



# Community Forest - based Enterprise Development Plan

Expert Team  
Forest Department

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## **Acknowledgement**

Firstly, the expert team would like to express thanks to Forest Department for providing a great opportunity to conduct Enterprise Development Plan for Community Forestry.

Secondly, this assessment could not be done successfully without financial support from the Mekong – Korea Cooperation Fund. Moreover, heart-felt thanks also go to the villagers (community forest user groups) from Mine Thout, Lwe Nyeint and Phalaung villages located within the project areas.

The team would also like to acknowledge the generous support from the local forest department staff for facilitating the discussions with the local communities.

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# Business Plan for Lwe-Nyeint Community Forestry Based Tourism Enterprise

Date prepared –April 2022

Name of the enterprise	-	Lwe-Nyeint Community Forestry Based Tourism Enterprise
Full name of the business operator	-	
Address and contact numbers	-	

## 1. Executive summary ( General Description of the enterprise)

Tourism is a smokeless industry that benefits GDP of a nation. Ecotourism industry is the enterprise with the high potential for tourist destination areas which provide enormous domestic and international travelers like Nyaung Shwe. When the travelling restrictions have been lifted beyond COVID – 19 pandemics, the number of tourists is gradually increasing in the resorts with natural landscape beauty. On the other hand, the market demand of the ecotourism industry is obviously high at that time. According to the analysis, it is found that the existing market supply does not meet the needs in the peak season. In such kind of situation, Nyaung Shwe has the strong potential (shows the higher possibility) to develop the ecotourism initiative due to the high number of domestic and international visitors before the COVID 19 pandemics.

Owing to the above-mentioned factor, the ecotourism potential in Nyaung Shwe has been assessed in compliance with Market Analysis and Development (MA&D) guidelines developed by FAO. This development plan has been prepared in accordance with the FAO guidelines. As an annual projection on a basis, the net annual profit would be 54,717,900 MMK, the profit for the three consecutive years 164,153,700 MMK.

Most of the Lwe Nyeint Community Forestry members gain the positive experience with tourism. In order to manage the ecotourism effectively and efficiently, enhancing tourist attractions, target visitors, the needs of the visitors, promoting strategies, operating plan, management plan, resource management plan, social development plan, disaster management, profit calculation, budget estimations and pre-operating costs for the first three months have been developed in accordance with the FAO MA & D guidelines.

The strong partnership has been already established for cooperation between the team and the local travel agencies in Nyaung Shwe Township. The major market would be to increase/ grow the number of international visitors. As soon as the tourism has been started, the efforts to attract more international visitors have been implemented by communicating with international travel agencies through the local ones.

## 2. Motives and Location of the enterprise

Since 2016, Community Forestry Instructions, Myanmar, encourage local communities, government agencies, private sectors and relevant organizations to increase their interest on the Community Forest-based Enterprise (CFE). This enhances the opportunities for sustainable forest management and socio-economic development of local communities. (Martin, David, Naing, Htun & Julian 2018). Consequently, Forest Law (2018) and Community Forestry Instructions (2019) strengthen the implementation of community forestry procedures and community forestry enterprises.

Community forest-based enterprise- CFE means harvesting of wood and non-wood forest products, foods, and value-added products from the community forest, and trading them in the local and international markets in accordance with the standing laws, or business conducting local community-based tourism (CFI 2019). Accordingly, there are two types of enterprises; forest product based enterprise and ecosystem services based enterprise.

While legal reform led to commercial manufacturing of forest products, an increasing amount of support for local communities on forest-based enterprise and forest protection, improving market network connection and technical assistance from Forest Department are likely to grow in the implementation of the community forestry enterprises (CFE) recently. However, financial constraints like achieving loan for implementation and other restrictions still exist.

### **3. Short Descriptions for Unique Features and Origin of the products**

Walking trails, bikeway, planting seasonal flowering tree species, signposts of the scientific names of the trees alongside the trails, natural resting chairs alongside the trails, natural waste disposal facilities, wild medicinal plants and orchids in the community forest area and natural wildlife habitat areas would have been put together in natural conditions. These would be sustainably operated by means of nature based mechanisms.

### **4. The targeted market segment and customer needs, and the advantages of targeting these versus other markets segments and customers**

The targeted market is the peak tourist season with domestic visitors, aiming to expand the market for international tourists by enhancing the quality of the destination area.

### **5. Number of Visitors during the first tourism season**

As soon as the mechanism started, it is estimated that the number of domestic visitors will be 2500 people while the ones of the international tourists 50 people per month. With regards to the entrance fees, individual domestic visitor will have to pay 1500 MMK per day, amounting to 3,750,000 MMK per month. In the case of international visitors, they have to pay 18,500 MMK (equivalent to 10 USD), totally 4,675,000 MMK for one month.

### **6. Fixed Capacity of the Enterprise**

Based on the capacity of the guides, the conditions of the community forestry, the interest of the tourists and other conditions in the first tourist season, the amount of the income would be different. The income from tourism industry solely depends on the interest of the domestic visitors and holidays.

### **7. Expected Profit, Initial Capital needs and Financing plan**

Net profit could be calculated by using the following formula;  
 Net Profit = Estimated Total Income – (Total Fixed Cost + Total Variable Cost)

### **Financing plan**

The enterprise with five members will be provided 10,000,000 MMK with the support of the project. The fund will be invested in improving the enterprise.

### **8. Enterprise Management Team**

During the initial phase of the enterprise, the enterprise management team will be built in accordance with the guidelines of the Forest Department.

### **9. Current Situation to establish CFBT**

Pilot/ Feasibility studies to successfully establish the enterprise had been conducted with the financial support of the MK CF project and technical support of Forest Department in compliance with the M A & D guidelines. The MK CF would provide the initial funding whereas the mechanism has not started yet. Members are willing to deliver necessary assistance in the initial phase of the enterprise.

### **10. Plan Duration**

The duration of this plan is 3 years.

### **11. Marketing Plan**

#### **Description of the Product and Marketing Strategy**

- Domestic and international visitors to Inle Pagoda, Kaung-Taing Hot Spring and natural landscapes of Shan State
- Ground stake sign posts would be installed in the junctions and main roads to attract more visitors. Furthermore, pamphlets about the CFBT would be distributed for the same purpose.

#### **Description about the Products and Market Strategy**

The tourism products provided from Lwe-Nyeint community forest would be the achievement of community forest under the sustainable forest management, medicinal plants in the community forest, wild flora and fauna, natural walking trails, natural resting chairs, temporary resting camps/tents, seasonal flowering plants, seasonal local foods and local souvenirs.

#### **Analysis on the current conditions of the competitors**

There is no community forestry based tourism implemented in Myanmar at the moment.

#### **Marketing Strategy**

The community forestry based tourism would be initiated and the proposed area is the tourist destination area with the high number of domestic and international travellers.

#### **Targeted market segment, its customers' needs, and its advantages compared to other market segments**

The major target market is to attract more domestic tourists. Depending on the conditions of COVID – 19 outbreak and the current situations of the country, cooperation

with respective organizations will be made to attract international tourists as well as domestic ones.

### Defining the price

In order to visit the community forest area, 1500 MMK need to be paid by each Myanmar citizen, while 10 USD paid by each foreigner.

### Marketplaces where the enterprise will focus its activities

Local shops which provide water bottles, drinks, local food, souvenirs and other groceries will be opened along the natural trails in the community forest area.

### Promotion

Firstly, trainings will be provided to the members. After this, the trainees will share the information about the enterprise to residents in the surrounding areas. Moreover, promotion through social media and communicating local travel agencies would also be carried out. In addition, contacts will be made to the international tourism companies.

### Services

Seasonal landscapes and beauty of the community forest managed in a sustainable, environmentally friendly way will be offered within the enterprise area.

## 12. Operational plan

### Year 1 – Annual production target and estimation of sales revenue

No	Items	Quantity/month (no. of visitors)	Unit price	Estimated sale revenue	Remarks
1.	Citizens	2500	MMK 1500	3,750,000	
2.	Foreigners	50	\$ 10	925,000	1\$ = 1850 MMK
	Total			4,675,000	Per/month
				56,100,000	Per/year

### Year 2 – Annual production target and estimation of sales revenue

No	Items	Quantity/month (no. of visitors)	Unit price	Estimated sale revenue	Remarks
1.	Citizens	2500	MMK 1500	3,750,000	
2.	Foreigners	50	\$ 10	925,000	1\$ = 1850 MMK
	Total			4,675,000	Per/month
				56,100,000	Per/year



**Year 3 – Annual production target and estimation of sales revenue**

No	Items	Quantity/month (no. of visitors)	Unit price	Estimated sale revenue	Remarks
1.	Citizens	2500	MMK 1500	3,750,000	
2.	Foreigners	50	\$ 10	925,000	1\$ = 1850 MMK
	Total			4,675,000	Per/month
				56,100,000	Per/year

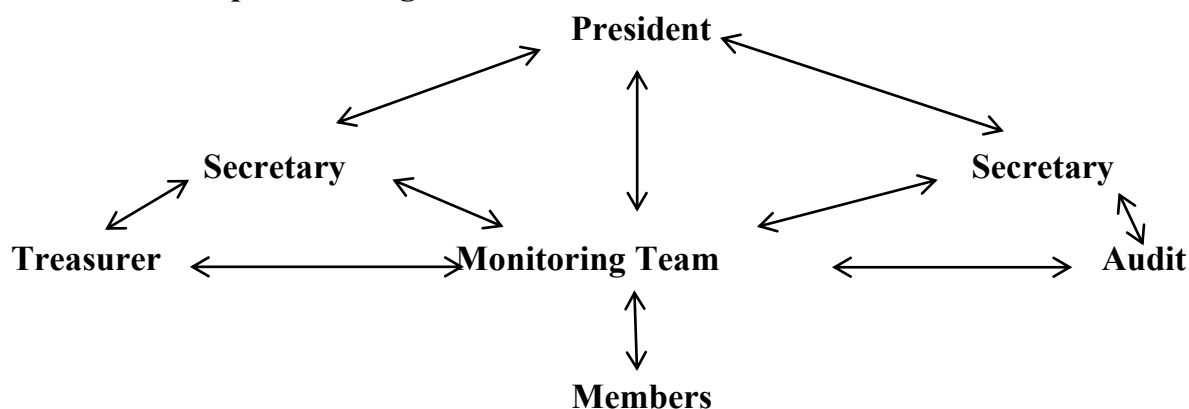
**Estimation of Equipment needs**

No.	Item	Price(MMK)	Quantity	Total (MMK)
1.	Jungle Walk	150	6000 ft	90,000
2.	Cycling Trail	500	2000 ft	1,000,000
3.	Installing Sign Posts	50,000	2	100,000
4.	Planting around Sign posts with seasonal flowers	70,000	2	140,000
5.	Planting Ornamental plants			703,000
	Staking 15'x15'	15	800	12,000
	Digging 3'x3'x3'	200	800	160,000
	Planting	8,000	30	240,000
	Fertilizing	7,000	5	35,000
	Buying seedlings	500	800	400,000
6.	Natural Chairs	20,000	10	200,000
7.	Recycle Bin	3,000	5	15,000
8.	Tower for Bird Watching	700,000	1	700,000
9.	Small reservoirs	2,035,000	2	4,070,000
10.	Uniform suits for Tourist Guides	10,000	10	100,000
11.	Jungle Boot for Tourist Guides	5,000	10	50,000
12.	Hand Book	10,000	100	1,000,000
	Total			8,168,000

**13. Enterprise Management Plan****Registration of the Enterprise**

According to the Article 5 of CFI (2019), the registration of the Enterprise will be allowed.

### Chart of Enterprise Management Team



#### 14. Resource Management Plan

In order to sustainably manage and exploit forest sources from community forests, the following activities described in the management plan would be implemented;

Lwe – Nyeint Community Forestry Based Tourism Enterprise (600)ac			
Aim to conserve natural forest resources	Location	Activities	Cost
To enrich natural forest status	Lwe-Nyeint Community Forest	Fire protection	*
		Assisted Natural Regeneration	*
		Gap Planting	*

\* The resource management costs are not part of the profit and loss calculation since the enterprises will assume these expenses only if they make a profit.

#### 15. Social Development plan

The social costs are not part of the profit and loss calculation since the enterprises will assume these expenses only if they make a profit.

Social Development actions and costs		
Social activity	Measures	Costs
Public Transportation	Road	500,000 MMK

#### 16. Human Resource Development plan

- Training on Accounting
- Tour Guide Training
- Training on Business Management
- Handicraft Production Training

#### 17. Risk Management

As hazards, tourists accidentally slip and fall. The lack of professionalism of tour guides; Due to security conditions, tourists may experience danger, etc., and the methods to solve these difficulties are as follows:

- Maintenance and repair of tourist paths so that they can be used in any season

- Providing necessary training to tour guides; forming groups for group study of tourists;
- Arranging security guards for each group of tourists

## 18. Profitability calculation and financial projections

### Forecasting profit and losses

#### Depreciation costs

No	Item	Total Cost	Duration	Cost/year(MMK)
1.	Jungle walk	90,000	10	9,000
2.	Cycling Trail	100,000	10	100,000
3.	Installing Sign Board(6'×3')	100,000	5	5,000
4.	Planting around Sign posts with seasonal flowers	140,000	10	14,000
5.	Planting Ornamental plants	703,000	20	140,600
6.	Natural Chairs	200,000	10	20,000
7.	Recycle Bin	15,000	10	1,500
8.	Tower for Bird Watching	700,000	10	70,000
9.	Small reservoirs	4,070,000	10	407,000
10.	Uniform suits for Tourist Guides	100,000	10	10,000
11.	Jungle Boot for Tourist Guides	50,000	10	5,000
12.	Flora and Fauna in CF area Hand Book	100,000	10	100,000
	Total	8,161,000		882,100

#### Fixed costs (for a year)

No	Item	Unit price	Qty(Unit)	Total(MMK)
1.	Depreciation costs	-	-	882,100
	Total			882,100

#### Variable costs (for a year)

No.	Item	Unit price	Qty(Unit)	Total(MMK)
1.	Advertisement			
	- Pamphlets	2,000	200	400,000
	- Vinyl Sign post	10,000	10	100,000
	Total			500000

#### Variable costs(for second year)

No.	Item	Unit price	Qty(Unit)	Total(MMK)
1.	Advertisement			
	- Pamphlets	2,000	200	400,000
	- Vinyl Sign post	10,000	10	100,000
	Total			500,000

**Variable costs (for third year)**

No	Item	Unit price	Qty(Unit)	Total(MMK)
1.	Advertisement			
	- Pamphlets	2,000	200	400,000
	- Vinyl Sign post	10,000	10	100,000
	Total			500,000

### Profit and loss projection over three years

	Year 1			Year 2			Year 3		
Sales (MMK)									
	No.	Price/ no.	Cost	No.	Price/ no.	Cost	No.	Price/ no.	Cost (MMK)
Local visits	30,000	1,500	45,000,000	30,000	1,500	45,000,000	30,000	1,500	45,000,000
Foreigner visits	600	18,500	11,100,000	600	18,500	11,100,000	600	18,500	11,100,000
Total			56,100,000			56,100,000			56,100,000
b)[- (Variable cost + fixed cost)]			1,382,100			1,382,100			1,382,100
c)= Operating Profit			54,717,900			54,717,900			54,717,900
d)Less interest expense			0			0			0
e)= Net Profit before Taxes			54,717,900			54,717,900			54,717,900
f)Less estimated income tax			0			0			0
g)= Net Profit after Taxes			54,717,900			54,717,900			54,717,900

**Break-even point****Break-even Point = Fixed Cost ÷ (Selling Price per Unit–Variable Cost per Unit)**

Total Fixed Cost (MMK)	882,100
Variable Cost	150,000
Total Visitors	91,800
Average Entrance fee per visitor	1833.33
Variable cost per visitor	1.63
Average Entrance fee per visitor - Variable cost per visitor	1831.70
Break-even points in number of visitors	481.57
Break-even points in revenue	882,886.89

### Cash flow projection for the first six-month period

Item	Month					
	1	2	3	4	5	6
Cash in hand		8,879,158.33	12,758,316.66	16,637,474.99	20,516,633.32	24,395,791.65
Start-up capital (Grant)	5,000,000					
Sales	4,675,000	4,675,000	4,675,000	4,675,000	4,675,000	4,675,000
<b>a) Total cash (MMK)</b>	<b>9,675,000</b>	<b>13,554,158.33</b>	<b>17,433,316.66</b>	<b>21,312,474.99</b>	<b>25,191,633.32</b>	<b>29,070,791.65</b>
<b>Expenses</b>						
Equipment	680,666.67	680,666.67	680,666.67	680,666.67	680,666.67	680,666.67
Fixed costs	73,508.33	73,508.33	73,508.33	73,508.33	73,508.33	73,508.33
Variable costs	41,666.67	41,666.67	41,666.67	41,666.67	41,666.67	41,666.67
Interest %	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-
<b>b) Total expenses (MMK)</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>
Cash - total expenses (a-b)	8,879,158.33					
Deposit into resource management fund	-					
Deposit into social development fund	-					
Deposit into group savings funds	-					
Dividends/profit sharing	-					
<b>c) Cash in hand at the end of month (MMK)</b>	<b>8,879,158.33</b>	<b>12,758,316.66</b>	<b>16,637,474.99</b>	<b>20,516,633.32</b>	<b>24,395,791.65</b>	<b>28,274,949.98</b>

**Cash flow projection for the second six-month period**

Item	Month					
	7	8	9	10	11	12
Cash in hand	28,274,949.98	32,154,108.31	36,033,266.64	39,912,424.97	43,791,583.30	47,670,741.63
Start-up capital (Grant)						
Sales	4,675,000.00	4,675,000.00	4,675,000.00	4,675,000.00	4,675,000.00	4,675,000.00
<b>a) Total cash (MMK)</b>	<b>32,949,949.98</b>	<b>36,829,108.31</b>	<b>40,708,266.64</b>	<b>44,587,424.97</b>	<b>48,466,583.30</b>	<b>52,345,741.63</b>
<b>Expenses</b>						
Equipment	680,666.67	680,666.67	680,666.67	680,666.67	680,666.67	680,666.67
Fixed costs	73,508.33	73,508.33	73,508.33	73,508.33	73,508.33	73,508.33
Variable costs	41,666.67	41,666.67	41,666.67	41,666.67	41,666.67	41,666.67
Interest %	-	-	-	-	-	-
Principal payments	-	-	-	-	-	-
<b>b) Total expenses (MMK)</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>	<b>795,841.67</b>
Cash-total expenses (a-b)	32,154,108.31	36,033,266.64	39,912,424.97	43,791,583.30	47,670,741.63	51,549,899.96
Deposit into resource management fund	-	-	-	-	-	-
Deposit into social development fund	-	-	-	-	-	-
Deposit into group savings funds	-	-	-	-	-	-
Dividends/profit sharing	-	-	-	-	-	-
<b>c) Cash in hand at the end of month (MMK)</b>	<b>32,154,108.31</b>	<b>36,033,266.64</b>	<b>39,912,424.97</b>	<b>43,791,583.30</b>	<b>47,670,741.63</b>	<b>51,549,899.96</b>



**Start-up costs for three months**

	Month			Total
	1	2	3	
Fixed assets	680,666.67	680,666.67	680,666.67	
Buildings				
Equipment				
Jungle Walk	90,000			
Cycling trail	1,000,000			
Installation of sign posts	100,000			
Planting around sign posts with seasonal flowers	140,000			
Planting ornamental plants	703,000			
Natural Chairs	200,000			
Recycle bin	15,000			
Tower for Bird watching	700,000			
Small reservoirs	4,070,000			
Uniform suit for tourist guides	100,000			
Jungle Boot for tourist guides	50,000			
Flora and Fauna in CF area hand book	1,000,000			
<b>a) Fixed assets sub-total</b>	<b>680,666.67</b>			<b>680,666.67</b>
<b>b) Fixed costs</b>	<b>73,508.33</b>	<b>73,508.33</b>	<b>73,508.33</b>	<b>220524.99</b>
<b>c) Variable costs</b>	<b>41,666.67</b>	<b>41,666.67</b>	<b>41,666.67</b>	<b>125000.01</b>
<b>Total start-up costs for 3 months a)+b)+c) (MMK)</b>				1,026,191.67
Less members own capital				-
Remainder to be financed				1,026,191.67

**Financial plan: sources of capital**

Own funds	-
Community funds	-
Bank loan	-
Saving and credit group loan	-
Grant	5,000,000
<b>Total (MMK)</b>	<b>5,000,000</b>

**Interest calculation**

Monthly interest charge (%)	-
Annual interest 10 % divided by 12 months	
<b>Total interest expense</b>	-
Monthly interest charge (%) divided by 100	-
Duration of the loan (in months)	-
Total amount of loan	-
Interest expense	-

## **Business Plan for Mine-Thout Community Forestry Products Based Enterprise**

Date prepared –April 2022

Name of the enterprise - Mine-Thout Community Forestry Products Based Enterprise

Full name of the business operator

Address and contact numbers

### **1. Executive Summary (General Description of the Enterprise)**

Non timber forest products, such as Marlar U and Sanwin, are the forest products with the high market potential in China, Singapore and other international markets. Even in the existing situation, domestic and foreign demand is remarked ably high. Additionally, it is shown that the available amount of product is insufficient to provide the necessary amount even in the collection period. These indicate that there is high possibility to establish successful Marlar U Enterprise based on Mine-Thout community forest.

Accordingly, market analysis on Marlaru enterprise has already conducted in compliance with Market Analysis and Development – MA& D by FAO. The enterprise development plan for this enterprise has been prepared according to these FAO guidelines. While conducting basic/ fundamental calculation for the period of three years, the estimated net profit would be 130,740,000 MMK and the estimated production, 50,000 viss.

Previous positive experiences in cultivating and manufacturing Marlar U would be beneficial to establish the enterprise successfully. For effective management of the enterprise, marketing strategies, targeted market segment, requirements of the consumers, promotion strategies, operational plan, enterprise management paln, resource management paln, social development plan, risk management, profitability calculation and financial projections and start-up costs for three months have been developed as per FAO Market Analysis and Development – MA & D).

At the present, the proper friendship with small scaled and medium scaled local trading brokers (Collectors and Township Brokers) and commercial exporters in Nyaung Shwe, Shwe Nyaung and Mandalay has already been achieved. The aimed major market would the bulk markets and retail markets in Nyaung Shwe and Shwe Nyaung. As soon as the enterprise is operated, it would be implemented to export to foreign markets with the support of relevant stakeholders, including trading brokers.

### **2. Motives and Location of the enterprise**

Since 2016, Community Forestry Instructions, Myanmar, encourage local communities, government agencies, private sectors and relevant organizations to increase their interest on the Community Forest-based Enterprise (CFE). This enhances the opportunities for sustainable forest management and socio-economic development of local communities. (Martin, David, Naing, Htun & Julian 2018). Consequently, Forest Law (2018) and Community Forestry Instructions (2019) strengthen the implementation of community forestry procedures and community forestry enterprises.

Community forest-based enterprise- CFE means harvesting of wood and non-wood forest products, foods, and value-added products from the community forest, and trading them in the local and international markets in accordance with the standing laws, or business conducting local community-based tourism (CFI 2019). Accordingly, there are two types of enterprises; forest product based enterprise and ecosystem services based enterprise.

While legal reform led to commercial manufacturing of forest products, an increasing amount of support for local communities on forest-based enterprise and forest protection, improving market network connection and technical assistance from Forest Department are likely to grow in the implementation of the community forestry enterprises (CFE) recently. However, financial constraints like achieving loan for implementation and other restrictions still exist.

### **3. Short Descriptions for Unique Features and Origin of the products**

Raw/ unprocessed Marlar U and dried processed Marlar U would be produced. Full sized Marlar U with high quality will be cultivated in the community forest area, managing the forest in a sustainable approach.

### **4. The targeted market segment and customer needs, and the advantages of targeting these versus other markets segments and customers**

The target market is the bulk markets and retail markets in Nyaung Shwe and Shwe Nyaung. Then, the market chain would be extended to the foreign markets by connecting with exporters.

### **5. Production and Sales Targets during the first season**

Mar Lar U 50,000 viss are estimated to produce from 5 acres pilot site in Mine – Thout Community Forest during the first season. Regarding the income, if the price is 3,000 MMK per viss, the total income for the first season is projected to be approximately 25,580,000 MMK.

### **6. Fixed Capacity of the Enterprise**

The productivity for the first season targets to achieve 50 % of the total productivity, depending on the availability of Marlar U in the wild, labour, investment and other conditions. Hence, it targets to produce 10,000 viss in the first season.

### **7. Expected Profit, Initial Capital needs and financing plan**

Net profit could be calculated by using the following formula;  

$$\text{Net Profit} = \text{Estimated Total Income} - (\text{Total Fixed Cost} + \text{Total Variable Cost})$$

#### **Financing plan**

The enterprise with five members will be provided 5,000,000 MMK with the project assistance. The fund will be invested in improving the enterprise.

### **8. Enterprise Management Team**

During the initial phase of the enterprise, the enterprise management team will be built in accordance with the guidelines of the Forest Department.

## 9. Current Situation to establish CFE

Pilot/ Feasibility studies to successfully establish the enterprise had been conducted with the financial support of the MK CF project and technical support of Forest Department in compliance with the M A & D guidelines. The MK CF would provide the initial funding whereas the mechanism has not started yet. Members are willing to deliver necessary assistance in the initial phase of the enterprise.

## 10. Plan Duration

The duration of this plan is 3 years.

## 11. Marketing Plan

### Description of the Product and Marketing Strategy

The following facts are highlighted in selling the brokers, focusing on retail market;

- Organic cultivation method in an environmentally friendly way by using only natural fertilizers
- Organic cultivation method in an environmentally friendly way by using only natural fertilizers
- Refining products in collecting and processing stages
- Premium quality for packing, weight and quality of the product

### Description of the Product and Marketing Strategy

Commercial forest product obtained from Mine-Thout Community Forest is Marlar U. The community forest is managed under sustainable forest management. Marketing strategies are introducing Marlaru as the environmentally produced forest product with its guaranteed high quality and freshness to Nyaung Shwe, Shwe Nyaung, Mandalay and other neighbouring countries. At the present status, cooperation with retailers and village collectors has been achieved.

### Analysis on the Current Condition of the competitors

Analysis on the competitors				
Product of the Competitor	Price of the product	Quality of the product	Targeted Customers	Targeted Markets
Marlar U (Raw)	1500 MMK per 1 viss	good	Retail Market in Nyaung Shwe	Market in Mandalay, Foreign Markets
Marlar U (Dry)	2900 MMK per 1 viss	good		

### Market Targeting Strategy

Market Analysis on Customer Market Segment			
Needs of Customers	Price at Village Market	Price at Bulk Market	Price at Retail Market
Marlar U (Raw)	1500 MMK per 1 viss	1700 MMK per 1 viss	2000 MMK per 1 viss
Marlar U (Dry)	2900 MMK per 1 viss	3000 MMK per 1 viss	3500 MMK per 1 viss

### **The targeted market segment and customer needs, and the advantages of targeting these versus other markets segments and customers**

The targeted major market is retail market in Nyaung Shwe and Shwe Nyaung townships. If the transportation fees is high or there is insufficient stock to supply to market in Mandalay, some portion of the stock would be sold in the local markets.

### **Defining the Price of the Product**

Based on the prices of the competitors and the quality of products from the Mine-Thout Community forest, raw products would be sold at the rate of 1800 MMK per viss whereas dried products, 3000 MMK per viss.

### **Marketplaces where the enterprise will focus its activities**

Distribution and related Costs				
Individual local markets for defined market segments	Production area and transportation fees	Rental fees	Tax	Salary of the staff
Ambient villages	-	Unnecessary because of direct dealing with village collectors		
Productivity of the town and retail markets	Calculation on weights of products	Unnecessary because of direct dealing with village collectors		
Productivity of market in Mandalay	Calculation on weights of products	Unnecessary because of direct dealing with village collectors		

### **Promotion**

In order to improve the enterprise, trainings would be delivered for members at the first stage. Then, product information sharing to relevant communities, promoting via social Medias and direct connecting with traders would be conducted later. Furthermore, based on market in Mandalay, it would be implemented to expand to foreign markets.

### **Products**

At the harvesting stage, qualified Marlar U, both raw and dried, would be collected in advance without causing any harm to the environment. Raw Marlar U would be sold after complete washing/ cleaning, while dried products after boiling and drying. Products from Mine-thout CF would also be granted by sustainable, environmentally friendly way.

## **12. Operational Plan**

### **Sale Calendar per year for Marlar U over three years period**

#### **Year 1 – Annual production target and estimated sale revenue**

Product	a) Annual production target by number of viss	b) Stock	c) Revenue (a-b)	d) Price (MMK)	Estimation of sale revenues (c×d)
Marlar U (Raw)	5,000	-	5,000	1,800	9,000,000
Marlar U (Dry)	6,000	-	6,000	3,000	18,000,000

Remark: Only 50% of the enterprise would be operated.

**Year 2 – Annual Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Marlaru (Raw)	10,000	-	10,000	1,800	18,000,000
Marlaru (Dry)	12,000	-	12,000	3,000	36,000,000

Remark: 100 % of the enterprise would be fully operated.

**Year 3 – Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Marlaru (Raw)	10,000	-	10,000	1,800	18,000,000
Marlaru (Dry)	12,000	-	12,000	3,000	36,000,000

Remark: 100 % of the enterprise would be fully operated.

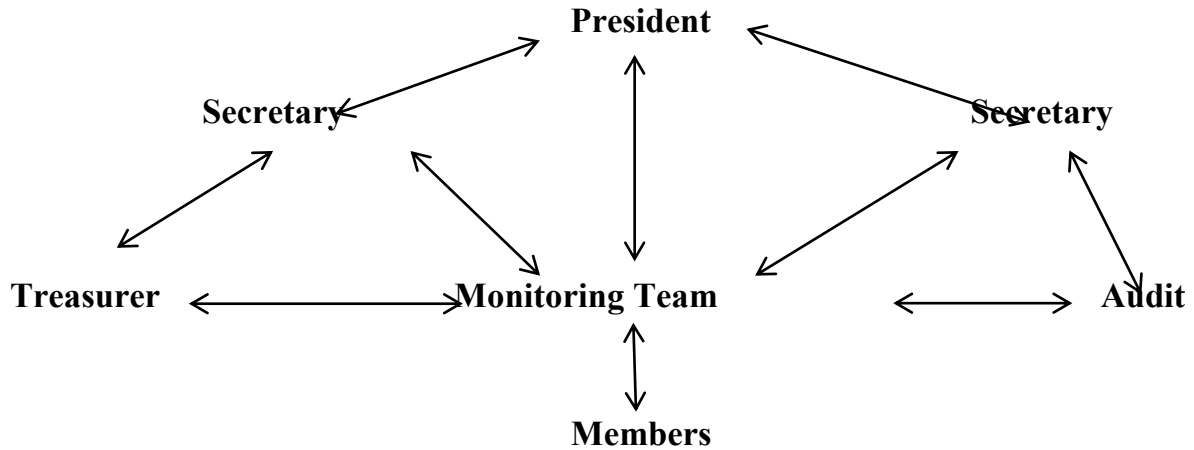
**Estimation of Equipment Needs (5 years)**

<b>No</b>	<b>Type of equipment required</b>	<b>Capacity of equipment</b>	<b>Quantity of equipment required</b>	<b>Cost of one unit of equipment (MMK)</b>	<b>Total equipment cost (MMK)</b>
1.	Shovel		10	5,000	50,000
2.	digger		10	3,500	35,000
3.	Knife		5	10,000	50,000
4.	Basket		10	2,500	25,000
5.	Jungle Boot		5	10,000	50,000
6.	Big Wok		5	50,000	250,000
7.	Plastic Bag		100	1,000	100,000
8.	Plastic rope		5	500	2500
	Total				5,652,500

**13. Enterprise Management Plan****Registration of the Enterprise**

According to the Article 5 of CFI (2019), the registration of the Enterprise will be allowed.

### Chart of Enterprise Management Team



#### 14. Resource Management Plan

In order to sustainably manage and exploit forest sources from community forests, the following activities described in the management plan would be implemented;

Resource Management Actions and Cost			
Required Resources	Provenance	Management Actions	Cost
Improve natural forests	Mine-Thout CF	Fire Protection -7500 MMK per acre	4,500,000
		Assisted Natural Regeneration – 39590 MMK per acre	23,754,000
		Enrichment Plantations – 102,140 MMK per acre	61,284,000
<b>Total</b>			<b>89,538,000</b>

The resource management costs are not part of the profit and loss calculation since the enterprises will assume these expenses only if they make a profit.

#### 15. Social Development Plan

The social costs are not part of the profit and loss calculation since the enterprises will assume these expenses only if they make a profit.

Social Development Actions and Cost		
Social activity	Measures	Cost
Improving public transport	Upgrading village tracks	500,000 MMK

#### 16. Human Resource Development Plan

- Delivering Training on Accounting
- Conducting Marlar U cultivating trainings and
- Arranging enterprise/ business management trainings

## 17. Risk Management

<b>Estimation of Risks and Potential Solutions</b>					
	<b>Market area</b>	<b>Raw material supply area</b>	<b>Social area</b>	<b>Institutional/ Legal area</b>	<b>Technology area</b>
Risks	Excessive market competition, reducing demand and canceling preorders	Unavailability of the required amount of Marlaru species	Difficulty to acquire loan regularly in advance	Difficulty in transportation and waiting time to acquire permission from relevant organizations	Capacity constraint in implementation, making wrong decisions
Solutions	Using prior informed systems, upgrading product quality	Cultivation area expansion, collecting the necessary amount of product from other cultivated areas	Establishing funding in advance	Request to the authorities to prepare in order to get permission priorly	Attending relevant capacity building trainings, practicing to handle equipment skillfully, acquiring the agreement of all members

## 18. Profitability Calculation and Financial Projections

### Forecasting Profit and Loss

#### Depreciation Cost

<b>No</b>	<b>Equipment and Machinery</b>	<b>Total cost</b>	<b>Lifespan (Year)</b>	<b>Depreciation Cost per year</b>
1.	Shovel	50,000	2	25,000
2.	digger	35,000	2	17,500
3.	Knife	50,000	2	25,000
4.	Basket	25,000	1	25,000
5.	Jungle Boot	50,000	1	50,000
6.	Big Wok	250,000	2	125,000
7.	Plastic Bag	100,000	1	100,000
8.	Plastic rope	2500	1	2500
	<b>Total (MMK)</b>			<b>370,000</b>



**Fixed Cost (for a year)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Depreciation costs	-	-	370,000
2.	Site preparation	80,000	5 ac	400,000
3.	Fertilizers	50,000	10 bags	500,000
	<b>Total (MMK)</b>			<b>1,270,000</b>

**Variable cost (Year 1)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Transportation cost	5,000	30	150,000
	<b>Total (MMK)</b>			<b>150,000</b>

**Variable cost (Year 2)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Transportation cost	5,000	30	150,000
	<b>Total (MMK)</b>			<b>150,000</b>

**Variable cost (Year 3)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Transportation cost	5,000	30	150,000
	<b>Total (MMK)</b>			<b>150,000</b>

**Profit and Loss Projection over three years**

	<b>Year 1 (50 % of Total Productivity)</b>			<b>Year 2 (Total Productivity)</b>			<b>Year 3 (Total Productivity)</b>		
Sales (MMK)									
	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>
Marlar U (raw)	5,000	1,800	9,000,000	10,000	1,800	18,000,000	10,000	1,800	18,000,000
Marlar U(dried)	6,000	3,000	18,000,000	12,000	3,000	36,000,000	12,000	3,000	36,000,000
a) Total Sales			27,000,000			54,000,000			54,000,000
b) Fixed Cost + Variable Cost			1,420,000			1,420,000			
c) Operating Profit			25,580,000			52,580,00			52,580,00
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			25,580,000			52,580,00			52,580,00
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			25,580,000			52,580,00			52,580,00

**Break-even Point****Break-even Point = Fixed Cost ÷ (Selling Price per Unit–Variable Cost per Unit)**

(MMK)

Fixed Cost	1,270,000
Total variable costs	150,000
Total viss	55,000
Average selling price per viss	2454.55
Variable cost per viss	2.72
Average selling price per viss – Variable cost per viss	2451.83
Break-even Point in number of items	517.98
Break-even Point in revenue	1,271,407.81

**Cash Flow Projection for first six months**

Item	Months					
	1	2	3	4	5	6
Cash in-hand	-	4,412,916.67	6,075,833.33	7,738,750	9,401,666.67	11,064,583.33
Start-up capital (Grant)	5,000,000					
Sales	-	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
a) Total Cash	5,000,000	6,662,916.62	8,325,833.33	9,988,750	11,651,666.67	13,314,583.33
<b>Expenses</b>						
Equipment	468,750	468,750	468,750	468,750	468,750	468,750
Fixed Cost	105,833.33	105,833.33	105,833.33	105,833.33	105,833.33	105,833.33
Variable Cost	12,500	12,500	12,500	12,500	12,500	12,500
Inerest (%)	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
b) Total Expenses	587,083.33	587,083.33	587,083.33	587,083.33	587,083.33	587,083.33
Cash – Expenses (a-b)	4,412,916.67	6,075,833.33	7,738,750	9,401,666.67	11,064,583.33	12,727,500
Deposit into Resource management Plan	-	-	-	-	-	-
Deposit into Social development Plan	-	-	-	-	-	-
Deposit into group savings funds	-	-	-	-	-	-
Dividends/ Profit- Sharing	-	-	-	-	-	-
c) Cash in-hand at the end of month	4,412,916.67	6,075,833.33	7,738,750	9,401,666.67	11,064,583.33	12,727,500

**Cash Flow Projection for second six months**

Item	Months					
	7	8	9	10	11	12
Cash in-hand	12,727,500	14,390,416.67	16,053,333.33	17,716,250	19,379,166.67	21,042,083.33
Start-up capital						
Sales	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
Total Cash	14,977,500	16,604,416.67	18,303,333.33	19,966,250	21,629,166.67	23,292,083.33
<b>Expenses</b>						
Equipment	468,750	468,750	468,750	468,750	468,750	468,750
Fixed Cost	105,833.33	105,833.33	105,833.33	105,833.33	105,833.33	105,833.33
Variable Cost	12,500	12,500	12,500	12,500	12,500	12,500
Interest (%)	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
Total Expenses	587,083.33	587,083.33	587,083.33	587,083.33	587,083.33	587,083.33
Cash – Expenses (a-b)	14,390,416.67	16,053,333.33	17,716,250	19,379,166.67	21,042,083.33	22,705,000
Deposit into Resource management Plan	-	-	-	-	-	-
Deposit into Social development Plan	-	-	-	-	-	-
Deposit into group savings funds	-	-	-	-	-	-
Dividends/ Profit- Sharing	-	-	-	-	-	-
Cash in-hand at the end of month	14,390,416.67	16,053,333.33	17,716,250	19,379,166.67	21,042,083.33	22,705,000

**Start-up Cost****Start-up Cost for first three months**

	Months			Total
	1	2	3	
Fixed assets (lifespan – over 1 year)				
Buildings				
Equipment				
Shovel	5,000			
digger	3,500			
Knife	10,000			
Basket	2,500			
Jungle Boot	10,000			
Big Wok	50,000			
Plastic Bag	1,000			
Plastic rope	500			
a) Fixed assets subtotal	468,750			468,750
b) Fixed costs	105,833.33	105,833.33	105,833.33	317,500
c) Variable costs	12,500	12,500	12,500	37,500
Total Start-up costs for three months				823,750
Less Members own capital				-
Remainder to be financed (Total Start-up costs for three months – Less Members own capital)				823,750

**Financial Plan****Financial Plan – Sources of Capital**

Own Funds	-
Community funds	-
Bank Loan	-
Saving and Credit Group Loan	-
Grant	5,000,000
Total (Required Investment Capital)	5,000,000

**Interest Calculation**

Monthly Interest Charge (%)	-
Total Interest Expense	-
Monthly Interest Charge (%) divided by 100	-
Duration of the Loan	-
Total Loan	-
Interest Expense	-

## **Business Plan for Phalaung Community forest-based Enterprise**

Date Prepared– April 2022

Name of the enterprise - Phalaung Community Forestry Products  
Based Enterprise

Full name of the business operator

Address and contact numbers

### **1. Executive Summary (General Description of the Enterprise)**

Kungyan, Sanwin, elephant yam, bamboo shoot and other non-timber forest products are the forest products with the high market potential in domestic markets. Even in the existing situation, domestic market demand is remarked ably high. Additionally, it is shown that the available amount of product is insufficient to provide the necessary amount even in the collection period. These indicate that there is high possibility to establish community forest based enterprise successfully.

Hence, market analysis on Kungyan has been conducted in accordance with Market Analysis and Development – MA&D), while developing the existing enterprise development plan is in competence with MA & D. Based on 5 acres of Khungyan cultivation, the estimated net profit would be 69,296,250 MMK for 15 years whereas the estimated productivity being 24,750 viss for 15 years.

Some members in Phalaung community forest enterprise have positive experiences in cultivating Kungyan. In order to effectively manage the enterprise, marketing strategies, targeted market segment, requirements of the consumers, promotion strategies, operational plan, enterprise management plan, resource management plan, social development plan, risk management, profitability calculation and financial projections and start-up costs for three months have been prepared as per FAO Market Analysis and Development – MA & D).

At the present, the proper friendship with brokers in township bulk markets and retail markets in Lewe, Yeni, Daik-U, Nyaunglepin, Bago and Waw townships have already been established. The aimed major market would the bulk markets and retail markets in Pyinmana and Lewe. As soon as the enterprise is operated, it would be implemented to export to foreign markets with the support of relevant stakeholders, including trading brokers.

### **2. Motives and Location of the enterprise**

Non-timber forest products (NTFPs) obtained from Phalaung community forest are Kungyan, Sanwin, elephant yam, danyin, banana, gonekhar, lime, tamyetsae, bamboo, bamboo shoot, pepper and other products. Among these NTFPs, Kungyan is the only one commercial NTFP whist others being used only for the community and medicinal use, not for commercial producing.

Furthermore, the current market for Kungyan is market in local townships. Despite of price fluctuations over 10 years period, the strong local market encourages the community to produce Kungyan economically. When economic activities become operated again in the post COVID 19 era, Kungyan production is likely to be the

enterprise with high success rate and high market demand. On the other hand, current market supply does not meet the current local market demand.

Since most of the community forest user group members manufacture conventionally, there are enormous positive experiences. Consequently, the community forest management committee made discussion with the members and established Kungyan cultivation enterprise in order to develop socio economic conditions of the community and conserve forests sustainably.

### **3. Short Descriptions for Unique Features and Origin of the products**

Fresh Kungyan would be produced from the enterprise. Medicinal Kungyan product with high quality would be grown in the community forest area. This forest area has been managed under the sustainable forest management system.

### **4. The targeted market segment and customer needs, and the advantages of targeting these versus other markets segments and customers**

The main market would be the township markets in Pyinmana and Lewe. After this, Kungyan would be exported to foreign market through small and medium brokers in Yeni, Daik U, Nyaunglepin, Bago and Waw townships.

### **5. Production and Sales Targets during the first season**

About 4500 viss are estimated to produce from 15 acres pilot site in Phalaung Community Forest during the first season. Regarding the revenue, if the price is 3500 MMK per viss, the total revenue for the first season is projected to be approximately 15,750,000 MMK.

### **6. Fixed Capacity of the Enterprise**

The productivity for the first season targets to achieve 50 % of the total productivity, depending on the abundance of Kungyan in natural forests, labour, initial investment, cultivation method and other conditions. Hence, it targets to produce 2250 viss in the first season.

### **7. Expected Profit, Initial Capital needs and financing plan**

Net profit could be calculated by using the following formula;

Net Profit = Estimated Total Income – (Total Fixed Cost + Total Variable Cost)

#### **Financing plan**

The enterprise with five members will be provided 5,000,000 MMK with the project assistance. The fund will be invested in improving the enterprise.

### **8. Enterprise Management Team**

During the initial phase of the enterprise, the enterprise management team will be built in accordance with the guidelines of the Forest Department.

### **9. Current Situation to establish CFE**

Pilot/ Feasibility studies to successfully establish the enterprise had been conducted with the financial support of the MK CF project and technical support of Forest



Department in compliance with the MA & D guidelines. The MKCF would provide the initial funding whereas the mechanism has not started yet. Members are willing to deliver necessary assistance in the initial phase of the enterprise.

## 10. Plan Duration

The duration of this plan is 3 years.

## 11. Marketing Plan

### Description of the Product and Marketing Strategy

The following facts are highlighted in selling the brokers, focusing on retail market;

- Organic cultivation method in an environmentally friendly way by using only natural fertilizers
- Refining products in collecting and processing stages
- Premium quality for packing, weight and quality of the product

### Description of the Product and Marketing Strategy

Commercial forest product obtained from Phalaung Community Forest is Kungyan. The community forest is managed under sustainable forest management. Marketing strategies are introducing Kungyan as the environmentally produced forest product with its guaranteed high quality and freshness to Pyinmana, Lewe, Yeni, Daik U, Bago and Waw townships. At the present status, cooperation with retailers and village collectors has been implemented.

### Analysis on the Current Condition of the competitors

Product of the Competitor	Price of the product	Quality of the product	Targeted Customers	Targeted Markets
Kungyan	2700 - 4000 MMK per 1 viss		Retail Market in Pyinmana and Lewe	Markets in Yeni, Daik U, Nyaunglepin, Bago and Waw

### Marketing Strategy

Market Analysis on Customer Market Segment			
Needs of Customers	Price at Village Market	Price at Bulk Market	Price at Retail Market
Kungyan	2200 MMK per 1 viss	2700 MMK per 1 viss	3500 per 1 viss

### The targeted market segment and customer needs, and the advantages of targeting these versus other markets segments and customers

The targeted major market is retail markets in Pyinmana and Lewe townships. If the transportation fees are high or there is insufficient stock to sell in Daik U, Bago and Waw, some portion of the stock would be sold in the local markets.

### Defining the Price of the Product

Based on the prices of the competitors and the quality of products from the Phalaung Community forest, 1 viss of Kungyan would be sold at the price rate of 3500 MMK.

### Marketplaces where the enterprise will focus its activities

Distribution and related Costs				
Individual local markets for defined market segments	Production area and transportation fees	Rental fees	Tax	Salary of the staff
Ambient villages		Unnecessary because of direct dealing with village collectors		
Productivity of the town and retail markets	Calculation on weights of products	Unnecessary because of direct dealing with village collectors		
Productivity of market in Pyinmana	Calculation on weights of products	Unnecessary because of direct dealing with village collectors		

### Promotion

In order to improve the enterprise, trainings would be delivered for members at the first stage. Then, product information sharing to relevant communities, promoting via social medias and direct connecting with traders would be conducted later. Furthermore, based on market in Mandalay, it would be implemented to expand to foreign markets.

### Products

Qualified Kungyan leaves with high quality would be collected in advance without causing any harm to the environment. Kungyan leaves would be checked for pests and diseases and refined before transferring the product to the market. Guarantee for the environmental conservation would also be granted with the products.

## 12. Operational Plan

### Sale Calendar per year for Khungyan over 15 years period

#### Year 10 – Production target and estimated sale revenue

Product	a) Annual production target by number of viss	b) Stock	c) Revenue (a-b)	d) Price (MMK)	Estimation of sale revenues (c×d)
Kungyan	2,250	-	2,250	3,500	7,875,000

Remark: Only 50% of the enterprise would be operated.

#### Year 11 – Production target and estimated sale revenue

Product	a) Annual production target by number of viss	b) Stock	c) Revenue (a-b)	d) Price (MMK)	Estimation of sale revenues (c×d)
Kungyan	4,500	-	4,500	3,500	15,750,000

**Year 12 – Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Kungyan	4,500	-	4,500	3,500	15,750,000

**Year 13 – Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Kungyan	4,500	-	4,500	3,500	15,750,000

**Year 14 – Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Kungyan	4,500	-	4,500	3,500	15,750,000

**Year 15 – Production target and estimated sale revenue**

<b>Product</b>	<b>a) Annual production target by number of viss</b>	<b>b) Stock</b>	<b>c) Revenue (a-b)</b>	<b>d) Price (MMK)</b>	<b>Estimation of sale revenues (c×d)</b>
Kungyan	4,500	-	4,500	3,500	15,750,000

**Estimation of Equipment Needs (Kungyan cultivation area 5 acres)**

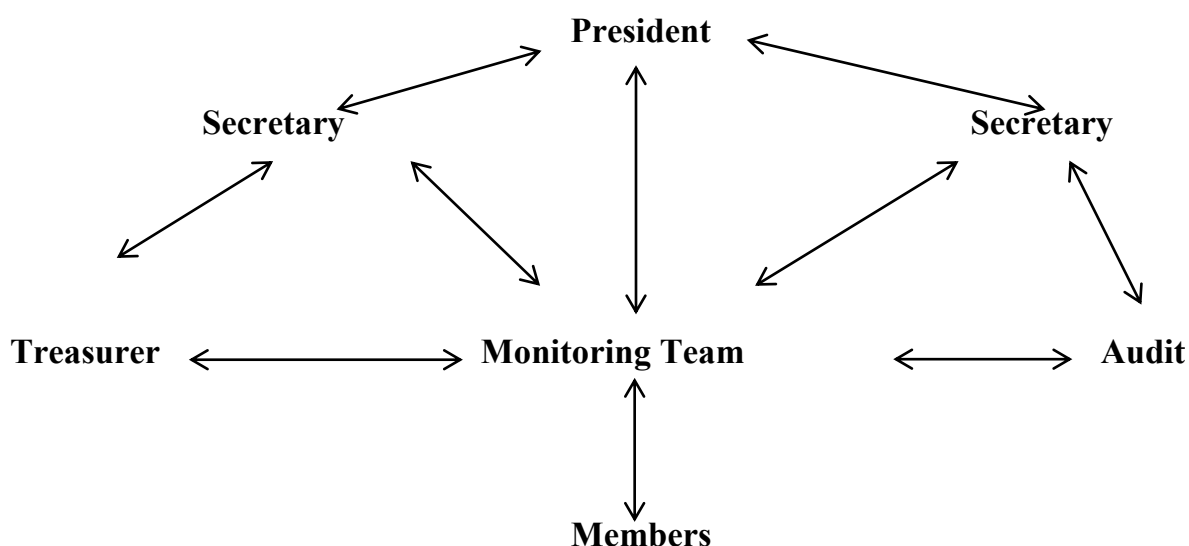
<b>No</b>	<b>Type of equipment required</b>	<b>Capacity of equipment</b>	<b>Quantity of equipment required</b>	<b>Cost of one unit of equipment</b>	<b>Total equipment cost</b>
1.	Shovel		10	5,000	50,000
2.	Digger		10	3,500	35,000
3.	Knife		5	10,000	50,000
4.	Basket		10	2,500	25,000
5.	Jungle Boot		5	10,000	50,000
6.	Axe		5	7,500	37,500
	<b>Total (MMK)</b>				<b>247,500</b>

### 13. Enterprise Management Plan

#### Registration of the Enterprise

According to the Article 5 of CFI (2019), the registration of the Enterprise will be allowed.

#### Chart of Enterprise Management Team



### 14. Resource Management Plan

In order to sustainably manage and exploit forest sources from community forests, the following activities described in the management plan would be implemented;

Resource Management Actions and Cost			
Required Resources	Provenance	Management Actions	Cost
Improve natural forests	Phalaung CF	Fire Protection -7500 MMK per acre	4,500,000
		Assisted Natural Regeneration – 39590 MMK per acre	23,754,000
		Enrichment Plantaions – 102,140 MMK per acre	61,284,000
<b>Total</b>			<b>89,538,000</b>

Remark; Resource management costs are not included in the present cost-benefit calculation. This will be implemented only in the situation that the benefit will be greater than cost.

### 15. Social Development Plan

Social Development Actions and Cost		
Social activity	Measures	Cost
Improving public transport	Upgrading village tracks	500,000 MMK

## 16. Human Resource Development Plan

- Delivering audit trainings
- Conducting trainings to increase annual yield of Kungyan
- Arranging enterprise/ business management trainings

## 17. Risk Management

Estimation of Risks and Potential Solutions					
	Market area	Raw material supply area	Social area	Institutional/ Legal area	Technology area
Risks	Excessive market competition, reducing demand and canceling preorders	Unavailability of the required amount of Kun	Difficulty to acquire loan regularly in advance	Difficulty in transportation and waiting time to acquire permission from relevant organizations	Capacity constraint in implementation, making wrong decisions
Solutions	Using prior informed systems, upgrading product quality	Cultivation area expansion, collecting the necessary amount of product from other cultivated areas	Establishing funding in advance	Request to the authorities to prepare in order to get permission priority	Attending relevant capacity building trainings, practicing to handle equipment skillfully, acquiring the agreement of all members

## 18. Profitability Calculation and Financial Projections

### Forecasting Profit and Loss

#### Depreciation Cost

No	Equipment and Machinery	Total cost	Lifespan (Year)	Depreciation Cost per year
1.	Shovel	50,000	2	25,000
2.	Digger	35,000	2	17,500
3.	Knife	50,000	2	25,000
4.	Basket	25,000	1	25,000
5.	Jungle Boot	50,000	1	50,000
6.	Axe	37,500	2	18,750
	<b>Total (MMK)</b>	<b>247,500</b>		<b>161,250</b>

**Forecasting Profit and Loss****Fixed Cost (1 year)**

No	Item	Price	Unit (Quantity)	Total
1.	Depreciation cost			161,250
2.	Weeding	100,000	5	500,000
3.	Fire protection	20,000	5	100,000
	Total (MMK)			761,250

**Variable cost (Year 1)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Kathit Seedlings (5 acres) (1200 seedlings per acre)	50	6,000	300,000
2.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			650,000

**Variable cost (Year 2)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Kathit Seedlings (5 acres) (120 seedlings per acre) (Patching)	50	600	30,000
2.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			380,000

**Variable cost (Year 3)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			350,000

**Variable cost (Year 4)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			350,000

**Variable cost (Year 5)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Kathit Seedlings (5 acres) (1200 seedlings per acre)	50	6000	300,000
2.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			650,000

**Variable cost (Year 6)**

No	Item	Unit Price	Quantity (Unit)	Total Cost
1.	Kathit Seedlings (5 acres) (120 seedlings per acre) (Patching)	50	600	30,000
2.	Natural fertilizers	50,000	7	350,000
	Total (MMK)			380,000

**Variable cost (from Year 7 to Year 15) (over 9 year's period)**

<b>No</b>	<b>Item</b>	<b>Unit Price</b>	<b>Quantity (Unit)</b>	<b>Total Cost</b>
1.	Natural fertilizers	50,000	7×9	3,150,000
	Total (MMK)			3,150,000

**Profit and Loss Projection over 15 years**

	<b>Year 1 (50 % of Total Productivity)</b>			<b>Year 2 (Total Productivity)</b>			<b>Year 3 (Total Productivity)</b>		
Sales (MMK)									
	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>	<b>Units (viss)</b>	<b>Value</b>	<b>Cost</b>
Kungyan			-			-			-
a) Total Sales			-			-			-
b) Fixed Cost + Variable Cost			1,411,250			1,411,250			1,111,250
c) Operating Profit			-1,411,250			-1,411,250			-1,111,250
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			-1,411,250			-1,411,250			-1,111,250
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			-1,411,250			-1,411,250			-1,111,250



	Year 4			Year 5			Year 6		
Sales (MMK)									
	Units (viss)	Value	Cost	Units (viss)	Value	Cost	Units (viss)	Value	Cost
Kungyan			-			-			-
a) Total Sales			-			-			-
b) Fixed Cost + Variable Cost			1,111,250			1,411,250			1,411,250
c) Operating Profit			-1,111,250			-1,411,250			-1,411,250
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			-1,111,250			-1,411,250			-1,411,250
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			-1,111,250			-1,411,250			-1,411,250

	Year 7			Year 8			Year 9		
Sales (MMK)	Units (viss)	Value	Cost	Units (viss)	Value	Cost	Units (viss)	Value	Cost
Kungyan			-			-			-
a) Total Sales			-			-			-
b) Fixed Cost + Variable Cost			1,111,250			1,111,250			1,111,250
c) Operating Profit			-1,111,250			-1,111,250			-1,111,250
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			-1,111,250			-1,111,250			-1,111,250
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			-1,111,250			-1,111,250			-1,111,250

	Year 10			Year 11			Year 12		
Sales (MMK)									
	Units (viss)	Value	Cost	Units (viss)	Value	Cost	Units (viss)	Value	Cost
Kungyan			-			-			-
a) Total Sales			7,875,000			15,750,000			15,750,000
b) Fixed Cost + Variable Cost			1,111,250			1,111,250			1,111,250
c) Operating Profit			6,763,750			14,638,750			14,638,750
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			6,763,750			14,638,750			14,638,750
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			6,763,750			14,638,750			14,638,750

	Year 13			Year 14			Year 15		
Sales (MMK)									
	Units (viss)	Value	Cost	Units (viss)	Value	Cost	Units (viss)	Value	Cost
Kungyan			-			-			-
a) Total Sales			15,750,000			15,750,000			15,750,000
b) Fixed Cost + Variable Cost			1,111,250			1,111,250			1,111,250
c) Operating Profit			14,638,750			14,638,750			14,638,750
d) Less Interest Expense			-			-			-
e) Net Profit before Taxes			14,638,750			14,638,750			14,638,750
f) Less estimated Income Tax			-			-			-
g) Net Profit after Taxes			14,638,750			14,638,750			14,638,750

**Break-even Point****Break-even Point = Fixed Cost ÷ (Selling Price per Unit–Variable Cost per Unit)**

(MMK)

Fixed Cost	761,250
Total variable costs	5,910,000
Total viss	24,750
Average selling price per viss	3500
Variable cost per viss	238.79
Average selling price per viss – Variable cost per viss	3,261.21
Break-even Point in number of items	233.43
Break-even Point in revenue	816,989.17

### Cash Flow Projection for first six months

Item	Months					
	1	2	3	4	5	6
Cash in-hand	-	4,374,270.83	3,748,541.67	3,122,812.5	2,497,083.67	1,871,354.17
Start-up capital (Grant)	5,000,000					
Sales	-	-	-	-	-	-
Total Cash	5,000,000	4,374,270.83	3,748,541.67	3,122,812.5	2,497,083.67	1,871,354.17
<b>Expenses</b>						
Equipment	20,625	20,625	20,625	20,625	20,625	20,625
Fixed Cost	63,437.5	63,437.5	63,437.5	63,437.5	63,437.5	63,437.5
Variable Cost	541,667.67	541,667.67	541,667.67	541,667.67	541,667.67	541,667.67
Interest (%)	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
Total Expenses	625,729.17	625,729.17	625,729.17	625,729.17	625,729.17	625,729.17
Cash – Expenses (a-b)	4,374,270.83	3,748,541.67	3,122,812.5	2,497,083.33	1,871,354.17	1,245,625
Deposit into Resource management Plan	-	-	-	-	-	-
Deposit into Social development Plan	-	-	-	-	-	-
Deposit into group savings funds	-	-	-	-	-	-
Dividends/ Profit- Sharing	-	-	-	-	-	-
Cash in-hand at the end of month	4,374,270.83	3,748,541.67	3,122,812.5	2,497,083.67	1,871,354.17	1,245,625

**Cash Flow Projection for second six months**

Item	Months					
	1	2	3	4	5	6
Cash in-hand	1,245,625	619,895.83	-5833.33	-631,562.5	-1,257,291.67	-1,883,020.83
Start-up capital						
Sales	-	-	-	-	-	-
Total Cash	1,245,625	619,895.83	-5833.33	-631,562.5	-1,257,291.67	-1,883,020.83
<b>Expenses</b>						
Equipment	20,625	20,625	20,625	20,625	20,625	20,625
Fixed Cost	63,437.5	63,437.5	63,437.5	63,437.5	63,437.5	63,437.5
Variable Cost	541,667.67	541,667.67	541,667.67	541,667.67	541,667.67	541,667.67
Inerest (%)	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-
Total Expenses	625,729.17	625,729.17	625,729.17	625,729.17	625,729.17	625,729.17
Cash – Expenses (a-b)	619,895.83	-5833.33	-631,562.5	-1,257,291.67	-1,883,020.83	-2508.75
Deposit into Resource management Plan	-	-	-	-	-	-
Deposit into Social development Plan	-	-	-	-	-	-
Deposit into group savings funds	-	-	-	-	-	-
Dividends/ Profit- Sharing	-	-	-	-	-	-
Cash in-hand at the end of month	619,895.83	-5833.33	-631,562.5	-1,257,291.67	-1,883,020.83	-2508.75

**Start-up Cost****Start-up Cost for first three months**

	Months			Toal
	1	2	3	
Fixed assets (lifespan – over 1 year)				
Buildings				
Equipment				
Shovel	5000			
Digger	3500			
Knife	10,000			
Baskets	2500			
Jungle Boot	10,000			
Axe	7500			
Fixed assets subtotal	20,625			20,625
Fixed costs	63,437.5	63,437.5	63,437.5	190,312
Variable costs	541,667.67	541,667.67	541,667.67	1,625,003
Total Start-up costs for three months				1,835,941
Less Members own capital				-
Remainder to be financed (Total Start-up costs for three months – Less Members own capital)				1,835,941

**Financial Plan****Financial Plan – Sources of Capital**

Own Funds	-
Community funds (Regulatory Funds/ Other group funds)	-
Bank Loan	-
Saving and Credit Group Loan	-
Grant	5,000,000
Total (Required Investment Capital)	5,000,000

**Interest Calculation**

Montly Interest Charge (%)	-
Total Interest Expense	-
Monthly Interest Charge (%) divided by 100	-
Duration of the Loan	-
Total Loan	-
Interest Expense	-



**Field Record Photos**



Figure 1. Consultation with the CFUG members



Figure 2. Individual Surveying



Figure 3. Marlaru Drying Process



Figure 2. Khungyan climber hosted on Kathit Tree

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