

Annex-3: SO 5-4 Resources Mobilized from Innovative Sources of Finance, Including from the Private Sector

Complementary Information

Table: Trends in the resources mobilized from innovative sources

Department	Up	Stable	Down	Unknown
Department of Agricultural Research	✓			
Department of Meterology and Hydrology	-	-	-	-
Department of Agriculture	✓			
Environmental Conservation Department				✓
Forest Department		✓		
Dry Zone Greening Department		✓		
Irrigation and Water Utilization Management Department	-	-	-	-
Livestock Breeding and Veterinary Department	-	-	-	-
Naypyitaw Development Committee		✓		
Department of Rural Development	✓			
Choice for Reporting	✓			

Forestry

Since 2006-07, Forest Department has been encouraging involvement of private sector in plantation forestry. The main objectives are to supplement teak and hardwoods production of the country from private sector, to support economic development of the country and to support environmental conservation efforts. During the period from 2012-13 to 2016-17, 44,705 ha of forest plantation has been established by the private sector with an average of nearly 9,000 ha/ year. Out of which, the area of private teak plantation represents the 46% and other hardwood plantation 54% respectively. The following table showed annual establishment of private forest plantation during the period from 2012-13 to 2016-17.

Table: Area of established private forest plantation between 2012-13 and 2016-17

Year	Private Teak (ha)	Private Hardwood (ha)	Total area of private forest plantation (ha)
2012-13	8,016	3,016	11,032
2013-14	6,958	5,210	12,168
2014-15	5,327	5,568	10,895
2015-16	4,847	5,316	10,163
2016-17	1,002	4,995	5,997
Total	20,599	24,106	44,705
Annual Average	4,120	4,821	8,941

The following table reveals the trend of private investment in developing forest plantation in Myanmar. The investment value is estimated based on the annual extent of private forest plantation established and per unit area costs for operation in the first year of the plantation. The trend of total investment from private sector in forest plantation and that in teak plantation were going down between the period 2012-13 and 2016-17, but that in hardwood plantation other than teak was quite stable for the same period. The possible reason is that Myanmar began private forest plantation programme since 2006-07. During the initial period of the programme, most private entrepreneurs/ companies were interested in investing in teak plantation and thus, they established considerably large extent of private teak plantation in degraded forest land. However, land availability gradually becomes limited for growing at large scale, and they focus on the maintenance of the established ones rather than expanding the area. On the other hand, small holders mainly involved in developing private hardwood plantations and thus, the trend was observed quite stable so far.

**Table: Status of investment from private sector in establishing forest plantation
(2012-13 to 2016-17)**

(USD Million)

Type of Investment	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Investment in Private Teak Plantations	7.3	6.4	4.9	4.4	0.9	23.9
Investment in Private Hardwood Plantations	1.4	2.4	2.5	2.4	2.3	11.0
Total Investment	8.7	8.8	7.4	6.8	3.2	34.9

Source: Natural Forest and Plantation Division, Forest Department

Remark: Investment value includes ONLY the operational cost for establishment of plantation in the first year, which is estimated to be 500,000 MMK/acre for private teak plantation and 250,000 MMK for private hardwood plantation. The exchange rate used is 1,350 MMK/1 USD

Apart from the involvement of private sector in plantation forestry, Forest Department has been promoting community participation and investment in forest conservation and management activities in line with Community Forestry Instructions (CFIs). Forest and/ or land tenure right is granted for 30-years to local communities desirous to develop community forests. The purposes of community forestry are for supporting the economic development of the country, regaining environmental stability and addressing basic needs of local communities. Period between 2012-13 and 2016-17, a total 20,599 ha of community forests was established across the country with a rate of 4,120 ha per year as provided in the following table.

Table: Extent of Community Forests (from 2012-13 to 2016-17)

Year	Area (ha.)
2012-13	1,530
2013-14	2,103
2014-15	44,833
2015-16	25,250
2016-17	40,846
Total	20,599
Annual Average	4,120

Rural Development

The trends had been upward from USD 0.035 million to USD 0.05 million during 2013 to 2016. It significantly changed to USD 1.513 million in 2014-2015 fiscal year because some regions faced with the water shortage due to El Nino weather effects then. As a result, the people and private donors provided the cash to develop the water supply activities in hit areas of drought.

Table: The private budget allocation for the Water Supply Activities of the Department of Rural Development (DRD)

Fiscal Year	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Budget (USD Million)	-	0.035	1.513	0.05	-	1.598