



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 04-Mar-2020 | Report No: PIDISDSC25851

**BASIC INFORMATION****A. Basic Project Data**

Country Myanmar	Project ID P168254	Parent Project ID (if any)	Project Name Myanmar Forest Restoration, Development and Investment Project (P168254)
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date Jul 15, 2020	Estimated Board Date Jun 10, 2021	Practice Area (Lead) Environment, Natural Resources & the Blue Economy
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Planning, Finance and Industry	Implementing Agency Forest Department, Ministry of Natural Resources and Environmental Conservation	

Proposed Development Objective(s)

To improve participatory sustainable forest management and increase benefit from forests to communities in target areas.

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	100.00
IDA Credit	100.00



Environmental and Social Risk Classification

High

Concept Review Decision

Track II-The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Myanmar is the second largest country in Southeast Asia**, with a land area of 676,575 square kilometers and estimated population of 53.4 million people (in 2017). Myanmar is a lower-middle income country, with a per capita Gross Domestic Product (GDP) of US\$1,255 (2017).¹
2. **Since its arrival as an independent nation in 1948, Myanmar has been beset by fragility, conflict and violence.** One-third of Myanmar's townships are affected by conflict, and dozens of Ethnic Armed Organizations (EAOs) exert varying degrees of territorial control over border zones. The costs of Myanmar's multifold conflicts have been immense – thousands of lives have been lost while hundreds of thousands more left the country for safety overseas. For five decades, the economy suffered. At the time of its independence, Burma was one of the richest countries in the region. When the current transition began in 2011, it was one of the poorest.
3. **In 2011, Myanmar embarked on a new path.** A triple transition began: from autocracy to democracy; from a closed economy to an open one; and from conflict towards peace. The benefits have been felt by many across the country. However, the transition towards durable peace has been challenging with violence continuing in some parts of the country. The Nationwide Ceasefire Agreement opened a new political dialogue with EAOs to find a political solution to one of the world's longest-running civilian conflicts. However, more than ten EAOs have still to sign the Nationwide Ceasefire Agreement, and violence has flared in the northeast of the country and in Rakhine State.
4. **Myanmar's economic and political transition since 2011 has created opportunities for economic growth and improved welfare outcomes.** Myanmar's GDP grew at an average rate of 6.5 percent since the transition began, and poverty declined from 48 percent in 2005 to 32 percent in 2015. The transition has generated significant changes in Myanmar, embracing all sectors of society. For example, the proportion of people using candles and kerosene as a source for lighting reduced from 40 percent in 2010 to 7 percent in 2017, and mobile phone ownership increased from 4.8 percent in 2010 to 82 percent in 2017. Access to electricity has nearly doubled for Myanmar's population, particularly in rural areas. The elimination of media censorship in 2011, coupled with rapid expansion of smart phone ownership, also led to a revitalization of civil society and social media.
5. **Myanmar has an immense richness of natural resources.** It has the most intact forest cover of any country in mainland South East Asia and a large share of the coast of the Bay of Bengal. Its huge altitudinal range (from the sea to

¹ <https://data.worldbank.org/country/myanmar>.



the eastern Himalayas) and position between major biomes make it highly important for biodiversity and wildlife. Myanmar is one of the world's biodiversity 'hotspots' with, for example, over 300 mammal species, including at least five endemic mammal species, as well as the greatest diversity of bird species in South East Asia.

6. **While resource-rich, Myanmar remains one of the poorest countries in Southeast Asia.** Although significant reforms have been introduced in recent years, the economy remains centered on extractive industries and agriculture. Nearly 40 percent of its GDP comes from primary industries, including agriculture, forestry and fisheries.² Poverty remains concentrated in rural and conflict-affected areas. Poverty in Myanmar's rural areas is substantially higher than that in its urban areas: 38.8 percent of the rural population are estimated to be poor compared to 14.5 percent of those in its towns and cities.³

Sectoral and Institutional Context

7. **Forestry has a key role to play in Myanmar's 'triple transition' towards democratic governance; market-oriented reforms; and peace.** Significant forest resources in the country provide a strong foundation for economic benefits to all areas of society. Forests are critically important for jobs, incomes, and livelihoods, particularly for poor rural communities and women, but also for timber export revenues and invaluable ecosystem services that underpin agriculture, mangrove fisheries, and disaster resilience.

8. **Myanmar has significant forest resources that are under pressure, resulting in high levels of deforestation and degradation.** Forest cover had declined by approximately 26 percent between 1990 and 2015 or about 10 million hectares in total, at an average rate of 1.2 percent a year. The forests have also been degraded, with conversion of closed forest to open forest (Figure 1).

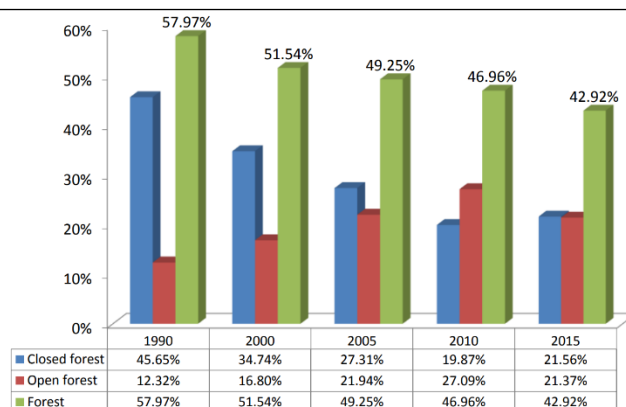
9. **However, the forestry sector remains an important economic sector.** Historically, timber exports have consistently ranked among the top-five export items, earning estimated US\$2.2 billion at the peak in 2011 (FAOStat 2018). Today, despite reduced timber extraction revenues, wood industry still generates over 8 percent of formal Government revenues – this does not include informal flows of wood and forest products, such as woodfuels, informal timber extraction, and non-timber forest products extracted for personal consumption.

10. **The sector is also important as a source of formal and informal employment.** In 2015, the forest sector was estimated to contribute around 4.1 percent of Myanmar's formal employment.

11. **Forests also deliver important ecosystem services;** their annual value is estimated at US\$ 7.3 billion, of which only US\$1bn is direct provisioning (such as household food, medicines, fuel and cash income from forests and raw materials for industrial production), and the rest is value addition to other sectors and costs and damages avoided.

12. **Forests are an important source of livelihoods,** especially for rural population. For rural communities, forests provide essential basic needs (particularly fuelwood, non-timber forest products, and fodder) and benefits. Woodfuel is

Figure 1. Forest cover trends, 1990-2015 (FAO)



² ADB Myanmar Diagnostic 2014.

³ World Bank. 2017. An analysis of poverty in Myanmar (English). Washington, D.C.: World Bank Group.



the primary source for up to 80 percent of domestic energy needs, including in urban areas which rely on charcoal. Wood also fuels many industries (such as textile, bricks) and commercial sector.

13. **The Government has initiated important sector reforms** towards a more inclusive and integrated sustainable forest landscape management with greater community involvement and potentially more private sector investments. The main plans and programs of the government to support the sector are Myanmar Restoration and Rehabilitation Program (MRRP) (2017-2018 to 2026-2027), the National Forest Master Plan (2001-2002 to 2030-2031), the Comprehensive Master Plan for the Greening of Central Dry Zone (2001-2002 to 2030-31), the National Biodiversity Strategy and Action Plan (NBSAP) (2015-2020), and the recently adopted Re-establishing Natural Habitat Programme (2019-2020 to 2028-2029).

Relationship to CPF

14. **The proposed project is consistent with findings from the Systematic Country Diagnostic (SCD)**, which notes the importance of fostering inclusive and sustainable growth, and the findings and recommendations of the Myanmar Country Environmental Analysis (2019) which informed the SCD.

15. **The project supports the World Bank Group's Country Partnership Framework (CPF) for the period of FY2015-19 and the upcoming CPF for the period of FY2020-23, under preparation.** More specifically, it supports focus area 3 of the upcoming CPF which puts emphasis on sustainably managing Myanmar's natural wealth, in particular forests, and the ecosystem services they provide, while also strengthening the resilience of vulnerable communities.

16. **The proposed project would contribute to the achievement of the Myanmar Sustainable Development Plan.** Project activities will contribute to achievement of goals under Pillar 3, People and Planet, in particular its Goal 5, Natural Resources and Environment for National Posterity.

C. Proposed Development Objective(s)

To improve participatory sustainable forest management and increase benefits from forests to communities in target areas.

Target areas include community forests, protected areas (public and community), and priority areas selected for forest restoration on public forest land (in watersheds, on hillsides, mangroves, etc.).

Intended direct **beneficiaries** of project interventions would include community forest user groups, including vulnerable forest dependent communities, and sectoral government institutions. Indirect benefits will also accrue to farmers / rural communities through improved provision of environmental services by forests; national and regional governments; private sector (indirectly through improved enabling environment); and government budgets through enhanced fiscal revenue from value chain developments.

Key Results (From PCN)

For measuring improvements in management of forests and protected areas:

1. Land area under sustainable forest landscape management practices (ha) (Corporate Results Indicator (CRI)⁴, including:

⁴ Use of CRIs is required for all active and pipeline operations of more than \$5 million for which one or more CRIs are relevant to the



- (i) area under improved resource management (managed by community forest management groups according to approved site-specific community forest management plans);
- (ii) area under forest plantations and re-/afforestation; and
- (iii) protected areas under effective management (with improvements in management measured using METT scores⁵).

For measuring improved benefits from forests:

- 2. Forest communities reached with forest assets and services (number), of which are marginalized vulnerable communities (number).
- 3. Number of people that participated in consultations on use of forest resources in targeted landscapes (including female) (number) (gender and citizen engagement indicator).

D. Concept Description

17. To ensure that the sector continues to contribute effectively to the achievement of the country's development goals and economic prosperity, it is important for forests to be sustainably managed as a crucial natural asset that can generate recurrent direct and indirect benefits and services for long-term poverty reduction, social inclusion and peace, and the overall economy rather than just short-term gains.

18. The proposed project has been designed in support of core forest sector objectives of Myanmar's Government to prevent deforestation and degradation of Myanmar's forests while enhancing efforts for forest restoration and for enabling more employment and economic opportunities for local communities through the establishment of community forestry initiatives and plantations and support to ecotourism around Protected Areas (PA). Recognizing the central role that forests have for the country's economy and rural population and the inextricable linkage of forests with broader national objectives for peace and social inclusion, the proposed project places special emphasis on improving collaborative forest management to increase benefits for forest dependent communities.

19. Initial project design builds on the Government's MRRP, analytical work undertaken by the World Bank as part of the Country Environmental Analysis (that included a forestry sector report and a community forestry assessment), and discussions with various stakeholders that will continue throughout project preparation. It is important to note that the project consultations will be building on the extensive stakeholder engagement during the preparation of the Country Environmental Analysis and also complement the ongoing participatory Customary Forest Tenure Assessment work that builds on a multi-stakeholder iterative process.

20. For now, the project does not intend to extend to geographic areas that have an ongoing conflict or are affected by conflict. Initial thinking regarding geographic focus for the project gives consideration to the following areas: Sagaing, Magway, Mandalay, Nay Pyi Taw, Bago, and Ayeyarwady Regions as States / Regions with the highest MRRP targets for

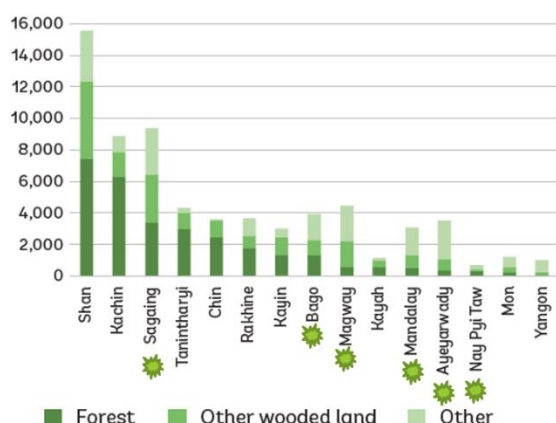
content of their interventions. CRIs are aggregated to report World Bank and IDA results to internal and external stakeholders. Their formulation needs to be used verbatim.

⁵ The Management Effectiveness Tracking Tool (METT) score is widely used by the Bank and other organizations to assess how effectively protected areas are being managed. It was designed as one of a series of management effectiveness assessment tools around the World Commission on Protected Areas Framework. It comprises a detailed questionnaire (30 questions) that covers a broad range of management effectiveness issues, with the total score for each protected area ranging from 0 to about 100.

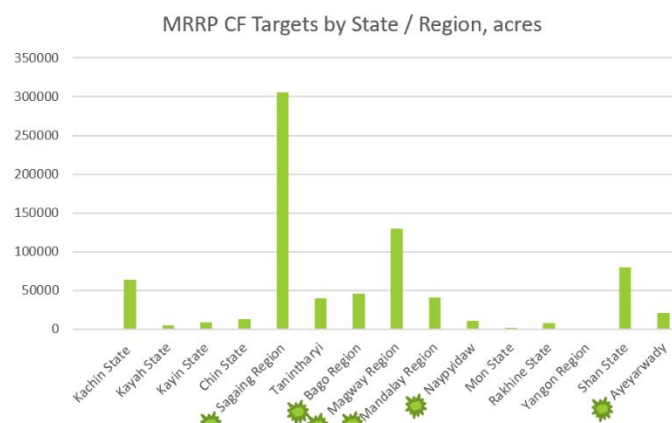


community forestry. These States/Regions have high level of biodiversity and endemism and are covered by the national PA system. A number of PAs in these areas also have high ecotourism potential. Specific geographic scope will be determined as part of project preparation process.

Curent forest estate by State/ Region, in 2015, ha



Community Forestry targets by State / Region



21. The proposed project will include four components.

22. Component 1. Increased forest cover through support to Community Forestry (CF) (including CF Enterprises). This component will finance activities related to afforestation / reforestation, restoration and avoided deforestation / forest degradation (by means of empowering responsible stewardship of forests by communities), as well as incubating forest-based community enterprises. The community forestry activities will include support to establishment of community forest user groups, preparation of community forest management plans, plantation establishment (commercial tree plantations, watershed plantations, woodfuel plantations, village supply plantations, and so on) for restoration and conservation of forests and revenue making, and community microgrants for implementation of livelihoods activities consistent with objectives of community forest management plans. The community forest enterprise development will enable community-based businesses based on forest products.

23. Component 2. Strengthening of Protected Area System. The objective of this component is twofold – first, it will aim to improve management of existing PAs and to expand the PA system (through support to expansion of community conservation models, such as Community Protected Areas, where community interest exists); and second, it will support creation of enabling conditions to realize economic opportunities from the PA system by pursuing ecotourism development, including community-based ecotourism, and promoting forest restoration and reforestation activities in PAs. Support will focus on selected priority sites designated for ecotourism in the Ecotourism Policy and Management Strategy for Protected Areas.⁶

24. Component 3. Promote reforestation and business development. This component will finance a package of activities to promote investment in sustainable commercial forestry with the aims of increasing revenues from timber trade and export, improving access to more profitable markets for certified forest products, improving value addition, and generating jobs and income from forestry, while taking pressure off natural forests. To support the long-term integrity of

⁶ Myanmar Ecotourism Policy and Management Strategy for Protected Areas. 2015. Ministry of Environmental Conservation and Forestry, and Ministry of Hotels and Tourism, The Republic of the Union of Myanmar.



Myanmar's forests, activities will also focus on strengthening governance to reduce leakages from illegal logging and tightening sector regulations and oversight.

25. Component 4: Project management, monitoring and evaluation. This component will finance technical and operational assistance for day-to-day management and implementation of the project. This would include outside technical expertise, operating costs, office equipment, and the cost of audits. It will provide institutional support and capacity development for project management, coordination, safeguards compliance, implementation, and monitoring and evaluation, including the costs of information and communications technology (ICT). It will also finance activities for citizen engagement and monitoring and evaluation.

Summary of Screening of Environmental and Social Risks and Impacts

26. The overall environmental and social risk classification is high.

27. The Environmental Risk Rating for the proposed project is substantial taking into account that some of the project activities i.e. strengthening PAs system and ecotourism development will be located in protected areas/ key biodiversity areas and that the project will support activities that involve harvesting operations outside protected areas which may generate adverse impacts on habitats or biodiversity, adverse impacts on water quality, soil productivity/erosion, hazardous materials management, and visual impacts. The project implementation will focus on site activities that do not have significant environmental impact potential. Other adverse impacts are related to Occupational Health and Safety (OHS), Community Health and Safety (water resources, fire safety, transportation safety and pesticide exposure), use of resources (water, sand/gravel, etc.), pollution (solid waste, effluent, air pollution) from project activities, i.e. construction/rehabilitation of small-scale infrastructure inside protected areas, support for SME valued-wood and non-timber forest product (NTFP) processing. Adverse impacts on the environment are expected to be site specific, predictable and it is expected that they could be avoided or minimized through the project level and site-specific screening and through implementation of good practices including compliance with World Bank Group Environmental, Health, and Safety Guidelines (EHSs). Environmental impacts from CFs are expected to be largely positive as they would lead to the conservation of forests and the associated biodiversity and ecosystem services.

28. The social risk is classified as high. The project aims to deliver a range of benefits including economic development and community livelihood opportunities. At the same time, project activities have the potential to generate significant unintentional social impacts, direct and indirect, due to the range of activities, some of which remain undefined. The nature and scale of the proposed activities presents a risk of restriction on resource access and exclusion from project benefits for vulnerable and marginal groups. Funding of Community Forestry Enterprises CFE, commercialization of forests, expansion of the protected area system (through establishment of Community Protected Areas), ecotourism, including funding of infrastructure inside and outside of protected areas, promotion of market access to emerging high value markets, and creating enabling environment, including policy, for CFE and small and medium enterprises throughout the wood-based industry value chain are being proposed. Restrictions on access to land and natural and cultural resources resulting from these activities may impact on nature-based livelihoods and tenure of vulnerable or marginal households and communities where decisions are not managed in a participatory manner. The intention of the project is to the extent possible, to avoid conflict affected areas. Therefore, the project will follow the national land tenure systems. Meaningful stakeholder engagement, including, when applicable, Free, Prior, and Informed Consent, will be the key mitigation measure and essential to deliver on project success. Similarly, if vulnerable and marginal groups are not included in CF enterprises, they may be disproportionately affected. The cumulative impacts associated with creation of new walking/bicycle trails inside protected areas may also increase unauthorized clearance and extraction activities by outsiders. These potential adverse social impacts of the project, if not adequately mitigated, or inadequately carried out



planning and/or implementation of project activities could give rise to social conflict or harm to some sections of the affected communities. Appropriate mitigation measures will be developed during preparation through an extensive consultative process with all relevant stakeholders.

29. Nine of the 10 Environmental and Social Standards have been screened as relevant while the relevance of ESS9 on Financial Intermediaries is still to be ascertained as part of project preparation. The implementing ministry has good competency in implementing projects in accordance with national requirements but has less familiarity with and experience in delivering projects in line with Bank requirements, including ESF. Existing instruments that are applied in Myanmar including Community Forestry Instructions 2019, Specific Protected Area management plans, Myanmar EIA procedures and other relevant national laws and regulations will be evaluated against ESF requirements and specific support measures introduced to meet ESS1 requirements. This will include a review of implementation of other ongoing activities and studies by the government and the World Bank and other development partners in relation to forest/PAs management, CF and safeguards capacity in Myanmar.

30. The project will address identified gaps through preparation of Borrower's Environmental and Social Commitment Plan (ESCP) during project preparation and its implementation..

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No
Summary of Screening of Environmental and Social Risks and Impacts	

CONTACT POINT

World Bank

Nina Doetinchem, Werner L. Kornexl
Sr Natural Resources Mgmt. Spec.

Borrower/Client/Recipient

Ministry of Planning, Finance and Industry
Daw Thway Thway Chit
Director General, Planning
miraithwaythway@gmail.com

Implementing Agencies



Forest Department, Ministry of Natural Resources and Environmental Conservation
Tin Htun
Director, Planning Division
planning.fdhq@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Nina Doetinchem, Werner L. Kornexl
----------------------	------------------------------------

Approved By

Practice Manager/Manager:		
Country Director:		