

## Myanmar Country Environmental Analysis 2019

# FOREST RESOURCES

**Background:** The Myanmar Country Environmental Analysis (CEA) was developed in partnership with the Forest Department (FD) under the Ministry of Natural Resources and Environmental Conservation (MONREC). The CEA enhances understanding of the forest sector and will enable the World Bank to design and implement a set of strategies and specific actions in support of the Government of Myanmar agenda of sustainable development in the forestry sector.

The CEA forestry report outlines the status, socio-economic significance of forestry, deforestation and degradation trends, the legal and institutional framework, and ongoing policy reform. The report highlights progress to date in the implementation of the Myanmar Reforestation and Rehabilitation Programme (MRRP) (2017-2018 to 2026-2027).

As part of the CEA, the World Bank partnered with The Centre for People and Forests (RECOFTC) and Oikos to assess potential for scaling up community forestry and community forestry enterprises (CFE) in Myanmar.

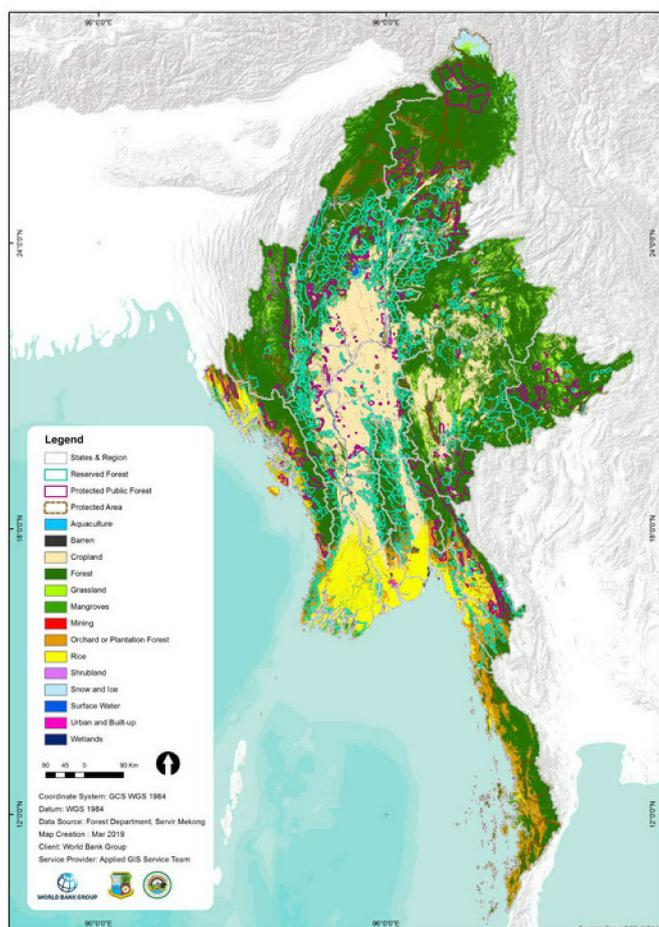
Between 1990 and 2015, forest cover in Myanmar declined at an average rate of 1.2 percent a year (around 10 million ha of forest loss in total). The main drivers of deforestation were land use conversion (agriculture and mining), road and infrastructure development, illegal logging, and wood fuel production. To reverse deforestation and enhance forest restoration the Government initiated the ambitious MRRP and other policy reforms.

Some basic facts on Myanmar's forests:

- In 2015, approximately 44.2 percent (29 million ha) of the land area was forested (see Figure 1).
- Most of Myanmar's forests are concentrated in Shan, Kachin, Sagaing, and Tanintharyi.
- Only 41 percent (or 11.8 million ha) of total forest area is within the Permanent Forest Estate (PFE).
- Around two thirds of Myanmar's remaining forests are in ethnic areas, contested areas, or autonomous zones.

Figure 1

## Forest and land-use 2017



Source: SERVIR Mekong 2017

## Economic contribution

Forestry has traditionally played a major economic role dominated by commercial teak exports, although export values fell since the extreme peak in wood exports in 2011 of close to US\$2.2 billion due to overharvesting which led to the enactment of the log export ban and to reduced Annual Allowable Cut (AAC).

- Total state receipts from the forestry sector represent 8.3 percent of overall government revenues (in 2015/16) (MEITI 2019).
- Estimates put the value of illegal timber exports at four times the documented value (Raitzger, Samson, and Nam 2015).
- In 2015/16, forest sector accounted for only 0.2 percent of GDP.
- Non-timber forest products (NTFPs) and wood fuel are largely outside of the formal sector. As a result, their economic value is not accurately captured in the above figures.

## Employment and livelihoods

The forestry sector is an important source of employment. In 2015/16, it provided more than 886,000 jobs, accounted for 4.1 percent of national employment, and generated up to US\$93.7 million in wage earnings (MEITI 2019).

Rural households depend on forests for a range of material benefits, ecosystem services, and cultural values. There appears to be strong correlation between poverty and forest cover at the township level, particularly in ethnic majority upland states. This is because a large majority of all rural households rely on fuelwood, and 63 percent of rural land is either forest or woodland.

## Commercial timber

Over the last century, timber for commercial purposes, including teak and other timber species, has been extracted in huge volumes. In recent decades, timber extraction has consistently exceeded the ACC. For 2015/16, official extraction levels are stated as 60,052 tons for teak (just over 11 percent of the 2009/10 levels), and 619,742 tons for other tree species (around 23 percent of 2009/10 levels).

Over the last few years, there has been a strong focus on expanding timber plantations, including mobilizing the private sector. With forested area progressively degrading, the urgency has increased, and the MRRP sets specific targets for increasing the area of state-owned and private plantations.

## Wood fuel production

Up to 80 percent of households use wood fuel for cooking and heating. It is also an important source of energy for small-scale industries.

## Forest ecosystem services

Forest ecosystem services are valued at US\$7.3 billion per year. The largest contributions come from insect pollination supporting agriculture (37.4 percent) and mangrove fishery nurseries (15.5 percent) (Emerton and Aung 2013).

Myanmar is one of the world's biodiversity "hotspots" with, for example, over 300 mammal species, including at least five endemic mammal species, 144 globally threatened species as well as greatest diversity of bird species in South East Asia.

## Mangroves

From 2000 to 2014, Myanmar lost an estimated **14,619 ha of mangroves**, resulting in an economic loss of US\$2.4 million per year in mangrove ecosystem services values (Estoque et al. 2018). However, this is not just an economic issue. Myanmar is considered one of the most vulnerable countries to climate change, and mangroves play an important role in coastal protection.

## Community Forestry

By February 2019, there were **248,967 ha of community forests in Myanmar**. These forests were covered by 4,711 community forestry user groups (CFUGs) or around 119,985 households. While the recent scale up of community forestry is impressive, many CFUGs are considered inactive and progress is below the National Forest Master Plan (NFMP) target of 919,000 ha by 2030/31.

**Significant changes have been made to the legal and policy framework supporting community forestry in Myanmar.** This has resulted in a progressive enabling environment for the establishment of community forestry, CFUGs and CFE. The revised Community Forest Instruction (CFI) 2016 also encourages enterprise development and provides for commercialization of timber and NTFPs and services for local communities. The new CFI (2019) was released in May 2019 as the report was being finalized; its analysis is not included in the report.

## Policy responses

**The MRRP includes ambitious targets to restore close to 1 million ha of degraded and deforested forest within the PFE by 2026.** The plan is to achieve this through a combination of plantations, community forestry, agroforestry, natural forest regeneration, and enrichment planting projects.

**The NFMP (2002–2031) includes a target of increasing Reserved Forest (RF) and Protected Public Forest (PPF).** The aim is to increase RF and PPF to 30 percent of total land area by 2030 (up from 24.5 percent) and Protected Areas (PA) to 10 percent (up from 5.85 percent). It is also commits to enabling 919,000 ha of community forests.

**New Forest Law (2018) and the Conservation of Biodiversity and Protected Areas Law (2018)** introduced changes that reflect the transforming country context and acknowledge the customary natural resource uses and management by local communities. They also recognize the importance of biodiversity conservation.

**The following policy measures were also adopted to address forest loss and degradation:** (i) 2014 – raw log export ban, (ii) 2016/17 – temporary one-year logging ban, (iii) 10-year logging ban in the Bago Yoma region, and (iv) downward revision of AAC.

## Institutional framework

**The Forest Department (FD) is responsible for sustainable forest management, restoration of degraded forests, watershed protection, community forests, mangrove conservation, and research and development.** There are currently 8,000 permanent staff with plans to fill 7,400 vacant positions. Historically, the FD has had a limited capacity to effectively control illegal logging and overextraction.

## Land rights and customary tenure

**Most remaining forests are located outside the PFE on Vacant, Fallow and Virgin (VFV) lands.** In addition, a large part of those forests is still under customary management.

**Currently, there is no agreed process in place that would lead to the recognition of customary tenure rights.** There are competing targets for agricultural land use and establishing the PPF on what is considered VFV land. These targets could put large parts of existing forest areas under threat.

## Benefits of improved forest governance

**Increased transparency, dialogue and social inclusion are some of the key elements of Myanmar's forest reform process.** This can contribute to the national peace building process and may even reduce conflict in some ethnic areas.

**Global experience shows that community forestry and smallholder plantations can be financially and socially viable.** They can also meaningfully contribute to rural income generation and forest restoration. Community-based forestry represents international best practice, providing tenure to communities to stimulate investments and creating trust, income, and business opportunities.

## Wood processing can enhance exports and rural jobs creation

**Improving the quality of timber processing in Myanmar could provide an important economic opportunity.** Myanmar currently loses economic value from little or wasteful low-quality timber processing of some of the world's most value timber. This is in contrast to Vietnam which, over the last 10 years, has invested heavily in high value-added processing and forest small and medium enterprises. Today, Vietnam is the fifth largest exporter of wood products globally, with revenues more than twenty times that of Myanmar.

### Way forward

**The CEA recommends several actions to improve sustainable forestry management in Myanmar.**

Recommendations for short term actions include:

- **Create delivery mechanisms to scale up CF within the PFE.** There is limited capacity to handle the increasing demand for CF. The FD needs to develop an efficient delivery mechanism to manage the scale-up of CF establishment and implementation. This can be done by simplifying and accelerating the hand-over processes for the establishment of CF, improving institutional support to communities, and enabling effective local management.
- **Undertake an inventory of forest stocks.** Despite high degradation of production forests, sustainable production forestry is still viable in some areas but needs a critical stock-taking effort to define a sustainable way forward.
- **Promote enabling environment for private plantations** to attract reputable and chain of custody-certified private companies that can boost the plantation sector and, at the same time, promote technology transfer, set high environmental

standards, and engage with community through support for community-controlled forest enterprises and outgrower schemes.

- **Increase protected forest areas to 10 percent of total land area.**
- **Support inclusive and meaningful process toward recognition of customary land and resource rights.**
- **Build the capacity of the FD to implement a challenging reform process.** To achieve this, the FD will need additional skills, budget, technology support, and civil society support.

### World Bank Support Planned investments

A World Bank forestry investment project is currently under preparation with the FD. Other initiatives relevant to the forestry sector include potential World Bank support, as part of projects under preparation, to: (i) community forestry and CFEs in Kayin, Kayah and Mon States, and (ii) mangroves, forest restoration, and community forestry in Rakhine State, (iii) nature-based tourism as part of the Ecotourism Policy and Management Project.



photo: ©Thiri Aung

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