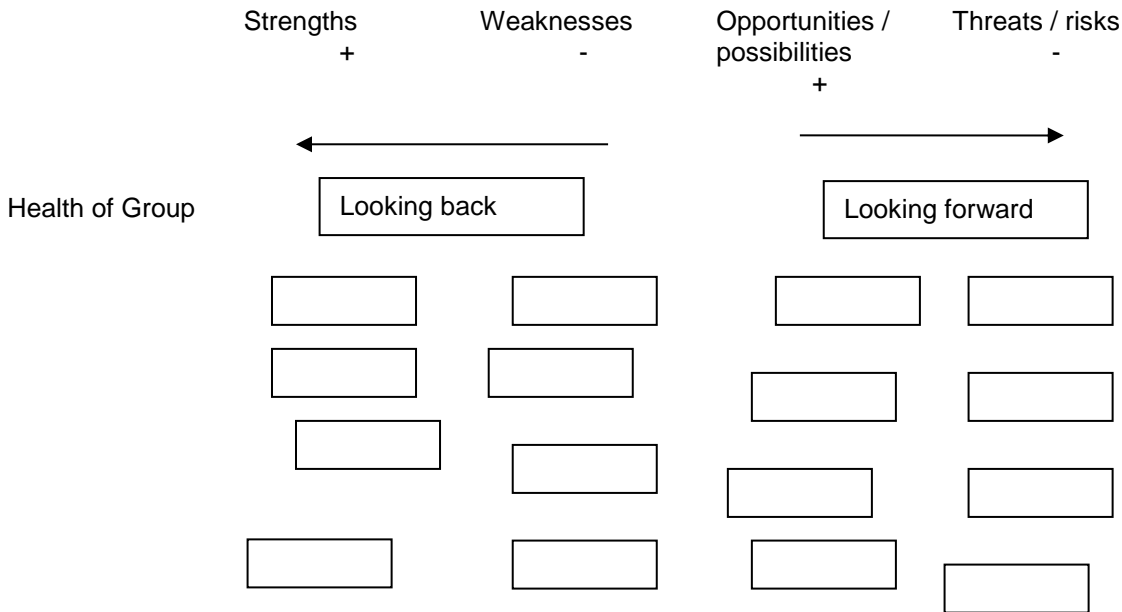
Before GROUP: Level of local ownership of forest	Before GROUP: Level of care for the forest.	Before GROUP: Importance of income from the forest area for your household as a % of total income	Before GROUP: Spirit in the community / confidence in the future
After GROUP: Level of local ownership of forest	After GROUP: Level of care for the forest	After GROUP: Income from the forest area for your household as a % of total income	After FOREST COOPERATIVE: Spirit in the community / confidence in the future

- Give out 10 counters (e.g. coffee beans) to each cooperative member present. If the category is level of ownership, then 10 is feeling of full ownership, down to zero, no feeling of ownership. If the category is level of care of forest, 10 is exceptional care to protect the forest, right down to zero being no care for the forest. If the category is household income from the forest – they have to assess percentage of household income from products from that forest. 5 out of 10 is 50%, 1 out of 10 is 10% etc. (The objective of a Group will almost certainly be partly to do with increasing the % of household income from forest). If the category is spirit in the village, then 10 is excellent spirit and confidence in the future and zero is very little spirit or confidence in the future.
- Facilitators should then count the beans, divide by the (number of voters x ten), and multiply by 100 to get the percentage perception for each category in the matrix. Write this on the circle.
- Once voting is complete, ask each member of the group to write on a card their explanation for why they gave such a low or high vote. More literate people or facilitators can write on cards for those with limited literacy. Stick these cards below the circle.
- Once one category is complete for before the establishment of the Group, move directly below to the situation after the group was established. Do the same again, starting with voting, then writing reasons on cards. After one column is complete move on to the next category and repeat exercise.
- Once all categories are complete work out the change in percentage, before and after GROUP for each category – highlight change in red.

- Then discuss the changes in plenary. Why they have changes happened for each category? Then discuss the balance between 'Ownership', 'Protection' and 'Income' and ask what the relationship is? Ask how they would like the balance to be in future?

**Exercise 3. Participatory SWOT analysis (strengths, weaknesses, opportunities, threats)**

Once the assessors are familiar with the basic structure of the Group, and the perceptions of impact, they can then undertake a participatory SWOT analysis (strengths, weaknesses, opportunities and threats) with Group members. The SWOT analysis can form the basis for identifying together what is 'healthy' and what needs further work.



- Write the enterprise title clearly on a piece of paper or floor. In advance of the meeting, prepare four columns in an appropriate language with titles strengths / weaknesses / opportunities / threats (one large flip chart sheet for each category). Put positive symbols above the strength and opportunity columns and negative symbols above the weakness and threat columns. For the strengths and weaknesses columns explain that the main aim is to look backwards at performance to date. For the opportunity and threat columns emphasize that this is looking forward. Mark these columns with backward and forward arrows to make the point.
- Give people a few cards (1-2 for a meeting of 20+) and something to write with. Ask people to write one idea per card starting with key past strengths first, next key past weaknesses. Once they have finished, ask participants to help group the cards that are similar and perhaps give a new title to the group. Ask for a volunteer to recap the main grouped cards of strengths and weaknesses.
- Now ask participants to think about what they have just heard in the strengths and weaknesses column. They are then invited to write down what future opportunities or possible future threats they feel might arise if strengths are built on and weaknesses tackled or if they are not. Once again, the participants should be invited to group these into similar items – perhaps writing a new title for each group that captures what is being said. Somebody should be asked to recap.
- Once the strengths, weaknesses, opportunities and threats have been captured, debate and discuss the findings with the participants. If desired, it can also be helpful to rank the opportunities – for example, into most achievable and least achievable opportunities – or into highest to lowest priority. This can simply be done by allowing each participant a vote with a pen or sticker or other marker (e.g. stones if doing the exercise on the floor).

**A simplified version of exercise three (where time is a constraint):**

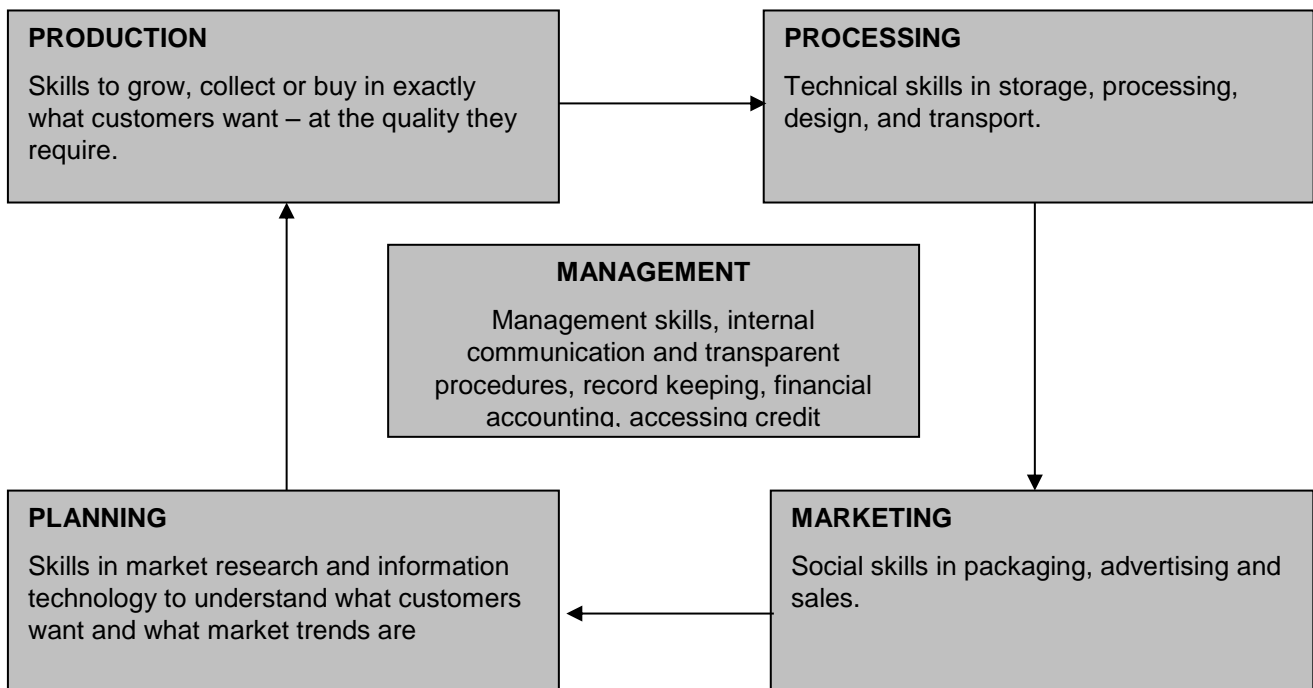
- Step one: Hand out cards to all participants and ask them to list 3 things the co-operative has done well/ you're pleased with, and three things where you'd like to see improvement – place these on the floor in two separate areas
- Step two: encourage participants to group the answers into similar clusters and give each cluster a name.
- Step three: agree on priorities by giving each participant two beans – one to place on their perceived priority out of things that have gone well / with which they are please, and one bean to place on a perceived priority for something to improve
- Step four: Open discussion – for things you're pleased about: what are the main reasons that explain this achievement?
- Step five: Open discussion – for areas for improvement: what are the most important steps needed so this will happen/ how can it be done.

**Exercise 4. Review any gaps in (a) capacity, (b) group functioning, and (c) external relations**

During the analysis process various gaps will inevitably be identified – probably in the 'Weaknesses' or 'threats' cards of exercise 3 – or the 'areas to improve' in the simplified exercise. The Group members might then wish to explore what the priorities are for improving in each of these areas. The following exercise allows them to do just that. Three rounds are required to cover the three themes.

## A) For the Capacity theme:

Draw on five large pieces of flip chart paper in local languages the five main elements of a simple business cycle as below. Make sure the flip chart paper is arranged as in the diagram below and explain how the cycle works (planning leads to production which leads to processing which leads to marketing and sales – which should then lead to better planning etc.). In the middle there are core capacities for any business to do with management and finance.



- Give out 1-2 cards to each member and ask them to write one or more area where they feel the Group needs more capacity. Stress that you want them to think of the Group as a whole (not the skills that they personally would like to develop). Ask them to place these cards on top of the flip chart paper that most closely links to what they feel needs capacity strengthening.
- Once all cards are placed, work together to group similar skills into clusters on top of each of the flip chart pages. Ask someone to write a title for each cluster of similar cards (for example, coffee roasting capacity, better bookkeeping skills etc.)
- Give each member 10 coffee beans or pebbles and ask them to divide them among the clusters that they think are most worthy of support – i.e. highest priority. For example, if they think only one thing needs capacity development, they should put all ten of their beans or pebbles onto that cluster. If they think a number of things need development, they can share their 'vote' across several categories.
- Discuss together why people particularly felt the need for certain skills and not others. Encourage them to think who might be able to help them secure such capacity building and to include their thoughts in any future business plans.

B) For the Cooperative functioning theme:

List the points from the cooperative functioning section in exercise one on flip chart sheets, one sheet for "Organizational structure, functioning" and a second sheet for "Participation": give out 1-2 cards to each participant and ask that they identify 3 areas where they feel the cooperative can be strengthened, why each of these is important, and the actions needed for each to happen. Then repeat the steps outlined for theme (a).

C) For the External relations theme:

List the types of relations listed in exercise one on one large sheet; give out 1-2 cards to each participant and ask that they list the three most areas where relations need to be improved, why each is important, and how it can be done. Then, again repeat the other steps.

Once all these exercises are complete write a short summary report of the 'health check' and make sure that it is sent to and discussed further within the Group – preferably on an annual basis.

Of course – resource may not allow for an external evaluation of the health of a particular group – or time may be too limited to perform such a review. As an alternative box 1 contains a short guide to 'self-analysis' that the group itself can use in an annual or sub-annual meeting. It comprises merely a structured discussion based on a few short questions:

## Box 1. Internal group 'health check' methodology – questions for discussion in an annual general assembly meeting

(Source: DeMarsh and Macqueen, 2011)

### 1. Results/accomplishments of the past year

What are the things our group has done well in the past year?

How can we explain what has helped bring about each of these accomplishments?

### 2. Harmony in our group

- Are the roles of our leaders and staff as clear as they need to be?
- Do members understand their responsibility to participate in general meetings?
- Are each of us, leaders, employees, and members doing what is expected of us?
- Are any jobs not getting done?
- Are members satisfied they are getting enough information on the decisions being made, our finances, and on our general progress in learning to run a successful business?
- Has the participation of women and young people in the affairs of the group strengthened in the past year?
- Have we had any disagreements in our group in the past year and if so, have they been handled in a constructive way?
- Are new members joining our group?

### 3. Our group's relations with others

- Non-members in our village
- Neighbouring villages
- Other groups
- State Enterprise Branch
- Other Government agencies
- NGOs
- International PFM organizations
- Any others?

With which of these can we work to improve relations?

#### **4. The Spirit in our Village**

For the people in our village, has confidence in the future improved in the past year?

How can our group contribute to a better spirit in our village in the coming year?

#### **5. Goals for the next year**

What are the main things our group can do to:

- correct any weaknesses we have identified in our group
- improve livelihoods in the village
- improve management of the forest
- strengthen our business, improve production, and consider ideas for new products
- pursue new training and other capacity building needs

## 5. Initial thoughts on a framework for best practice in company-community partnerships

### Introduction

Much has already been written about best practice in company community partnerships (notably Mayers and Vermeulen, 2002; and more recently Elson, 2013). A useful framework for developing partnerships between private sector investors / partners has been developed by Elson (2012) under the banner of 'Investing in Locally Controlled Forestry' which it is perhaps worth summarising here. It might be relevant to future work to build the links between processor / exporter clusters such as the Myanmar Konjac Cultivator Processors and Exporters Cluster and the Mindat township Elephant Foot Yam association – Ar Yone Oo. The process is essentially one of strengthening local business entities to the extent that they become investible – or formally contracted by larger firms to supply certain products and services. Elson lays out six main steps which it is worth treating in turn:

- Proposition
- Establishment
- Validation
- Preparation
- Negotiation
- Performance Management

Figure 10. Process for successful investment partnerships (Source: Elson 2012)



### Main steps in developing a successful company-community partnership

#### Proposition

The best way to ensure a successful company-community partnership is to ensure that the community is negotiating as an equal. In other words the community should be operating as a business itself,



before dealing with external businesses. Any business requires a central idea or value proposition (see Figure 9 for the proposed value proposition for Elephant Foot Yam production). Since the basics of business model development are covered in Chapter 3 of this report I will not repeat them here).

### **Establishment**

Once the group developing the business have a clear understanding of their business model (customers and distribution channels, production partners and supply chain, and value proposition) that business needs to be formally established. For example, in the Mindat Elephant Foot Yam association an application was made for formal registration in 2011 but has not yet been granted. This now needs to be pursued. In order to attract investment it may be necessary to register a company limited by share (especially if the business requires investment). A business partner may prefer to invest through putting equity into a joint venture rather than offer loan finance and this is often easier if the business is registered as a company. In order to maintain local control the business might chose to maintain a majority shareholding by the association – and thereby maintain control over the management of the separately constituted business (for example the Mindat Elephant Foot Yam association could also register a separate trading company and maintain a majority shareholding – while allowing a business partner to inject investment for a portion of the equity in that company).

### **Validation**

As the business in question starts to operate it is essential that it constantly reviews its business model. For embryonic businesses this may mean doing a limited pilot production of a particular product and keeping careful financial records (balance sheets, profit and loss accounts and cash flow analyses). For more established businesses like the Mindat Elephant Foot Yam association, it is probably best to focus this phase on an analysis of business finances but then ask a series of probing questions such as: What other resources are available to its members? (For example there may be a number of other products derived from the agroforestry systems in which Elephant Foot Yam grows – do any of these have potential to earn revenue for the business? Or alternatively, the availability of growing stock for both Elephant Foot Yam and some other commercial species are constraining factors – might the business be able to operate a profitable nursery to furnish such needs?); What technical constraints are our suppliers facing and how might these better be overcome? (For example, has the business done enough to ensure that suppliers understand the needs for quality, quantity and timely delivery, or offer training?); what does our market research tell us about what potential customers most value? (For example, can more be done to meet concerns of the Japanese market for Elephant Foot Yam quality?); who are the competition and what are they offering? (for example, can we distinguish ourselves by developing a ‘brand’ based on selling only the best variety of Elephant Foot Yam, or producing better dried and more standardised chips than our competitors?); How can we improve our local infrastructure? (For example, are there better options for delivering our product to the ultimate customers?).

### **Preparation**

Any form of partnership with another business will be based on some form of financial agreement (purchase agreements / contracts, grants, debt capital, leasing, equity capital or even bonds). The better the preparation of the community business, the better is the likely outcome of the partnership. In order to negotiate adequately the terms of that partnership, it is essential that a community business develops a clear business plan underpinned by sound financial statements (balance sheet, profit and loss account without and with potential partnership, cash flow analysis without and with partnership). The business plan must specify the amount of funding required through the partnership in order to execute the business plan (even if this simply involves a statement of the quantity and price of product in a purchase agreement).

### **Negotiation**

Successful negotiation can only be achieved if the community business has organised itself properly (for example, clear supplier contracts / agreements based on adequately secure tenure, formally registered legal standing, a business plan in which there is awareness of capacity and needs, communication mechanisms in place – and lastly of course, capacity to negotiate). As noted in Elson (2012) negotiation starts by asking the rights questions of the potential partner. So the community business might ask: “How can we help you achieve your business objectives?” and the company

partner might ask: “How can we help you overcome barriers to our mutual advantage?” This recognises that it is not always solely financial issues that need to be addressed, but also issues of secure supply / markets etc. The company partner will almost invariably want to conduct some checks (due diligence) to ensure that the community business will be a reliable partner – and the same might be true of the community business (for example, ask for the company’s publically available annual report / financial statement / brochure).

The outcome of any negotiation should be a written contract of some form that has legal standing and can be enforced in the event of failure to deliver on either side.

### **Performance Management**

A useful strategy in the negotiation phase but also subsequent to it is to discuss an agreed schedule of monitoring and feedback. This might include agreement relating to any changes, delays, disputes and how to resolve them. The community business might also wish to monitor its financial records closely before and after a partnership agreement is in place to be able to assess the impact of the partnership over a longer period of time.

For more information please see Elson (2012).

## **Recommendation 10**

Continue to develop pilot programmes with product-specific clusters of well-established FUGs (e.g. in Ayeyarwadi, Chin, Kachin or Magwe states), involving at an early stage a joint business training, using the particular cluster product as an example, and involving staff of one national business development service provider, international experts, regional NGOs, the Ministry of Cooperatives staff and forest department extension staff.

## 6. Report of a training workshop on the facilitation of a market-led approach to community forestry with

A one day training course was run on 10 May 2013 at the Central Hotel, Yangon for 25 NGO representatives (see Annex 4 for participants list). The course was based on the Forest Connect toolkit (Macqueen et. al. 2013) which was distributed to all participants. Participants also received the FAO published Market Access and Development (MA&D) modular training materials and process map, alongside the Guide to Investing in Locally Controlled Forestry that forms the basis of much of Chapter 5 in this report (Elson, 2012). The slides are attached in Annex 7.

## 7. Suggestions for community-level training

### Community level business training

At community level, it is recommended that training courses be developed with a regional business training centre in each State where the course is to be run. In that way, not only will the specific community receive training, but also a local service provider will be able to offer that service to other communities over time. A three day training period is really the minimum for running a course at that level. Such courses work best when they are intensely practical and directly linked to the products communities are already engaged in selling (or at least contemplating selling). In situations where products have not yet been identified, a different initial screening process is recommended – and good guides to such processes already exist, notable in the FAO published 'Market Access and Development (MA&D) toolkit (Lecup and Nichol森, 2000; 2006).

For communities already engaged in some form of commercial forest activity – an on-site course has many advantages as it allows the community to work through actual facts and figures from their business during the training period, while also exposing the trainers to the field realities where they can offer advice. An excellent existing training manual for community level group enterprises has been published (Bonatibus and Cook, 1995)

The following structure was developed by the Forest Connect alliance during field business training in Ethiopia which builds on the excellent guide above:

#### Possible structure of a community level business training

If the course is run over three days, an initial day might explore the basics of what a business is, what roles are needed to run one, what options are available locally that might be developed as enterprises. Ideally the course would be run near to a local market where multiple forest products are being traded, as this provides a good option for a participatory exercise on day 1. A second day might focus on defining the enterprise identify, goals and thinking through aspects of marketing. The third and final day might then go into the details of financial management and business planning. This third day is content heavy and might best be split into two separate days – one on basic accounting and bookkeeping and one on business plan development.

One possible three day course structure might then be as follows (with three integral participatory exercises):

#### Day 1

1. Introduction (Why are we here? And what do you hope to get out of this?)
2. Recognising forest businesses (What is a business? Who does what within one? What is a value chain? Common business problems)
3. Exercise - Local market survey of one forest business (What are the components of a business value chain?)

#### Day 2

4. Report back (What have we learned so far)
5. Business identity and structure (Whose values count? Why is an identity or 'brand' useful? Who plays what roles? Why is structure important?)
6. Market strategy, competition and pricing (Whose purchases count? – consumers, markets, competition, pricing)
7. Exercise: Overnight marketing poster (Design an advertisement to distinguish your product)

#### Day 3

8. Presenting and judging the marketing posters

9. Essentials of record keeping (What records should be kept and why? Balance sheets, profit and loss account, and cash flow)
10. Business plans and business management (What inputs and skills are required? Focusing on sourcing and production technologies)
11. Exercise: Write your own business plan

### **Possible content for a community level business training course**

Day 1

#### **MODULE 1) Introduction**

This module is really just an introduction to the training team and to the other participants. It is useful to allow time for everyone to say who they are. A flip chart can then be used to capture what people hope to get out of the training course. These expectations can be posted on the wall and returned to at the end.

#### **MODULE 2) Recognising forest enterprises**

This module ensures that everyone has a common understand of what a forest business is (removing limited views about it being a 'government timber industry' only), what roles are necessary within one.

Definition of a business: "An organization or purposeful economic system where goods and services are exchanged for one another or for money"

Four core elements:

1. Organisation – it has internal structure – procurement, production, marketing and sales, management, accounts,
2. Purposive – it has a plan – not just random sales to traders
3. Goods or services – it has something to sell – not necessarily just product
4. Exchange – it involves deals and negotiation

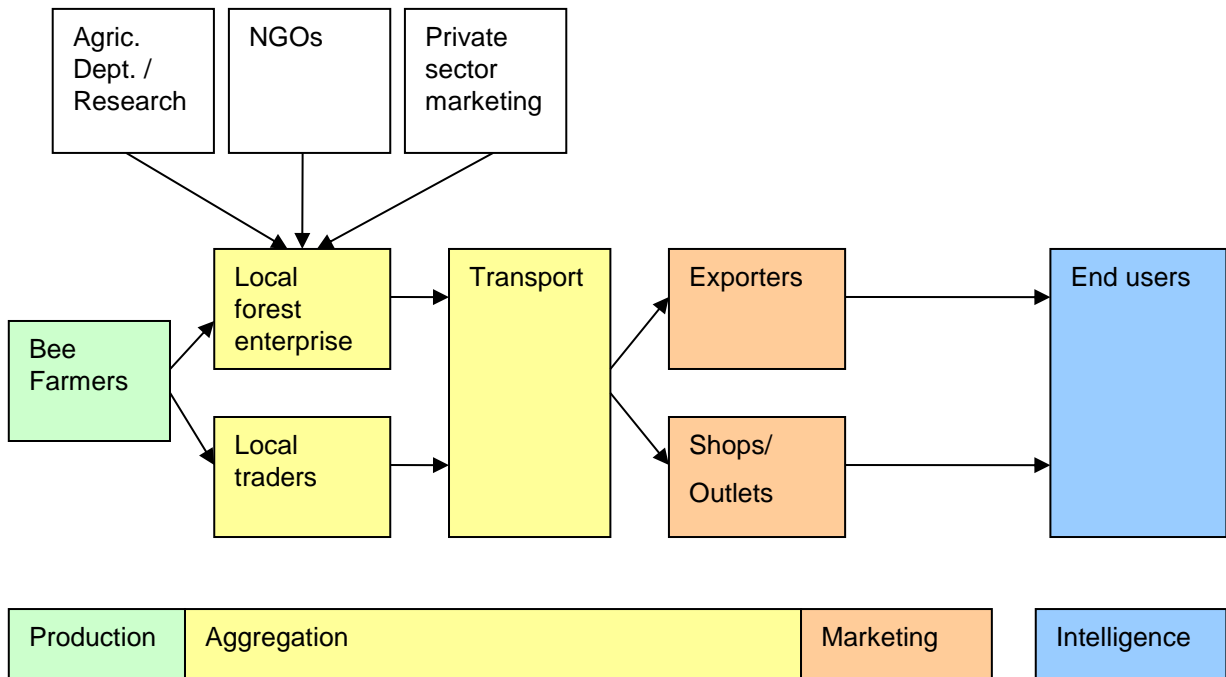
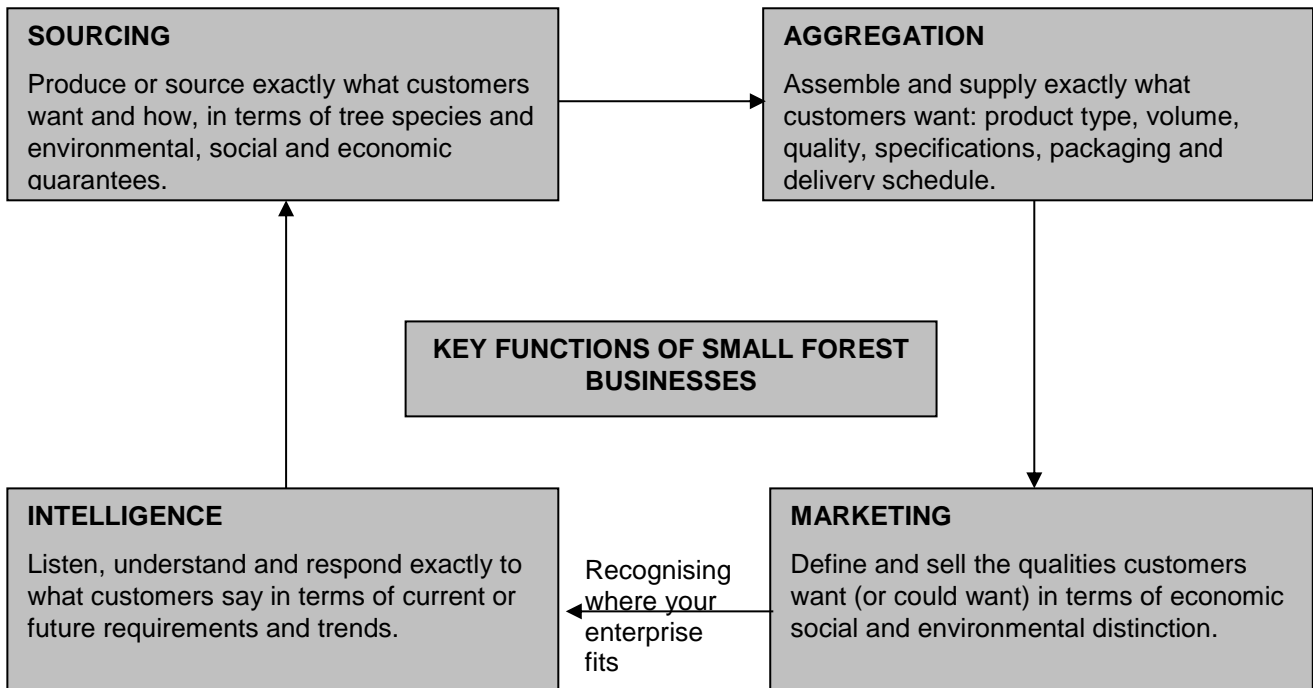
#### **Recognising forest enterprises**

Ask participants to list the main forest enterprises in their area. Not always legally registered! But they are still enterprises!

Examples:

- Charcoal / fuel wood
- Timber for local construction
- Bamboo / honey and other non-timber forest products
- Local furniture production

**Recognising main enterprise ingredients**



**Recognising main enterprise roles**

- General management (Business manager)
- Sourcing or supply of inputs (Supply coordinator)
- Aggregation or processing, storage and delivery (Production coordinator)
- Marketing, sales and market intelligence (Marketing coordinator)
- Record keeping/treasurer (Accountant)

**Recognising what these roles mean**

- Business manager
  - Make sure the different parts of the business work well together
  - Be involved in any major decisions
  - Keep the group motivated
  - (Good leader / respected / rounded knowledge / can take decisions fast)
- Supply coordinator
  - Negotiate deals with suppliers of raw material
  - Make sure all necessary inputs (raw materials equipment, parts, transport etc.) arrive on time
  - Check quantities and qualities of everything
  - (Good negotiator / numerate / investigative)
- Production coordinator
  - Get right people doing right jobs
  - Arrange training to fill skill gaps
  - Oversee production (quality, quantity, time, cost)
  - (Technically competent / dedicated / long hours)
- Marketing coordinator
  - Find out what customers want
  - Ensure product is what customers want (advising on any design changes)
  - Check out competition
  - Make sure customers know about products
  - Oversee sales, permits
  - (Lively, outgoing / full of ideas / enjoys people)
- Accountant
  - Keep simple financial records that all members of business can understand
  - Produce a balance sheet showing what money has gone in and what it has been used for
  - Produce a profit and loss account to show whether the sales exceed the costs
  - Produce a cash flow analysis to identify when money needs to be put into the business (investment) and when money can be taken out of the business (profit distribution)
  - Keep the members informed
  - (Numerator / well organised / disciplined / accurate)

**Recognising common business problems**

- Lack of expertise – can't provide a quality product. Do you have the skills you need to run this business?
- No or too few customers – can't sell product. Who are the customers? Are there enough of them? What are their main concerns when choosing this product?
- Underestimating start up time – too many costly things to do before you can start selling. Do you have cash and time enough to wait for the first sales?
- Lack of cash to run the business – payments for products come after you have to bear costs of production. Have you done a cash flow analysis?
- Mistaking cash for profit – not reinvesting cash from sales into running the business. How much cash must be ploughed back to keep afloat?
- Being too ambitious – the bigger the business the bigger the start-up costs will be.
- Lack of records – not enough information to tell if the business is doing well or not
- Group conflicts – running a business when people are not pulling together. How strong is your group?
- Free credit to friends – too many products given away with loose promises to pay later.

**Recognising advantages of working with community enterprises**

- Together you can share skills and resources to make things work, focusing on what each does best
- You can spread your risk by having various different products / sources of products
- Easier for state / community partnerships to get help from outside (training, loans, advice)
- Working together helps people to be bold and try things they would not dare to do alone
- Shared decisions tend to be more balanced / carefully considered than individual decisions
- BUT – risks of arguments, indecision, freeloading can undermine this

**MODULE 3) Market exercise**

This exercise will take a full afternoon. The aim is to get participants thinking about different types of enterprise – and the organisation necessary in each of the main areas of business. Ask the participants to form into groups. Ask each group to assign one person to the role of Manager (group leader), Production Coordinator (asks questions about production), Supply coordinator (ask questions about packaging and processing), marketing coordinator (ask questions about sales) and accountant (who in this case asks questions about customer information) Ask them to visit the market and select one forest enterprises – and then each relevant team member to interview the market traders – using four sets of questions. The 'manager (group leader) should ensure the group works together and explain who they are and why they are asking these questions as part of a training course to the market trader.

**Production - getting raw materials**

- Who is involved? (working alone or in group)
- Where from? (location of harvest)
- When? (availability / seasonality)
- How? (suppliers, transport, regulations and controls)
- Any problems?
- What do they think might solve those problems?



**Aggregation – packaging and processing**

- Who is involved? (working alone or in group)
- Where do you package and process? (location)
- When? (availability / seasonality)
- How? (sorting into sizes or quality, equipment)
- Any problems?
- What do they think might solve those problems?

**Marketing – sales**

- Who do you sell to? (different customers)
- Where do you sell? (Own market stall / shop, traders etc.)
- When do you sell? (Daily, weekly, monthly, when customers show up etc.)
- How? (Fixed price, negotiated price, supply to order etc.)
- Any problems?
- What do they think might solve those problems?

**Intelligence – customer information**

- Who tells you what people want?
- Where do you get business advice? (location)
- When? (never, when you sell to customers, when you ask an expert)
- How? (your own knowledge / research, forest department, NGOs)
- Any problems?
- What do they think might solve those problems?

## DAY 2

**MODULE 4) Report back**

It is good to start each day with a recap of what was learned in the previous days. Give 5-10 minutes for each team from the day before to summarise what they found out about forest based enterprises in the market.

**MODULE 5) Business identity and structure**

This module encourages participants to think beyond the product to the management of a business. It introduces the idea of an identity or brand for the business based on both what the business aims to sell and how it will operate (its story).

**Business identity and structure**

- Business identity is both about what you will sell, but also the values of your business and the principles it uses to guide how it works (e.g. it values the forest and community development and so tries to encourage sustainable community forest management)
- Business structure is about ensuring those values and principles guide the way in which your products are produced, aggregated and marketed (e.g. communities being given timber supply contracts to help reduce poverty – but with a supply coordinator who helps with sustainable management)

- Putting this in place is the job of the General manager

### **Basic elements of business identity**

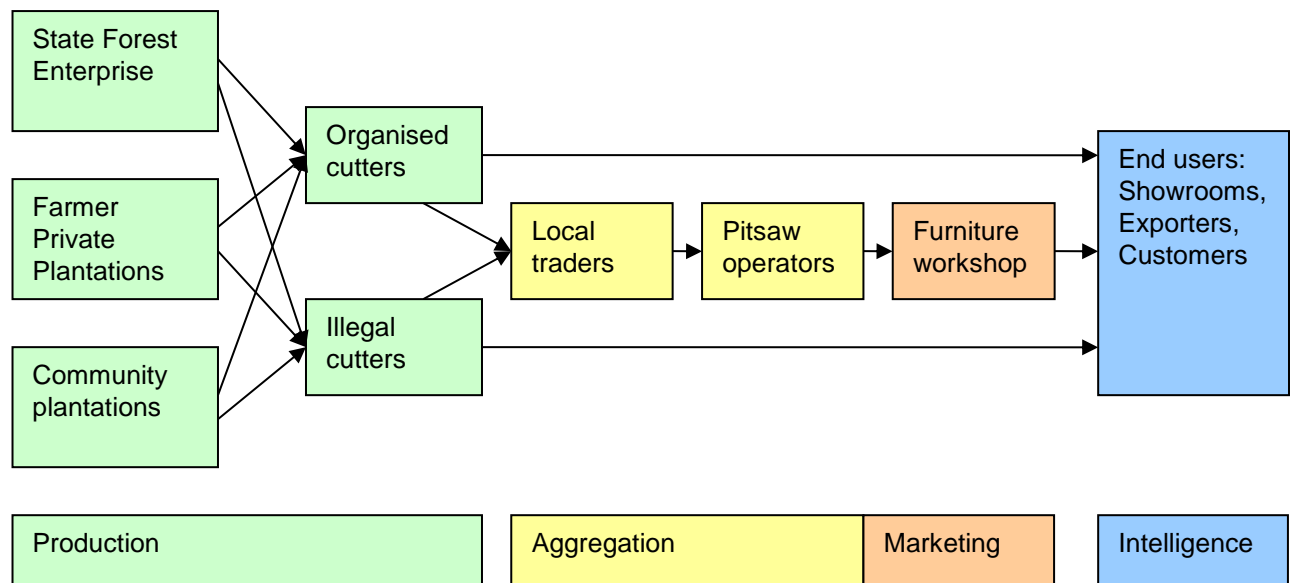
- Introduce the idea of a brand that conveys both what is being sold but also how the business will operate (its story)
- The importance of a 'brand' – it allows you to distinguish yourself (and say you are better than) your competitors
- Telling the story – this is about showing the impacts of the business on those around it
- Introduce the idea of impacts - people who are impacted are often called 'stakeholders' because they have stake in what the business does
- How you treat these 'stakeholders' is often called social responsibility (or for big firms, Corporate Social Responsibility - CSR).
- For the community forest enterprises social responsibility is often about sharing profit between the members of the business and putting cash into community projects

### **Basics of business structure**

- Business structure is about business types, forms and positions
- It is also about who takes on what roles within those types and forms
- These roles are just as important for community enterprise as for any other form of industry

### **Business types and forms**

- Basics types – the ways in which you can formally register
  - State Enterprise
  - Company
  - Community business cooperatives / associations
  - Others relevant to Myanmar?
- Business forms – how ownership works in practice
  - Share arrangements
  - Partnerships – co-ownership
  - Contract arrangements

**Mapping out the business positions – e.g. pole production – what roles will your business play?**

**Why does business structure matter?**

- Getting business structure right can reduce costs (e.g. other communities may be able to produce poles cheaper than you can – so maybe you should focus on processing?)
- Getting business structure right can reduce conflicts and competition (e.g. some members of the community complaining they do not see any benefits from forest use and so cut illegally)
- Getting business structure right keeps people motivated

**Tackling business identity and structure in practice**

- Stakeholder analysis
- List all parties potentially affected by or involved in your business
- Interview them about what they value and how this will be affected by your business (e.g. cash income, security of their own interests, employment opportunities, ability to have a say in what goes on, impact on environment, cultural concerns)
- Document potential benefits and harm that your business will have on each group
- Have meetings to negotiate any real areas of concern
- Ask for suggestions of a name that best describes what your business sells and how it will operate – i.e. the impacts it will have
- Business structure - Chose a type, form and position in the value chain that best addresses stakeholder concerns

**Exercise**

Ask groups from Day 1 who know the actual situation for one business from yesterday – to design the desired situation for that product / enterprise and give it a name / brand

**MODULE 6) Market strategy**

This module (alongside the one on finance) is one of the most important in the course – so make sure there is time for it. The idea is to go beyond just selling something to someone to marketing something to someone. That will involve developing awareness of what the customer wants and communicating with customers that you can best meet their needs.

### **Marketing introduction**

- All businesses should start with their customers. This involves marketing – why? The four Ps:
- Product – you need to offer a product that customers want
- Price – you need to sell at a price customers will accept
- Promotion – you need to bring that product effectively to customers attention
- Place – you need to make the product accessible to customers who will buy it
- This is the job of the Marketing Coordinator (and General Manager)

### **Marketing starts with research!**

- Product
  - Will customers buy this or do they want something slightly or totally different?
  - Are there other better, cheaper, better promoted or better placed products out there?
  - Do we need better design, quality, and packaging?
  - Are there any quality standards that we either want or have to meet?
- Price
  - How much can we sell our product for?
  - What are other competitors selling theirs for?
  - Given our costs, can we make a profit?
  - Would a market somewhere else give a better price?
- Promotion
  - How can we get in touch with our customers?
  - How much will it cost to draw their attention to our product?
  - How should we label and package our product to play to their concerns?
  - Where are our customers most likely to see our promotion materials?
- Place
  - Should we sell direct or through an intermediary?
  - Should we sell to agents, shops, exporters?
  - What documentation will we need to be able to sell to them?
  - Must our product be packed in a particular way?

## Use market research to assess marketing options

		Product	
		Present	New
Market	Present	Market penetration – promote your existing product to more customers in your existing market	Product development – develop new products or product packaging
	New	Market development – sell your existing product in new places	Diversification – in addition to what you already produce, try to produce something new

## Marketing research leads to market plans

What a market plan might look like

Market plan is part of your business plan – which we will come back to later

### OBJECTIVE

- Achieve 30% more bamboo furniture sales to customers in Yangon in 2 years

### STRATEGY

- Develop four new furniture products
- Expand production by bringing in three new communities
- Sell through two new furniture outlets
- Produce advertising poster

### ACTIVITIES

- Establish 2 new negotiated community harvesting plans (Supply Coordinator)
- Training course in product design in first four months (Production coordinator)
- Organise market display for consumer feedback in month 4 (Marketing Coordinator)
- Produce samples of 4 modified designs for furniture outlets with trial sales contract by month 6 (Production Coordinator)
- Produce poster advertising new community bamboo eco-designs by 6 months (Marketing coordinator)
- Deliver first products and review sales after one year (All)

## Managing competition – ideas on value

Value - price at which a product can be sold

Different consumers value different things. What do yours value? Ask them!

- Product price?
- Features (quality)?
- Fit to purpose?
- Styling (design)?

- Reliability in use?
- Packaging and information about product?
- Accessibility and repairs?
- Customer service (timeliness, courtesy, complaints procedures)?
- Loyalty to brand (where and how it's made)?

CONCENTRATE ON YOUR STRENGTHS

**Assessing competitive strengths and weaknesses – introducing a SWOT analysis**

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"> <li>• Well defined community-managed natural resource base</li> <li>• Formal legal recognition of our products with community brand</li> <li>• New product design training that improves our quality</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of market experience</li> <li>• Weak accounting skills</li> <li>• High degree of competition from informal competitors</li> <li>• Lack of sales outlets</li> </ul>
<b>Opportunities</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>• Alliance between NGO and community groups to bring in new skills</li> <li>• Potential tourist market</li> </ul>	<ul style="list-style-type: none"> <li>• Encroachment on forest resources reduce resource base</li> <li>• Cheaper informal practices erode profit margins</li> <li>• Cheap imports</li> </ul>

**How to set prices and calculate costs**

- Look at market price and assess whether people would pay more (or less) for yours
- Start-up costs – Land, premises, installing services, permits, equipment, tools, meetings, identify and contracting others if needed. Best handled from savings / grants.
- Running costs – fixed irrespective of volume produced. Rent, electricity, transport, interest on loans, depreciation of equipment.
- Running costs – variable depending on quantity produced. Bamboo, glue, nails, packaging materials
- Unit costs of bamboo products will vary depending on volume (e.g. 11.500 Kyat per unit for 100 to 17.900 Kyat per unit for 50). Is this below what people will pay? Can you make a profit?

**Concluding thoughts**

- The more marketing you do the more customers you have
- The more customers you have the more product you can sell (hopefully at a profit)
- The more product you can sell the cheaper each unit can be produced
- The cheaper each unit can be produced the more profit per unit you will make
- BUT the more competing products there are on the market the less consumers will pay
- So your product must be DISTINCT – which brings us back to marketing!

**MODULE 7 Overnight marketing exercise**

In your groups, for your product / enterprise – get your marketing coordinator to develop a marketing slogan and present a five minute verbal / visual advert (think of adverts on ETV) of why people should buy your product, not the competitions

**MODULE 8 Report back**

This is a short session for each group to present their marketing slogan / poster / advert. It is useful to offer a prize for the best one to make it competitive (business is competitive!). To judge each presentation, form a panel from the other groups. The panel should have four members and one should be assigned to score the presentations on each of:

- Ideas
- Innovation
- Clarity
- Presentation

## MODULE 9 Essentials of record keeping

Why keep records? (The accountant's role but all staff should know the basics)

- Know whether the business is doing well or badly
- Know what to change to make a business work better
- Know who has spent what on what to reduce potential conflicts
- Know when future expenses will arise so that you can put money aside

What records you need to keep and why

- How much money has been put into the business and where is it? – E.g. in the bank, in the equipment, in the wages (Balance Sheet)
- Has the business made more money than it spent? – Has it made a 'profit'? (Profit and Loss Account)
- When does cash need to be pumped back into the business and when will money come out of the business (Cash Flow Analysis)

### Balance sheet – Month 1

Before bamboo product sale

How much money has been put into the business and where is it?

### Balance Sheet – Month 6

After bamboo product sale

How much money has been put into the business and where is it?

### Profit and Loss Account

- Some cost are spread over time – e.g. tools lasting 10 years
- To calculate annual costs simply divide the cost of the tool by the time it will last.
- Annual cost = 500 Birr / 10 years = 50 Birr
- Or if you want the costs over 6 months half that again = 25 Birr per 6 months
- Sometimes you want to look at profit or loss over less than one year (e.g. 6 months)
- Some annual costs such as rent then need to be divided in half
- 1 Years rent = 200 Birr.
- 6 months rent = 100 Birr

Profit and Loss Account – Month 6

Has the business made more money than it spent?



Profit and Loss Account – Month 6

Has the business made more money than it spent?

Profit and Loss Account

Has the business made more money than it spent?

Cash Flow Analysis

When does cash need to be pumped back into the business and when will money come out of the business?

### **MODULE 10. Developing a business plan**

- Basic content
- Overview (Business owners, name, address, description of the product and enterprise objectives)
- Organizational structure (form of business chosen and who does what - from day 1)
- Market strategy (competition analysis based on product, price, promotion, place – and market strategy, objectives and activities, from day 2)
- Business operations (what activities in production, processing and transport you will carry out – stuff you know already)
- Record keeping (total investment needed, profit and loss account and cash flow – from Day 3)
- Conclusions (is the business viable)

### **How business plans fit in business development**

- Business operations - requirements
- Business operations – demand and supply
- Describe how you will get natural resources – for forest businesses this substitutes for an 'environmental plan'
- Demand - How much timber or non-timber forest product do we intend to use? From natural or planted forest resources?
- Domestication - Do we plan to replant particular species, or gradually replace products from natural forests with cultivated products?
- Environmental services – Are there other ways of adding value through carbon finance, conservation payments, watershed management, and ecotourism?

### **Business operations – sustainability**

Sustainability - how much timber or NTFP can be taken per year per unit area on a sustainable basis? (Annual Allowable Cut) or if we plan to cultivate a tree crop, how much do we need to plant to meet demands?

Monitoring - N.B. If we do not know, can we monitor by dividing harvesting or planted area into annual harvesting blocks with annual checks of growth / re-growth. How much forest do we need to ensure our supply is sustainable? And what plans do we have in place for business growth?

Certification – Are there voluntary standards with which intend to comply? If so, what and how?

Damaging practices - what will we do to maximise regeneration?

### **Business operations – management systems**

Getting the system right – three management systems are being proposed: PFM, JFM or GFM

PFM – community control / government enterprise support (degraded forest areas)

JFM – government–community benefit sharing, business partnerships (natural forests with timber rights for government. NTFP rights for communities)

GFM – government control (plantations and protected areas)

Functional management systems and legalisation of commercial forest use go hand in hand

Business operations - processing

Aggregation is all those assembly and processing activities that add value (Role of Production Coordinator with input from supply coordinator)

Assembling sufficient volumes in one place to allow processing – organising producer groups among suppliers or out growers

Getting appropriate technology to process the raw materials (e.g. sawing timber, splitting bamboo, filtering honey, roasting and grinding coffee)

Secondary processing (e.g. furniture making, confectionary products using honey or coffee as ingredient)

Packaging the materials (e.g. stacked timber, putting honey in jars, packing coffee in bags)

Transporting to retail outlet (e.g. trucks, air freight)

Business operations – risk assessment

Describe what the main risks in your business plan are. These might include:

Encroachment in forests by local people not related to any JFM communities

Delays in supply that reduce your production and delay it breaking even

Problems with processing technology

Failure to make enough sales to cover costs

Conflicts between State Forest Enterprise and local traders / communities

What plans have you got to reduce these risks?

### **MODULE 8 - Exercise**

For honey production, develop a business plan in which the SFE takes on the role of aggregation, buying honey from community enterprises.

- Start with, but do not spend long on the description of the product (Box 1)
- Quick objectives and organisational structure (Box 2) and the characteristics of the market and market strategy (Boxes 3-4)
- Do not spend much time on staff (Box 5)
- Quick business operations (Box 6)
- Quick production aims, sales and risks (Boxes 7-9)
- Spend more time on record keeping (Boxes 10-16). Do not worry about cash flow.

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## Annex 1. Persons consulted in the course of consultancy (excluding solely workshop / training participants)

Myint Aung – Director, Friends of Wildlife

Bobby – Chief Executive Officer, Network Activities Group

Jake Brunner – Mekong Programme Coordinator, IUCN

Cei Choi – Farm of Elephant Foot Yam, Mindat Township

Mehm Ko Ko Gyi – Vice Chairman, Ecosystem Conservation and Community Development Initiative (ECCDI)

Kee Min Har – Elder of Mindat Township (ex Forest Department)

Aung Hlaing – Deputy Director General, Department of Agricultural Planning, Ministry of Agriculture and Irrigation

Win Hlaing – Deputy Director General, Planning and Statistics Department, Ministry of Environmental Conservation and Forestry

Ling Hung – Mindat Farmer and Trader of Elephant Foot Yam

Na Hung – Chairman of Ar Yone Oo, Mindat Elephant Foot Yam traders association

Kyosuke Inada – Senior Representative, Japan International Cooperation Agency (JICA)

Bawi Khay – Head, Mindat Township Office of Land Records Department

Bui Thi Lan – FAO Representative in Myanmar

Cin Khan Lian – Programm Director, Ar Yone Oo

Ning Ling - Farm of Elephant Foot Yam, Mindat Township

Than Ling – Member of Ar Yone Oo, Mindat Elephant Foot Yam traders association

Daw Tin Su Su Mar – Coalition Facilitator, Pyoe Pin

Kyaw Anntt Maung – District Administrative Office, Mindat Township

Prof. Ni Ni Maw – Vice Chairman, Ecosystem Conservation and Community Development Initiative (ECCDI)

She Khui Om - Elder of Mindat Township

Kyaw Oo – Forestry and natural resources management consultant

Prof Yu Pa – Academic Coordinato, Victoria University Colledge

Thang Tan - Elder of Mindat Township (ex Township Administrator)

Salai Cung Lian Thawng – Strategic Advisor, Pyoe Pin

Major Myint Thein, Director, Ministry of Cooperatives

Kyaw Thu – Chairman of Bamboo and Rattan Association

Prof. Kyaw Tint - Chairman, Ecosystem Conservation and Community Development Initiative (ECCDI)

Ba Tun – Treasurer of Ar Yone Oo, Mindat Elephant Foot Yam traders association

Kyaw Ko Ko Win – Strategic Advisor, Pyoe Pin

Zaw Win – Director, Department of Industrial Crop Development, Ministry of Agriculture and Irrigation

Yoko Yamazaki – Project Formulation Advisor for the Agriculture and Rural Development Sector, Japan International Cooperation Agency (JICA)

## Annex 2. Persons attending launching workshop of FFF in Nay Pyi Taw

1. U Tin Lin Aung - Forest Department, MOECAF
2. U Kyaw Moe Aung - RECOFTC
3. Daw Nway Mon Mon Aung - Research Officer, Forest Research Institute, MOECAF
4. U Kyaw Nyein Aung – Director, Settlement and Land Records Department, MOAI
5. U Pyi Soe Aung - Research Officer, Forest Department, MOECAF
6. U Kyi Maung Aye - ECLOF
7. Mr. Jake Brunner - Programme Coordinator, IUCN Vietnam, Cambodia and Myanmar
8. Ms. Sophie Grouwels - Forestry Officer, Forest and Farm Facility, FAO Rome
9. Daw Khin Htay - Staff Officer, Nature and Wild Life Conservation Division, MOECAF
10. Daw Deliver Htwe - Staff Officer, Forest Research Institute, MOECAF
11. U Ye Khaung - MERN
12. U Ba Khin - BDA
13. Ms. Bui Thi Lan - FAO Representative in Myanmar, FAO Myanmar
14. U Aung Nay Lin - Forest Department, MOECAF
15. U Myo Lwin - Deputy Director, Dry Zone Greening Department, MOECAF
16. Mr. Duncan Macqueen - Principal Researcher, Forest Team, IIED
17. Daw Tin Su Su Mar - Pyoe Pin Program
18. Dr. Tin Min Maung - Associate Professor, University of Forestry, MOECAF
19. U Nyunt Maung - Assistant Director, Forest Department, MOECAF
20. U Han Thein Maung - Deputy Director, Water Resources Utilization Department, MOAI
21. Daw Hla Hla Min – SAE, Water Resources Utilization Department, MOAI
22. U Hla Moe – Managing Director, Co-operative Export and Import Enterprise, MOC
23. U Zaw Win Myint – Director, Forest Research Institute, MOECAF
24. U Kyaw Thu Naing – Manager, Co-operative Export and Import Enterprise, MOC
25. U Kyaw Ngwe - Director General., Small-Scale Industries Department, MOC
26. U Kyaw Oo - Shalom Foundation
27. Dr. Myint Oo – Rector, University of Forestry, MOECAF
28. Dr. Thaug Naing Oo - Deputy Director, Forest Department, MOECAF
29. U Thein Oo - Deputy General Manager, Myanmar Timber Enterprise, MOECAF

30. Ms. Sanda Saing - Programme Assistant, FAO Myanmar
31. Daw May Aye Shwe - ECLOF
32. U Nay Myo Shwe – Friends of Wildlife
33. Daw Aye Aye Soe - NAG
34. U Khin Maung Te - Assistant Director, Environmental Conservation Department, MOECAF
35. U Saw Teddy – Consultant, Water Resources Utilization Department, MOAI
36. Dr. Maung Maung Than - RECOFTC
37. U Tin Thein - Deputy Director, Forest Department, MOECAF
38. Daw Aye Myat Thu - Research Officer, Nature and Wild Life Conservation Division, MOECAF
39. U Saw Win - Deputy Director, Settlement and Land Records Department, MOAI
40. Mr. Jhony Zapata - Forestry Officer, Forest and Farm Facility, FAO Rome
41. U Aung Thant Zin - MERN

### Annex 3. Persons attending civil society workshop in Myanmar to discuss Forest and Farm Facility

U Myint Aung – Friends of Wildlife  
U Kyi Maung Aye - ECLOF  
U Sit Bo - FREDA  
U Bobby - NAG  
Mr Jake Brunner, IUCN  
Ms. Sophie Grouwels - FAO  
U Mehn Ko Ko Gyi - ECCDI  
U Ba Khin - BDA  
Ma Khin Moe Kyi - RECOFTC  
Mr Duncan Macqueen - IIED  
U Win Maung - CLEAR Project (MERN)  
U Hla Myint - SDF  
Daw Nadi - FORM  
U Kyaw Oo - Shalom Foundation  
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U Nay Myo Shwe – Friends of Wildlife  
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Dr. Maung Maung Than - RECOFTC  
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U Kyaw Zay Ya - WCS  
U Kyaw Win - FREDA  
Daw Yi Yi Win - SVS  
Daw Nu Nu Yi - Dear Myanmar  
Mr Johnny Zapata - FAO

## Annex 4. Persons attending training workshop on ‘Facilitating a market led approach to community forestry’ 10 May 2013

Daw Khin Khin Soe - Friends of wildlife, Communication Officer

U Htun Oo - Friends of wildlife, Project Assistant

U Hla Myint – Swanyee, PM

Prof Dr Yu Pa - Victoria University, Academic Coordinator

Yi Yi Win – SVS, Director

Zaw Moe – NAG, TL

U Mg Mg Sein - NAG, TL

Kay Thi Cho - FREDA

Su Pan Hlaing – RECOFTC, A.A.O

Joseph Hang Khan Pau - Ar Yone Oo, Project Coordinator

U Kyaw Nyunt ECoDev - Project Technician

U Aung Tsen – Shalom, Project Manager

Khin Maung Oo – ECCDI, Member

U Man Ko Ko Gyi – ECCDI, Vice Chairman

U Kyi Maung Aye – ECLOF, Board Member

Dr . Simon – SVS, PC

Khin Pa Pa Myo – Gahahitae, PC

Aung Thant Zin – MERN, Fund Manager

U Ba Khin – BDA, Project Manager

Cin Khan Liam - Ar Yone Oo, Director

Ducan Maqueen - IIED

Naw Ta Gaw Paw – Gaehahitae, Network Member

Pyae Pyo Kyaw – MERN, Admin Assistance

Salai cung Lian Thaug - Pyoe Pin, Strategic Advisor

Kyaw Ko Ko Win - Pyoe Pin, Strategic Advisor

Tin Su Su Mar - Pyoe Pin, Coalition Facilitator



## Annex 5 – 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 gravitas 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 activities

- Provide technical inputs on ongoing developments on CF policy, sourcebook development, enterprise development options
- Field visit to Chin State to explore options for formation of association of community based producer groups
- Develop thinking on interactive business training course for new community based producer groups
- Explore with partners organizational model and business model options for community based producer association
- Help to establish a framework for purchase agreement partnerships - and best practice guidelines in company community partnerships with private sector
- Develop health check system for organization health of newly formed community based producer groups and association
- Advise on participatory value chain analysis for product lines derived from community enterprises

- Provide one day training on facilitation of market led approach to NGO staff (in Yangon)
- Establish links with emerging Forest and Farm Facility and help to design in-country engagement strategy with Pyoe Pin

### **Outputs**

- A final report, structured to address the above points.
- Training delivered on facilitation of market led approach

### **Work Arrangement**

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

## Annex 6. Mission report from the Forest and Farm Facility Launch mission



### Forest & Farm Facility (FFF) Launching mission to Myanmar



*“It is the closing of our ceremony, but it is the beginning of a new venture to begin bringing wellbeing to rural people”*  
(MOECAAF representative)

**29 April-3 May 2013**



## Key findings

An FFF launch team comprising Jhony Zapata and Sophie Grouwels (FAO/FFF), Duncan Macqueen (IIED) and Jake Brunner (IUCN) visited Yangon from 29 April-3 May 2013. Information meetings were held with over 12 local NGOs at a workshop in the Chatrium Hotel on 30 April, private sector associations and donors, culminating in a launching workshop with government and civil society representatives at the Thingaha Hotel, Nay Pyi Taw on 2 May. The key findings from the mission are:

- Both government and civil society representatives welcomed the launching of the FFF in Myanmar and endorsed its mission of support for smallholder producer organization to provide business incentives and policy voice for sustainable forest landscapes. It was also clear that the approach of targeting smallholder producer groups for business development was new and departs from the longstanding approach of using community forestry to conserve forests for the sake of conservation rather than product development. Indeed, the 1992 Forest Law (now under revision) makes all teak trees property of the state. And the 1995 Community Forestry Instruction (CFI) was not written with business development (or indeed people) in mind. At the NGO workshop, all the NGOs marked their project sites (with a smallholder focus) on a map. There were two clusters: in the coastal areas of Rakhine State and the Ayeyawaddy Delta (mangrove poles, shrimp) and in the Central Dry Zone in Magway and Mandalay Divisions (beans and pulses).
- The twofold approach of (i) piloting producer group formation and organisation and (ii) using lessons from those pilots to catalyse cross-ministerial dialogue on solutions to policy constraints was felt to be the way forward, as opposed to starting off with a high-level policy dialogue that was not rooted in practical experience.
- Forest and farm producers are already developing businesses throughout Myanmar with regional variation depending on the product in question. But there is a considerable gap in terms of organised producer groups for those businesses.
- Working groups in the launching workshop identified a range of business opportunities for forest and farm producer groups, including timber production, wood energy, non-timber forest products (including medicinal plants), agricultural crops, and including aquaculture. At the subsequent meeting with the Forest Department, it was put forward that one of the reasons for the very slow uptake of community forestry is the opportunity cost of waiting 10-20 years for high value timber trees to mature. By providing immediate short-term income, through non-timber forest products and cash crops, communities will potentially make the long-term commitment to forest management.
- Modelled on the British experience (the Ministry of Cooperatives was formed in 1905), there is a long track record of cooperatives in Myanmar with 20,600 cooperative societies formed with 2.5 million members. Yet of these, only seven cooperative societies are based on forest products. The ministry indicated that efforts by communities to sell charcoal or fuelwood were closed down by the FD fearful of legalized forest clearing. The CFI allows transport of timber products across township borders (there are 326 townships in Myanmar) but requires a permit to do so. The mission was not able to confirm but it is likely that securing this permit was beyond the capacity of most communities. Paradoxically, given the importance of charcoal and fuelwood in Myanmar, the law apparently impedes the formation of charcoal and fuelwood businesses.
- While there are significant smallholder producer associations for mainstream agricultural crops (rice, beans, shrimp, etc.) and some large forest-related industry associations involving mainly large-scale producers and traders (e.g., for timber, bamboo and rattan) forest and farm producer groups representing community smallholders are significantly under-represented. The Ministry of Cooperatives has a particular interest in bamboo processing. In Vietnam and other countries in the regions there are successful projects supporting smallholder bamboo processing factories, an experience that might be relevant to FFF.
- Community forest user groups (FUGs) have been established since 1995 when the CFI was issued. The largest areas of community forest in the Shan, Magwe, Mandalay and Kachin States, but the total still only comprises 739 FUGs and 44,065 hectares, which comes to 0.4% of the FD's

target of 1 million hectares of forest under community management. Interest in Shan State, which is home to over half of the community forest area in Myanmar, is motivated by soil and water conservation.

- Participants at the launch event identified a number of constraints for the slow rate of FUG development, which included: the perception that high value timber belongs to the government, high penalties for logging (illegally), the CFI's non-legal status, lack of clarity about the conditions under which commercial production are possible, administrative hurdles to do with transport beyond the township, lack of extension and legal support, and perceived threat to community forestry through unchecked illegal cutting, among others.
- Officials of the Ministry of Agriculture and Irrigation (MAI) and FD expressed a desire to improve cross-sectorial coordination. They welcomed the idea of a dialogue, perhaps chaired by a focal point in FD, and drawing on the results of the FFF pilots.
- FD officials expressed a desire to move forward on the idea of assigning a focal point for such cross-sectorial coordination. An FD official observed that one reason for the slow implementation of the CFI is because within the FD it is no one's responsibility.
- After receiving comments from civil society organisations FD has submitted a new Forest Law to the Attorney General for approval. And the FD is currently revising (or thinking about revising) the CFI. These reforms may create the space for forest and farm producer groups for business.
- The new emphasis of the FD on people centred approaches for bottom-up poverty reduction – and securing rights for smallholders – resonates totally with the FFF approach.
- A transparent and inclusive call for proposals was endorsed as the best approach to initial selection of pilot areas for supporting producer organisation for business given the credibility that a competitive call offers and information that is hoped to collect from applicants in terms of who is doing what, where and how. At present, the embryonic nature of most smallholder producer groups requires an NGO to facilitate their formation. NGOs will therefore be eligible for the first call for proposals. It was however made clear to all stakeholders that FFF's goal is to finance producer groups directly. Because the first call targets the formation or strengthening of smallholder producer groups, the maximum value (\$15,000) and duration (six months) are restricted. Larger grants over longer periods will be available in future calls. This gradual approach will also leverage support with civil society organizations, government and farmers in less accessible regions.
- Any FFF support to the FD community forest focal point needs to be discussed and coordinated with RECOFTC, which under its MOU with the FD will set up community forestry pilots in all 14 states and divisions. FFF could take advantage of these pilots by supporting producer groups. It will be important to request a copy of the national FUG review by ECCDI. Finally, of the international NGOs, CARE (whom we didn't meet) has most experience implementing the CFI.
- Private sector associations for Bamboo and Rattan and Elephant Foot Yam production are keen to engage, provide technical support, and buy product from producer groups in key product areas to secure sustainable future supplies of their raw materials. In the case of rattan and yam, the business is constrained by insufficient and/or uncertain supply. An issue with yams is that they are seasonal and only generate income for part of the year, which would be matched with other seasonal products as not to jeopardise interest in improved forest management. In the dry zone, the NGO Friends of Wildlife (FOW) is implementing a micro-lending program that serves as an income source all year round.
- Multiple-donor funding stream (notably the Livelihoods and Food Security Trust Fund-LIFT) have ongoing financial programmes that complement the FFF (e.g., LIFT's \$25,000,000 Innovation and Learning funding window). As pilot activities emerge, there is an opportunity to leverage additional funds.
- The Myanmar Environmental Rehabilitation-conservation Network (MERN) comprising most of Myanmar's forest-related NGOs agreed to facilitate the national call for proposals, commissioned

by the FFF. MERN's 16 members are Biodiversity and Nature Conservation Association (BANCA), Border Area Development Association (BDA), Ecosystem Conservation and Community Development Initiative (ECCDI), Environmental Conservation and Livelihood Outreach Foundation (ECLOF), Economically Progressive and Ecosystem Development Group (EcoDev), Envir-Klean Techno-Associates (EKTA), Friends of Rainforest in Myanmar (FORM), Forest Resource Environment Development and Conservation Association (FREDA), Mon Region Social Development Network (MSDN), Metta Mon General Services Cooperative (MTM), Network Activities Group (NAG), Rakhine Coastal Region Conservation Association (RCA), Swanyee Development Foundation (SDF), Social Vision Services (SVS), Dear Myanmar (DM), and Friends of Wildlife (FOW).

## Way forward – Initial steps

### A. Government cross-sector coordination

It was agreed that the FFF will support a twofold approach for the government cross-sector coordination:

- (i) piloting producer group formation and organisation for smallholder producers in forest landscapes in which FD will contribute in the process and
- (ii) using lessons from those pilots to catalyse cross-ministerial dialogue on solutions to policy constraints. Concretely, at the end of the six month piloting, a workshop will be convened with all stakeholders to discuss the lessons learned which will give further inputs on how to strengthen the government cross-sector coordination for a better enabling environment (see below steps for organizing producer groups).

The FD will consider appointing an FFF Focal point to move forward cross –sectorial coordination for discussing the CFI lack of clarity about the conditions under which commercial production would be possible, the administrative hurdles to do transport beyond the township etc. During the discussions with FD officials, one key reason pointed out for the slow implementation of the CFI is that CFUGs are dealt with at Township level and that within the FD it is nobody's responsibility. There is a clear need for a national action plan and a national coordination body to further CFUGs, which FFF could support.

### B. Organizing producer groups

A process involving the following steps was proposed by stakeholders and agreed at the launching workshop.

1. As initial step, **a call for proposals** will be issued by MERN mid May 2013 to support the establishment and strengthening of smallholder producer groups in forest landscapes (see annex I). FFF goal is to support producer groups directly. However, at present, the embryonic nature of most smallholder producer groups requires facilitating organizations to support their formation.

The call for proposals will be reviewed by civil society organizations, donors and government and they will also be part of the selection committee, as to guarantee a transparent and open process.

Starting of the implementation of the agreed upon activities is foreseen for August with a duration of 6 months maximum (see annex 2).

2. Second step, at the end of the six months implementation **a workshop** with the participation of the established producer groups, civil society, business and governmental partners will take place to share and discuss the experiences and identify ways of moving forward with the implementation of business oriented CFUG organizations. This event will also feed into the expressed desire of the government to establish a focused cross-sectorial platform to improve the enabling policy environment for the producer groups.
3. Third step, larger grants over longer periods will be available in **future calls** for the established producer groups for enhanced business development and policy dialogue.

## ANNEX



## FOREST & FARM FACILITY AND MYANMAR ENVIRONMENT REHABILITATION-CONSERVATION NETWORK

### CALL FOR PROPOSALS

#### **Forest & Farm Facility**

The Forest and Farm Facility (FFF) supports smallholder producer organization to provide business incentives and policy voice for sustainable forest landscape. FFF will help Myanmar to: (a) organize producer groups for business development and policy engagement (b) facilitate cross-sector dialogue on how to improve the enabling environment for producer group business at government level. This call for proposals is being issued by FFF in cooperation with the Myanmar Environment Rehabilitation-conservation Network (MERN). The call is intended to support the formation and strengthening of smallholder producer groups in forest landscapes. It is expected that additional calls for proposals will be issued based on the results of this one. For more information about FFF, go to [www.fao.org/partnerships/forest-farm-facility](http://www.fao.org/partnerships/forest-farm-facility).

#### **Financial contribution and duration**

Each proposal can request up to US\$15,000. FFF grants are provided directly to the beneficiary organisation in two instalments. All activities should be complete within 6 months.

#### **Expected activities** might include:

- Explain the economic benefits for forest farmers of working in groups.
- Inventory forest and farm products of each producer that could be sold considering current and potential market demand
- Facilitate meetings with buyers to assess market demand for specific products
- Facilitate a decision making process for the group to select the product they want to harvest, process, pack, transport or sell together.
- Use legal advice to assess and explain the options in Myanmar to establish a community managed business, and facilitate a decision
- Facilitate decisions by the producer group on the business objectives, benefit sharing and roles and responsibilities of members
- Legally register a business that the producer group chooses
- Facilitate a process through which the producer group can articulate solutions to policy barriers that they face.
- Facilitate the producer group to prepare a long term business plan and prioritized next steps

#### **Format and deadline**

Applicants are requested to contact Aung Thant Zin, MERN Fund Manager at [mern.myanmar@gmail.com](mailto:mern.myanmar@gmail.com) for the proposal template and any further information, or visit [www.fao.org/partnerships/forest-farm-facility](http://www.fao.org/partnerships/forest-farm-facility). Proposals should be emailed to MERN. The deadline for submitting the proposals to MERN is 5PM Yangon time, 14 June 2013.

#### **Selection of proposals**

The proposals will be evaluated and ranked by a selection committee and successful applicants notified by the end of June 2013. The selection committee will include representatives from FFF, MERN, government, and business.

## ANNEX

### **Time table of activities call for proposals of the FFF in Myanmar - 2013 For the establishment of forest and farm producer groups**

<b>Activity</b>	<b>Date</b>
Launching meeting of the FFF in Myanmar (agreement on the issues and procedures of the call for proposals)	2 May, 2013
Preparation of the call for proposals	May 3 – 14
Publication of the call for proposals. The publication will be done by MERN in newspapers, MERN webpage and via Email.	May 15, 2013
Dead line for the submission of the proposals	June 15, 2013
Review and selection of the proposals done by the selection committee (IIED, IUCN, FAO, MERN, Government, national donor coordination, private sector)	16 – 30 June, 2013
Meeting with the selected organizations to discuss and adjust the proposals	First week July
Preparation of the Letter of Agreements (FAO) with selected organizations (project period 6 months, maximum 15.000USD)	Until end of July
Ceremony of signature with all key stakeholders and first payment to the selected organizations	August 1 <sup>st</sup> , 2013



## ANNEX

## FFF Launching Workshop - Agenda

Thingaha Hotel, Nya Pyi Taw, 2 May 2013

TIME	SUBJECT	REMARKS
08:30	Participants Registration	
<b>OPENING SESSION</b>		
09:00	<ul style="list-style-type: none"> <li>- Opening remarks by Forest Department.</li> <li>- Welcome remarks by FAO Representative in Myanmar.</li> </ul>	<ul style="list-style-type: none"> <li>- Dr. Myint Oo, Rector, University of Forestry</li> <li>- Ms. Bui Thi Lan, FAOR in Myanmar</li> </ul>
09:30	<ul style="list-style-type: none"> <li>- Introduction by participants: participants expectations.</li> <li>- Workshop programme &amp; objectives</li> </ul>	Duncan Macqueen Principal Researcher, IIED
09:45	- Coffee break (group photograph + interviews)	
<b>MAIN SESSION</b>		
10:15	<ul style="list-style-type: none"> <li>- Forest &amp; Farm Facility (FFF): Outcomes, modus operandi &amp; Scope</li> <li>- Unpacking FFF's approach to community organization business development</li> <li>- Farmer Shrimp organization: an example from Vietnam</li> </ul>	Mr. Jhony Zapata, FAO/FFF Duncan Macqueen, IIED/FFF Jake Brunner, IUCN/FFF
11:00	- Sustainable Forest & Farm management in Myanmar and the local stakeholders: Vision current situation and strategy	- Dr. Thaung Naing Oo, Deputy Director, Forest Department
11:20	Member based Forest and Farm Producer organizations in Myanmar: Current situation	- Dr. Maung Maung Than RECOFTC
11:40	Discussion	
<b>12:30</b>	<b><i>Lunch break (+ cont. interviews)</i></b>	
13:30	Working group session: <ol style="list-style-type: none"> <li>1) What are the sectors with the greatest potential in terms of long term contribution to forestry. Examples: timber, rattan, wood-energy, elephant foot yam, honey, organic shrimp,....</li> <li>2) Which regions offer the best potential for the above, taking into account existing initiatives and projects?</li> <li>3) How could the Government support a more enabling environment for organizing smallholder business organizations?</li> </ol>	- Jake Brunner
15:00	Coffee break	
15:30	Presentation of working group results and discussion	- Rapporteurs of working groups
16:00	Next steps	- Sophie Grouwels FAO/FFF
16:30	Closing Remarks	- Mr. Maung Maung Than, Director, Training and Research Development Division, Forest Department

**Annex**  
**Agenda - Launching mission to Myanmar**  
**29 April – 3rd May**

Day/ Time	Event	Location
Monday 29 April - Yangon		
11:00	Meeting with Bamboo and Rattan Association	Pyoe Pin Office
14:00	Meeting with FAOR	FAO Office
16:00	Meeting with JICA	JICA Office
Tuesday 30 April – Yangon		
9:00	Meeting with Myanmar Konjac Cultivator Processors & Exporters Cluster	Junction Square
13:00	Meeting with Myanmar CSOs, organized by Myanmar Environment Rehabilitation-conservation Network (MERN)	Grand Ballroom I, Chatrium Hotel
Wednesday 1 <sup>st</sup> May – Nay Pyi Daw		
9:00	<b>Meeting with Livelihoods &amp; Food Security Trust Fund (LIFT)</b>	LIFT Office, Inya Lake Hotel
12:00	<b>Leaving to Nay Pyi Daw</b>	Nay Pyi Daw
Thursday 2 <sup>nd</sup> May		
9:00	Launching Workshop	Nay Pyi Daw
17:00	Meeting with Ministry of Co-operatives	Nay Pyi Daw
Friday 3 <sup>rd</sup> May – Nay Pyi Daw		
9:00	Meeting with DGs and MD from Ministry of Environmental Conservation and Forestry.	PSD Office, MOECAAF, Nay Pyi Daw
10:30	Meeting with DG of Department of Agricultural Planning, Ministry of Agriculture and Irrigation	DAP Office, MoAI, Nay PYi Daw
12:00	Leaving to Yangon	Yangon
	Departure	Yangon