

Summary of Project Concept Note (Myanmar)

I . Background

Myanmar possesses a large area of forests in Southeast Asia, and play a vital role in biodiversity conservation, carbon sequestration and sustainable rural livelihoods. However, the country experiences accelerating forest degradation and deforestation. Between 2002 and 2024, Myanmar lost nearly 796,000 hectares of humid primary forest, accounting for 16% of its total tree cover loss. The main drivers include unsustainable land use practices such as shifting cultivation, agricultural expansion, overexploitation of forest resources (timber and NTFPs), fuelwood and charcoal production and aquacultural expansion in coastal mangrove areas. These practices have diminished ecosystem services, reduced forest carbon stocks and biodiversity, reduced incomes of forest-dependent communities, and weakened climate resilience.

According to the scientific baseline data and information, it was observed that Southern Shan State (Taunggyi District), Bago Region (Bago Mountain Range) and the mangrove belt of Southern Yangon Region are severely degraded areas. Since 2002, the humid primary forests of Taunggyi District declined by 13% with lower biomass and regeneration of open access forests than community-based or state-managed forests. In Bago Region, the area of closed canopy forest decreased from 98% in 1989 to 53% in 2006, driven by unsustainable firewood and charcoal extraction. Moreover, the forest area declined from 71,240 hectares in 2000 to 40,891 hectares in 2017, whereas the degraded forest area increased from 88,797 hectares to 97,013 hectares. The mangrove areas along the coast of Southern Yangon Region decreased significantly, reducing fisheries, blue carbon potential and coastal protection.

On the other hand, Myanmar faces challenges in linking forest restoration to sustainable livelihoods and finance. Community forestry and agroforestry practices have high potential in bamboo, coffee and NTFPs (medicinal plants and orchids), but remain fragmented, small-scale and focused on selling raw products without producing value-added products. Weak processing, branding and market linkages reduce competitiveness. In addition, although Myanmar has over 1.2 million hectares of land identified for restoration through ROAM assessments, its readiness for carbon finance remains low. Underdeveloped measurement, reporting and verification (MRV) systems, limited safeguards, weak forest-livelihood market integration limits access to carbon markets, blended finance and public private partnerships.

These interrelated ecological, economic and institutional challenges in Myanmar limit its Nationally Determined Contribution (NDC) and Paris Agreement. Moreover, these challenges also reduce local income opportunities and community resilience to climate-related disasters. Without integrated action, the forests and communities in these regions will continue to face deforestation and forest degradation and unsustainable livelihoods.

Therefore, in line with AFoCO's Climate-Forest Cooperation Framework and its Strategic Plan (2024-2030), the project aims to scale up restoration, agroforestry and community forestry enterprises, while building investment readiness for carbon markets and engaging public private partnerships. By linking ecological restoration with sustainable livelihoods and market-

based solutions, Myanmar can unlock the full potential of its forests to combat climate change, protect biodiversity and support local livelihood development.

II. Project Profile

1. Title: Climate-smart Forest Landscape Restoration and Market-based Enterprises in Myanmar
2. Implementing Agency: AFoCO Secretariat and Forest Department, Ministry of Natural Resources and Environmental Conservation, Myanmar
3. Geographic Focus: Southern Shan State (Taunggyi District), Bago Region (Bago District) and Southern Yangon Region (Southern Yangon Coastal Area)
4. Thematic Focus:
 - **Forest Restoration and Reforestation** in Southern Shan State, Bago Region and Southern Yangon Coastal Area through assisted natural regeneration (ANR), enrichment planting (EP), afforestation on degraded forest area, conservation of natural forests and mangrove restoration and rehabilitation.
 - **Agroforestry and Community Forestry Enterprises** by scaling up bamboo (bamboo shoots, bamboo chopsticks and bamboo tea), coffee and NTFPs (medicine plants and orchids) with value-added processing, branding and market linkages
 - **Carbon Finance Readiness** by means of development of MRV, safeguards and integrated mechanisms for carbon markets
 - **Market-based Solutions and PPPs** in terms of blended finance models by promoting public private partnerships and linking community products to domestic (and international) markets
 - **Blue Carbon and Disaster Risk Reduction** by restoring, rehabilitating and conserving mangroves for carbon storage and natural disaster protection such as storms, floods, etc.

III. Objectives

1. To restore and manage degraded forest areas including revitalization of community forestry and agroforestry plantations
2. To strengthen community forestry and agroforestry enterprises
3. To conduct readiness for carbon markets
4. To develop blended finance and public private partnerships (PPPs)

IV. Expected Outputs and Deliverables

- 1000 ha of degraded and deforested areas restored (including ANR, EP, afforestation in terrestrial and mangrove ecosystems)
- At least 30 ha of community-based and agroforestry plantations established and revitalized
- Upgrade of skill and knowledge of local community and staff on agroforestry, community forestry and forest restoration
- Feasibility and need assessment for business models and value chain assessments for bamboo (shoots, chopsticks, tea), coffee, medicinal plants and orchids
- Training and capacity building materials on processing, branding and marketing of value-added products

- Records of consultations and partnerships with CFUGs, private investors and local enterprises
- Draft MRV design, safeguard packages and benefit-sharing mechanisms for carbon financing readiness
- Pilot data for carbon accounting in upland and mangrove forests
- Support market networking for products and carbon market
- Blended finance concept models by promoting public private partnerships and linking community products to domestic (and international) markets
- Technical guidelines to support enabling conditions for PPPs
- Mangrove rehabilitation plans and monitoring protocols for blue carbon storage
- Community-based disaster risk reduction strategies to protect storms and floods in coastal villages
- Knowledge products (case studies, policy briefs, research publications)

V. Next Steps

1. Q4 2025 – Q1 2026: Consolidate existing baseline data and information including forest cover, degradation hotspots and community enterprises status, and complete pre-feasibility assessment for Southern Shan State (Taunggyi District), Bago Region (Bago District) and Southern Yangon Region (Southern Yangon Coastal Area)
2. 2026: Conduct full feasibility studies and value chain assessments for bamboo, coffee and NTFPs
3. 2026: Develop draft concept note for Myanmar in line with AFoCO Climate-Forest Cooperation Framework, including MRV design, safeguards and blended finance models.
4. 2026 onward: Engage stakeholders including community groups, private sector, government agencies and development partners for validation and partnership building
5. 2026 onward: Design financing strategy with donor and investor dialogues.
6. Implementation Phase (pending approval): conduct restoration, community enterprise scaling and carbon readiness interventions at community level.