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**Benefit Sharing Mechanism of Community Forests in Myanmar and lessons
learnt for REDD+**

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Benefit Sharing Mechanism of Community Forests in Myanmar and lessons learnt for REDD+

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Abstracts

Reducing emissions from deforestation and forest degradation (REDD+) is currently seen as important climate change mitigation policy and is included in more than 30% of global Nationally Determined Contribution (NDC) submissions. However, most countries including Myanmar are struggling to design its benefit sharing mechanism. Policy makers can improve the likelihood of success for REDD+ initiatives by incorporating lessons learnt from community forest management, particularly on its benefit sharing mechanism which could help ensure that payments from REDD+ reach poor and marginalized groups. In Myanmar, community forestry (CF) has been initiated since 1995, and, as of October 2020, 825,306 acres of forests have been established as community forests with 6,207 Community Forestry User Groups (CFUGs) across the country. Although CF has been implemented for more than 25 years, aiming at harmonizing the protection of forest resources and livelihood improvement of local communities, there is limited analysis and evidence to date on its effectiveness and how current CF benefit sharing mechanism enable or hinder CF in achieving its intended goals. This paper analyses effectiveness, efficiency and equity of current community forestry benefit sharing mechanisms in Chin State, Shan State and Magwe Region and proposes lessons learnt for future REDD+ benefit sharing mechanism. This paper is based on literature review, focus group discussions with 50 people and household survey with 52 people. In terms of effectiveness, our findings show that local perceives that CF is not a strong incentive and mechanism to motivate them to take part in forest protection. In terms of efficiency, our findings show that income from forestry and also from CF is relatively low while in-kind benefits are largely contributed to the basic needs of the respondents. In terms of distributive equity, local people perceive that it is fair, but management committee members decide on benefit sharing mechanism and who actually benefits from it.

Keywords: Community Forestry, Benefit Sharing, Effectiveness, Efficiency, Equity, Livelihood

1. Introduction

Initiated from the adoption of the United Nations Framework Convention on Climate Change (UNFCCC) in 1992, global efforts to mitigate and adapt climate change have been commenced with a series of meetings and negotiations to develop the mechanisms to offset GHGs emissions, and to reduce deforestation and forest degradation (UNFCCC, 1998). Following the ideas and discussions developed in the 11th Conference of the Parties (COP) meeting in 2005, the Cancun Agreement (Conference of Parties, COP-16) encouraged the developing countries to contribute to mitigation actions and undertake more activities by reducing deforestation and forest degradation, conserving forest carbon stocks, implementing sustainable management of forest, and enhancing forest carbon stocks (REDD+) (UNFCCC, 2011). Designed as a cost-efficient and performance-based mechanism, Reducing Emissions from Deforestation and forest Degradation (REDD+) is an international climate change policy introduced under the UNFCCC, which would provide the financial assistance to the developing countries based on the countries' performance on the measurement, report and verification of the reduced emissions (Karsenty et al., 2014; Wertz-Kanounnikoff & Angelsen, 2009). It is targeted to contribute to the mitigation actions and to foster adaptation activities as co-benefits (Dutschke & Wolf, 2009). As a mechanism to incentivize countries for their effort to conserve and regenerate forest, and carbon offset, REDD+ negotiations have gained momentum globally.

As one of the developing countries with rich tropical forests, the Government of Myanmar has embraced the benefits and profits of REDD+ and joined as a partner country of the UN-REDD Program in 2011 and has been actively engaging in developing policies and strategies through the leadership of the REDD+ Myanmar together with Forest Department under the Ministry of the Natural Resources and Environmental Conservation (MONREC). With the preparation of Readiness roadmap, the National REDD+ strategy has been developing with the goal *“to contribute to the achievement of a climate resilient, low carbon and sustainable development path of the country through transformational change in the land-use and forestry sector by reducing deforestation and forest degradation while enhancing livelihoods, sustainable growth and development”* (MONREC, 2020).

While the discourses on benefit sharing in natural resource management have been emerged enormously since a few decades ago (Nkhata et al., 2012), the concern of sharing REDD+ benefits has received several attention. REDD+ benefit sharing mechanism (BSM) is one of the most important components of REDD+ which operate across multilevel governance structure (Loft et al., 2014) and its success depends on the design and implementation (Pham et al., 2013). Luttrell et al., 2012 pointed out that *‘one needs to answer the question of what REDD+ seeks to achieve’* to design the appropriate REDD+ BSM as it comes along with not only the benefits but also the costs sharing. In REDD+, the benefits can be in both monetary and non-monetary values while the costs mainly go for the implementation and transaction costs, and the opportunity costs (Pham et al., 2013). The REDD+ mechanism needs to operationalize distributing the benefit in 3E ways 1) Effectiveness (whether it can create incentives for local people to change their land use practice), 2) Efficiency (whether it can create enabling

institutional condition in cost efficient way to achieve the policy objectives), and 3) Equity (whether it considers contextual, procedural and distributive means) (Luttrell et al., 2012; Pham et al., 2013).

While there are a number of BSMs already implementing in practice such as Payment for Ecosystem Services (PES), Community Forestry (CF), and Participatory Forest Management (PFM), understanding the context of BSM under CF could help to design and implement the mechanism for REDD+. The reason is that generally CF systems include incentive program for forest management; generate the co-benefits such as ecological services; and distribute or share the benefits among the stakeholders (Nawir et al., 2015). Initiated with the Community Forestry Instructions (CFI) 1995, CF program has been operated in Myanmar involved by the forest user groups (Tint et al., 2011). Since then, CF system became apart of the components of the national forest policy contributing to forest regeneration and afforestation program, as well as provision of forest ecosystem services to the local communities in a sustainable way while promoting the participatory forest management. Under CFI in Myanmar, communities have exclusive long-term (30 years and extendable) use and management rights, and hence it is adopted as one of the strategies to set up the REDD+ project. Ferguson, 2014 pointed out that the recognition of customary land tenure will remain a core issue in Myanmar as all forests are owned by the State, and benefit sharing is still a big challenge due to various kinds of corruptions. While CF system is attempting to solve those problems, there is still a need for formulating a governance mechanism for REDD+ benefit sharing based on existing experiences of CF system in Myanmar by analyzing and synthesizing the institutional arrangements and incentive structures to design the suitable BSM for REDD+ pilot project.

2. Objectives

The objectives of this research are to analyze effectiveness, efficiency and equity of current community forestry benefit sharing mechanisms in Myanmar and propose lessons learnt for future REDD+ benefit sharing mechanism.

3. Methodology

3.1 Selection of study villages

Three different regions namely Shan State, Magway Region and Chin State were selected for the study to represent different ethnics and landscapes. In consultation with local FD staff, we selected three villages in our case study: Lwentyint village in Shan State; Magiysan village in Magway Division; and Panpar village in Mindat Township, Chin State (Figure1). The selection was also based on the life of CF having over 10 years' experience in community forest management and sharing benefits among the members.

The Lwentyint Community Forest is located next to the tourism spot of Inlay Lake, Nyaung Shwe Township, Taung Gyi District, Shan State. It was established in 2011 with the members of 90 households and the main objective is to improve forest conditions and livelihood of forest users. It is about 100 acres, and the land is located in the Reserved Forest.

Panpar village CF, which was established in 2011 with the 18 household members, is situated at a hill side about two hour drive from the nearest town by car. The road access to this village is very poor, unpaved, and partially covered by gravel and sand. As the road carved following the hill contour, they are narrow and very close to the cliff. During the rainy seasons, the road often becomes impassable due to landslides. The main objective of CF establishment is to improve forest conditions and livelihood of the CFUG members. The area is about 100 acres located in Unclassified Forest.

Magyisan community forest is situated about 1 hour drive from Sinbaungwe city. It was established in 2004 with the 41 household members to create greening environment and to attain forest products. CF area is about 70 acres situated in Unclassified Forest.

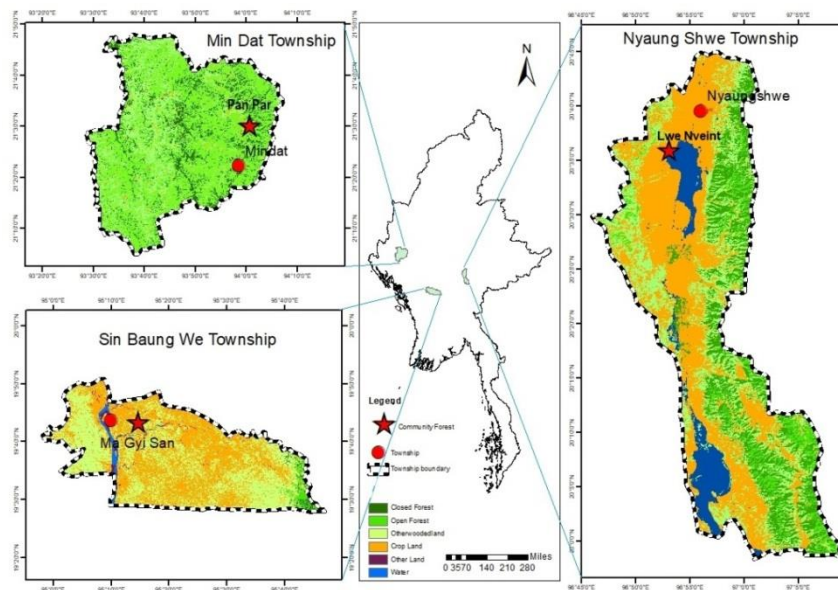


Figure 1. Location of the study areas

3.2 Data Collection and analysis

Both quantitative and qualitative data were collected for the study. Quantitative data were collected through the household survey using semi-structured questionnaire which was designed to obtain data on basic household information, involvement in forest protection, benefit sharing on fairness, process of benefit sharing and compliance monitoring, risks, and costs and personal opinion on advantages and disadvantages of CF. In total, 15 households from Shan State, 25 household from Magway Division and 12 households from Chin State were interviewed. Field survey was carried out in May 2018. Some households in all three study sites were revisited for the interview to clarify confusing data.

Qualitative information was collected through focus group discussions with people of various ages, men, women, the youth and elder persons, informal conversations with community forest management committee members and personnel observations. The discussion focused on current land uses, CF activities and benefits from CF, effectiveness of CF, compliance, and future aspiration of CF. The focus group discussion was facilitated by the two members of research

team to ensure that all participants were given equal opportunity to speak. For the visualization and expression of their opinions freely, notes and flipcharts were used during focus group discussions. Participants were selected, in consultation with management committee members, based on their availability and willingness to participate, and in total, 50 members participated in the focus group discussions. Data were analyzed using the following framework (Figure 2). Analysis was done in excel using simple descriptive statistics.

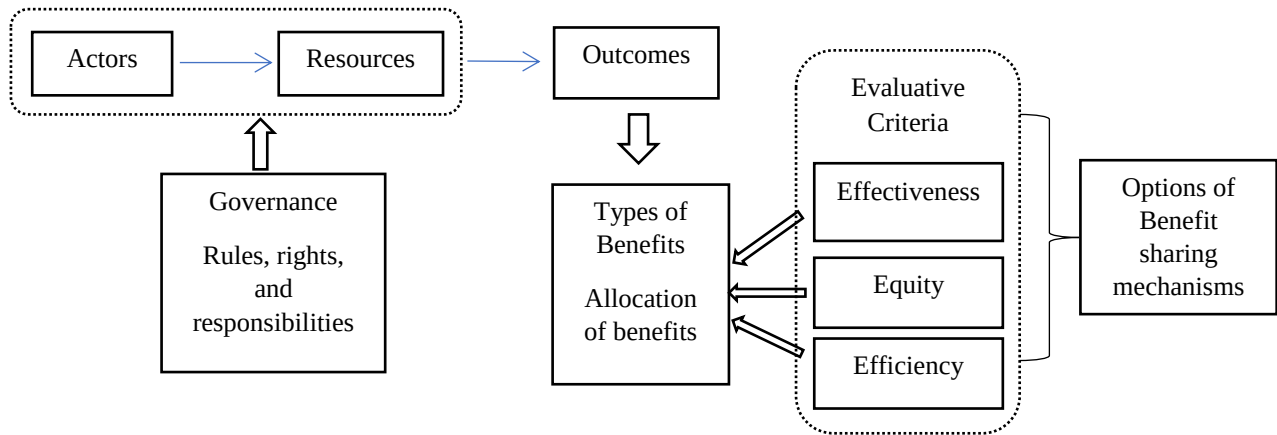


Figure 2. Analytical framework of benefit sharing mechanism in Myanmar using 3 Es

At each benefit sharing mechanism, different actors related in resource management, types of resources and nature of resources were firstly assessed. Looking insights of governance structure and functions, both informal and formal rules, rights and responsibilities of actors were analyzed in order to understand who relevant stakeholders are and what their roles are. The next attribute analyzed is the output of the mechanism. Types of benefits and how they allocate the resources were assessed and described in detail to provide a holistic view of benefit sharing among stakeholders. The benefit sharing mechanism were evaluated using 3 E frameworks, which are effectiveness, equity and efficiency through secondary data collection and expert interviews. In our analysis, effectiveness relates to (refer to the extent to which CF management schemes achieve their stated forest conservation and poverty reduction) the impacts or performance of the policy instrument, and measures the impact of, or degree of a change in behavior induced by, the instrument to a defined policy objective; efficiency relates to the extent to which an instrument enables a cost-effective achievement of policy objectives, in terms of administrative and implementation costs; equity refers to three dimensions: contextual equity (policies, law, socio-economic political context), procedural equity (how and what extend local people/men/women/the rich/the poor can participate in CF and its benefit sharing mechanisms; who decides on benefit sharing mechanism and who actually benefits from it) and distributive equity (what benefits are distributed to whom and why and whether locals perceive that it is fair or not).

4. Results and Discussions

4.1 Effectiveness of Community Forests

4.1.1 Forest protection activities implemented under CF scheme

100% of the respondents believed that CF has motivated them to protect forests. However, the following figure 3 shows that CFUG members actively participated in forest protection activities such as forest patrol, forest fire control and tree planting especially in the initial stage of CF establishment. According to the informal conversation and personal observation, the majority of the members do not seem interested in CF activities because CF cannot support their living. The results also show that only 2 respondents received income which is very small amount compared to total household income. Therefore, CF is not sufficient enough to deliver incentives to the targeted communities in terms of direct income.

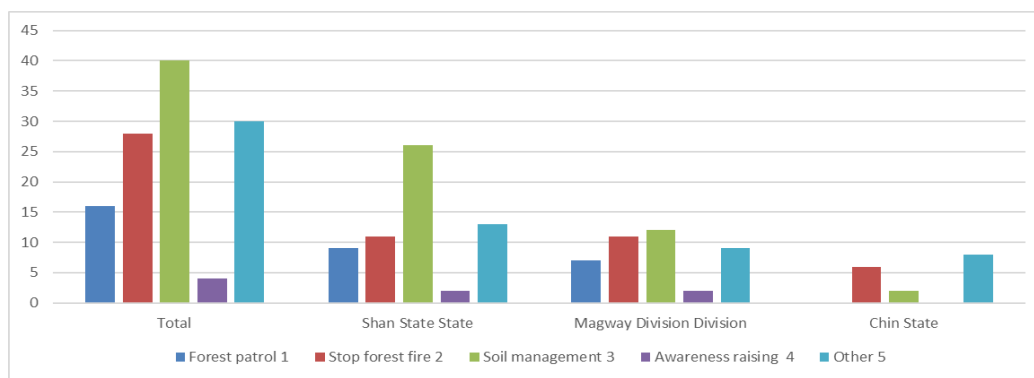


Figure 3. What are the CF activities you participated?

According to the results, effective law enforcement on participation in CF activities and benefit sharing mechanism was found. As shown in the figure 4, most of the respondents are aware of their internal rules such as remind not to do that; give punishment; if a member was absent 3 times in the CF activities, membership would be canceled; and compensate the work. Among the above-mentioned compliances, the punishment of work force compensation is the most common rule they practice. But, if unexpected things happen, 60% of total respondents mentioned that there are no precautions measured. Based on this finding, it can be concluded that awareness on law enforcement is effective to achieve policy objective, however, compliance is relatively weak in implementation. This issue needs to be addressed to remediate ineffectiveness and inequity.

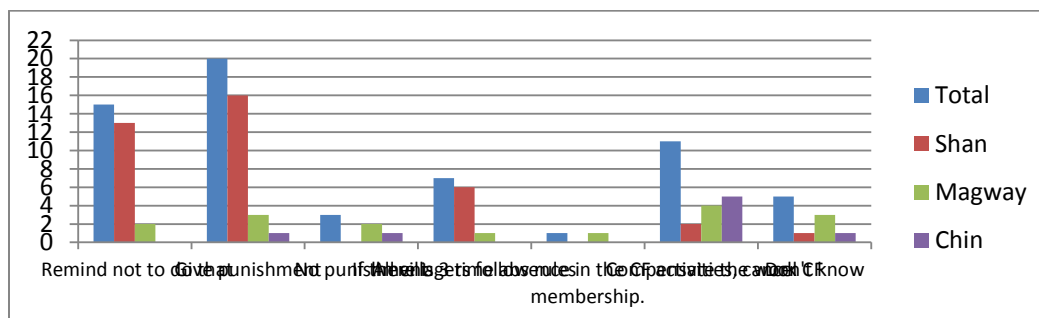


Figure 4. Awareness on law enforcement

4.1.2 Efficiency of Community Forests Making payment to the CF members

Each village has the community forest user group led by the management committee members: Chairman, Secretary, two members and accountant. In Shan State CF, 7% of respondents answered they have not yet got any payment while 1 % of respondents received cash and 21 of % respondents got in-kind assistance from the participation of CF. As for Magway Region CF, 100 % of respondents received in kind. Our study shows that income from CF is relatively low while in-kind benefits are largely contributed to the basic needs of the respondents. In-kind payment is a common approach and serves as incentive for CF users.

Although CFUG members have not yet received any monetary benefits, the respondents answered that they are getting non-monetary values of ecosystem services (Figure 6) namely provisioning services, regulating and supporting services, cultural services, and others. Provisioning services refers to getting water, non-timber forest products and timber from CF; regulating and supporting services means erosion control while cultural services represents the aesthetic quality. Others refer to goods for the children and conservation of Inlay Lake. Figure 5 also shows that non-monetary benefits are more significant than that of monetary values of ecosystem services.

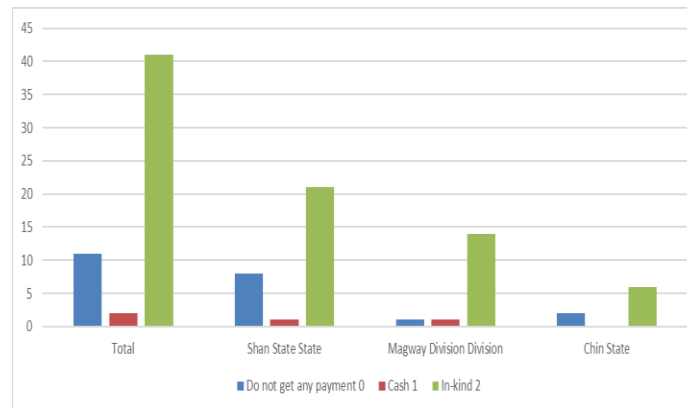


Figure 5. Non-monetary benefits and monetary benefits

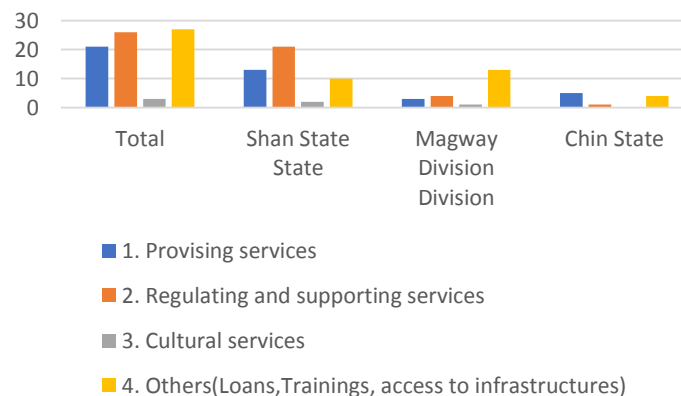


Figure 6. Non-monetary values of ecosystem services

If we look at risk and costs of CF, the respondents answered that there are no costs for joining CF. This is because no membership fee is collected in Myanmar context when villagers join CF and seedlings is supported by the FD. However, some respondents answered that there were opportunity-costs for joining CF activities. In reality, direct payment should come from CF to cover opportunity-costs since CF has been established for more than 10 years.

4.2 Equity of Community Forests

Equity of benefit sharing mechanisms in community forest were assessed in terms of distributive equity, procedural equity, and contextual equity.

4.2.1 Distributive equity

Under distributive equity, we asked what the basis for benefit distribution should be among those carrying out CF activities. And who should be paid benefits?

All CFUG members can benefit, and a current payment criterion is based on performance as input shown in figure 7. **In contrast**, the payment in Chin State is need-based system because trees are allowed to cut by the time of needed for house construction. However, it is not for the poor as benefits can be captured by only households who can afford expenditure for housing and the costs for timber extraction from CF site to the village. So, only a few CF members can benefit.

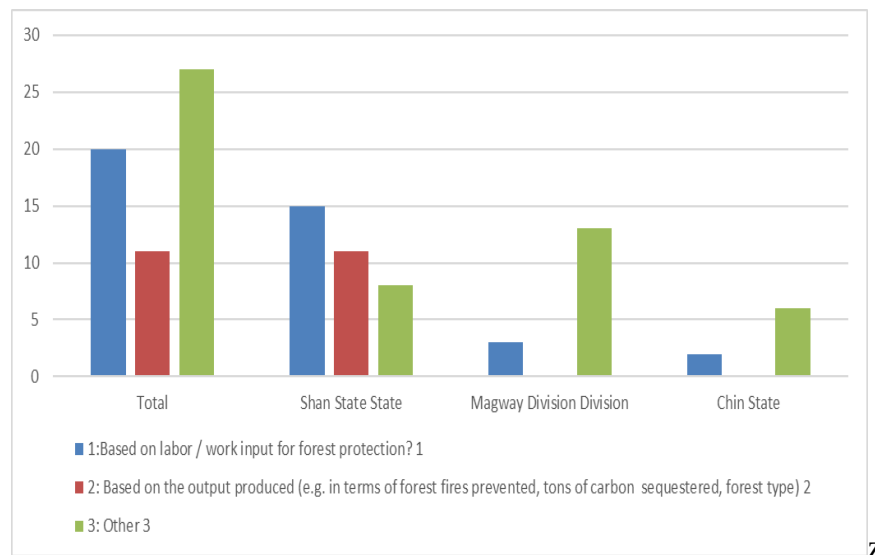


Figure 7. What should be the basis for benefit distribution among those carrying out activities?

With regards to deserving beneficiaries of CF payments, local people's perception of fairness is based on the performance-based (input-based) and poverty reduction. 44% of the total respondents answered that benefit distribution should be prioritized on the input of CF members for forest protection and management. Local communities also consider poverty reduction through CF activities because 46% of the respondents answered that the benefits should also go for the poorest in the community **as shown in the following table 1. Based on our study, it can**

be concluded that equity discourses on CF beneficiaries are based on inputs-based and also poverty reduction.

Who	Most important (%)	Least important (%)
Those who are carrying out activities for forest protection and management	44	17
The poorest in the community	46	23
The “marginalized” groups in community (older people, women- headed households, etc.)	15	38
Everyone in the community should have equal share	25	27
Local organization or local government who has helped to facilitate the CF process	34	27

Table 1. Equal Benefit Distribution

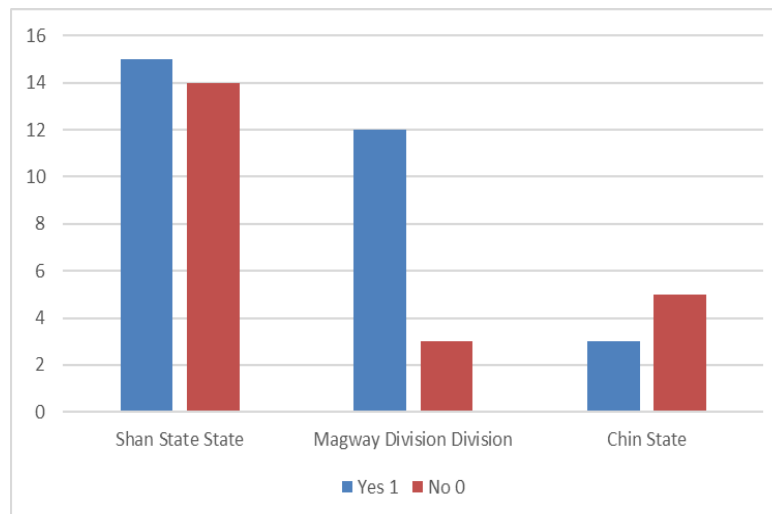


Figure 8. Are there any factors, such as time, labor force, and physical ability that prevent you from participating in CF activities and thus the contract?

4.2.2 Contextual equity

In contextual equity with emphasis on socio-economic context, participating is not easy for some households because they are busy with earning income for their household, for instance, busy with providing transportation services in Tourist Peak season and selling in the market in Shan State. As for Chin State, the respondents who are working in government services were not easy to participate. In the case of Magway Region, it is mainly concerned with health issues.

4.2.3 Procedural equity

Procedural equity refers to how and what extend local people/men/women/the rich/the poor can participate in CF and its benefit sharing mechanism; who decides on benefit sharing mechanism and who actually benefits from it. 82.8% of the total respondents from three case studies area claimed that decision on who should benefits from CF is based on meetings with all villagers but procedural and distributive inequity was found in Shan State. 44.8% in Shan and 20% in Magway said they are not involved in decision making in how benefits are shared as they have to follow the leaders.

The figure 9 shows that 18 respondents of Shan State CF indicated that the process of benefit sharing mechanism is not easy to understand while it is easy for other 10 respondents. This is because the process of benefit sharing seems unfair; it makes more benefit for the public and less consideration for individual needs; if they don't attend the meeting, they could not receive benefits. As for Magway Region, 1 respondent answered that the process of benefit sharing mechanism is not easy to understand while it is easy for other 14 respondents. In the case of Chin State, 6 respondents reported that it is easy to understand while 2 respondents answered that it is not easy to understand. This finding calls for the arrangements to improve benefit sharing process.

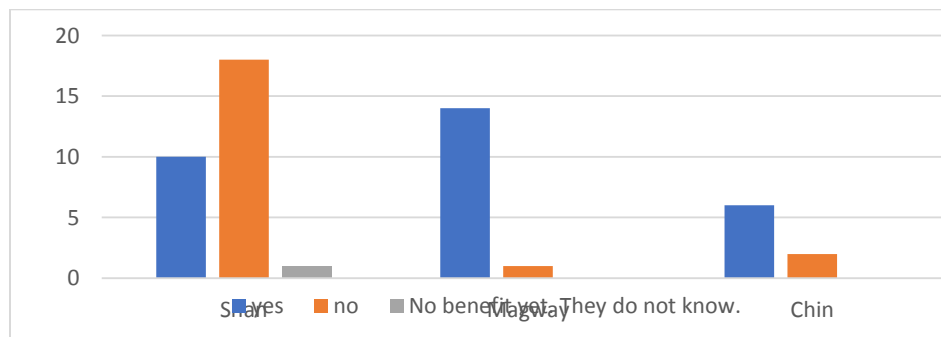


Figure 9. Is the process of benefit sharing mechanism is easy to understand?

5. Conclusion

In terms of effectiveness, our findings show that local perceives that CF is not a strong incentive and mechanism to motivate them to take part in forest protection after a certain period of initial stage. This is because there is no linkage between income from CF and the livelihood. We recommend that intervention strategies/options need to be considered to promote active involvement of local communities in CF activities and to enhance sense of ownership on their CF. Through this study, it can be concluded that awareness on law enforcement is effective to achieve policy objective, however, compliance is relatively weak in implementation. This issue needs to be addressed to remediate ineffectiveness and inequity at the local level. Efficiency of CF in terms of monetary benefits is relatively low and monetary-benefits on the values of ecosystem services are more significant than monetary benefits. And the in-kind payment is a common approach and serves as incentive for CFUG members. It is necessary to consider low

level of payment cannot compete with opportunity costs of labour input particularly for the poor CFUG members. With limited fund allocated, only a small number of poor households can benefit each year. Based on the household interview in our study, it can be concluded that equity discourses on CF beneficiaries are based on inputs-based and poverty reduction. It was also found that there is a need-based payment system in Chin State. To sum up, the situation calls for strategies such as strong policy for compliance of regulation, creating the opportunities to earn income from CF for the livelihood, and enhancing effective, efficient, and equitable sharing mechanism. Effective benefit sharing mechanism requires not only not only clear protocol on who should benefit, how benefits are shared based on what criteria.

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