Assignment: TF0A0104

MDG FCPF Readiness Preparation Grant

FCPFR - FOREST CARBON PARTNERSHIP FACILITY

Task Team Leader: 00000232745 - Giovanni Ruta
Approving Manager: 00000086169 - Benoit Bosquet

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This GRM report includes the following sections: Overview, Outcome, Components/Outputs, Execution, Program(FCPFR), Processing, Disbursements.
OVERVIEW

Overall Assessments and Ratings

Grant Objectives:
The development objective is improved institutional capacity and governance to design a national REDD+ strategy.

Overall progress from 07/01/2015 to 06/30/2016 with regard to Achieving Grant Objectives:
Rating: Moderately Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Comment:
Launched in November 2015, the REDD+ readiness process in Madagascar is on track to achieve program objectives. Activities related to project management are now well established after some early growing pains and national mechanisms are being developed. Madagascar has made significant progress to put in place institutional arrangements, build capacity and in taking the prerequisite steps towards gathering the information needed for a national REDD+ strategy. Awareness raising among stakeholders is ongoing with support of a newly-hired communication specialist, and the implementation of a communication plan as well as the creation of a website. High level commitment in support of the REDD+ program has been demonstrated through an agreement signed between the Ministries of Agriculture, Environment, Ecology, and Forests, and Water. Madagascar has also made impressive progress in the preparation of an Emissions Reduction Program for which they are preparing a Program Document.

Strategic REDD+ options studies are underway: (i) building on the previous drivers studies, activities to develop the REL including forest inventories that integrate secondary growth, ecosystemic integrity and new allometric equations; (ii) political economy of deforestation and forest degradation (DD); (iii), safeguard information system, monitoring and evaluation (including MRV elements) system; and (iv) the Strategic Environmental and Social Assessment (SESA). The REDD+ strategy will be developed based on the inputs from the various ongoing activities by the end of 2016 and a process of consultations launched.


Madagascar has achieved significant progress in the implementation of FCPF-financed activities as well as in the preparation (readiness) for a national REDD+ program. The country is on track to submit an R-Package, and has requested additional funding from FCPF to finance additional REDD+ readiness activities.

The technical aspects of readiness are progressing well, nevertheless there is still work to be done on the institutional arrangements to build transparent mechanisms for managing carbon fund revenues and for multisector consultations and collaboration. Further support is also needed to reinforce capacity at the regional and local levels. Madagascar has prioritized the Eastern Humid Forest and Western Dry Forests for activities under the FCPF readiness grant. The Bank is supportive of this approach that will allow them to consolidate the gains made in previous REDD+--relevant activities, and is also supportive of the request for additional funding to strengthen regional and local institutions and stakeholders, and to extend coverage of activities to the two additional ecoregions (mangroves and spiny forests). It is understood that Madagascar is seeking to target investment and strengthen implementation capacity toward successful emission reduction program and financial management of carbon finance based on the program#s performance.

Overall progress from 07/01/2015 to 06/30/2016 with regard to Implementation of Grant Financed Activities:
Rating: Moderately Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Comment:
Implementation has improved significantly as evidenced by the uptick in disbursement towards the end of the fiscal year, the number of contracts signed and the progress on the implementation of readiness activities; $883 thousand disbursed (~25%), with another $1.36 million committed in signed contracts (A total of $2.243 million disbursed and committed). Other contracts are in the process of finalization such as for the design of a benefit sharing mechanism, legislation and institutional analysis, development of allometric equations for secondary vegetation formations (for regrowth after forest clearing), among other that will bring the total of funds committed to well over $3 million. Capacity has improved dramatically as has ownership and
leadership.

Grant follow-up and structure

Description and context of Grant:
The Government of Madagascar is using preparation funds provided by the FCPF Carbon Fund, based on the LOI signed in November 2015, to prepare the ER Program Document. The ER Program will build directly on the readiness activities as well as the investments being laid out in an agriculture forest landscape investment from the Bank, French Development Agency (AFD) and the Global Environment Fund (GEF).

The innovative approach to investment at the landscape level is intrinsically linked to the ER-Program which will focus on key drivers of deforestation and carbon stock enhancements that will be consistent with the national REDD+ strategy. These investments are designed to lead to GHG emissions reductions that will lead the country to the performance-based payments outlined in the ER-Program. This approach will also support a more sustainable development trajectory that bolsters local livelihood improvement and not just conservation, and also seeks ways to include the private sector in order to facilitate sustainable solutions. The follow up activities to REDD+ readiness are truly part of a programmatic approach to integrated forest landscape management in Madagascar and are developed in a way that is synergistic and complementary.

Expected follow up (if any): Follow up Bank project/loan/credit/grant

Comment on follow up:
The team in Madagascar will seek additional funding for REDD+ readiness activities, through the forest carbon partnership facility and will continue to seek other sources. Madagascar is also seeking to leverage WB investments in Agriculture and watershed management as well as opportunities for performance based carbon finance to consolidate the intersectoral approach to improving forest resources management in integrated landscapes.

Board approval for PADAP project is planned for April 2017, ER Program Document submission for 2017.

End Date of Last Site Visit:

Restructuring of Grant:

Activity Risk

Rating: Substantial Risk (Original Risk Rating is Substantial Risk)
Comment: The REDD+ Readiness process continues to present a substantial level of risk, as it tackles issues that are sensitive in nature and addresses inter-sectoral dynamics that are proving to be challenging.

The financing is programmed largely as technical assistance, capacity building and institutional support; the activities do not carry some of the potentially higher risks associated with investments. Nevertheless, the resources are being used to prepare for forthcoming investments so there is tangible reason for enhanced capacity and need for effective collaboration. In Madagascar many of the processes related to forest and natural resources management have been ongoing for many years, and while there are issues that are contentious such as land tenure and revenue sharing, they have largely been discussed in a participatory manner. The renewed focus on Agriculture as part of the forest landscape has added an important dynamic to the notion of the links between enhancing livelihoods and forest conservation, but this has also brought additional challenges of collaboration and of stakeholders that are not necessarily used to working in an integrated manner.

The REDD+ program maintains a relatively high degree of national and international visibility, due to the high stakes of REDD+ for various stakeholders including vulnerable forest-dependent communities, and stakeholders that have different visions of the links to conserving forests. The sensitivity of issues in the Readiness process is recognized. Additional funding from the FCPF is being sought to implementing the full suite of Readiness activities, but this is not secured and the lack of secured funding poses a risk to the achievement of overall readiness for a full REDD+ mechanism.
Critical Issues and Pending Actions for Management Attention

There are currently no issues and actions for Management attention.

OUTCOME

Comments on outcome achieved from 07/01/2015 to 06/30/2016

Grant Outcome Indicators

Grant outcome indicators are listed below.

REDD+ Strategy validated in broad consultation process
Baseline Value: No
Date: 07/01/2014
Progress to Date: No. Key studies have been launched to inform the strategy and consultation plan is developed
Date: 06/30/2016
Target Value: Yes
Date: 12/31/2017

REDD+ M+E System functional according to defined criteria
Baseline Value: No
Date: 07/01/2014
Progress to Date: No. M+E system for REDD+ readiness is drafted and being finalized, tracking of certain indicators has already begun.
Date: 06/30/2016
Target Value: Yes
Date: 06/30/2017

Mechanism for tracking financial contributions to REDD+ strategy implementation in place
Baseline Value: No
Date: 07/01/2014
Progress to Date: No. M+E system for REDD+ strategy is drafted but will only be finalized when the strategy is finalized to ensure consistency.
Date: 06/30/2016
Target Value: Yes
Date: 12/31/2017
COMPONENTS/OUTPUTS

Output and Implementation by Component

Component 1 - Institutional Arrangements for REDD+ Readiness Management

Implementation: Moderately Satisfactory
Rating: Moderately Satisfactory
Status: Under Implementation
Planned Output: Inter-sectoral steering committee established; Government provided with institutional capacity building to improve forest management
Actual Output: High-level support for ER Program and collaboration on related investments, formalization of REDD+ Platform, capacity building initiated

Component 2 - Development of National REDD+ Strategy including Consultations and SESA

Implementation: Moderately Satisfactory
Rating: Moderately Satisfactory
Status: Under Implementation
Planned Output: National REDD+ Strategy developed, SESA and ESMF developed through a consultative process
Actual Output: Key Analytical studies launched; key technical working groups being created; public consultations and SESA launched

Development of National Reference Emissions Level and Monitoring System for REDD+

Implementation: Satisfactory
Rating: Satisfactory
Status: Under Implementation
Planned Output: REL for one additional Eco-region designed
Actual Output: REL for Eastern Humid Forest being enhanced; inventory for second Ecoregion launched

Comment on planned and actual Output

Most of the key aspects of REDD+ readiness are supported by the FCPF readiness grant although the most is being made of support provided by other agencies such as UN-REDD. Activities for REDD+ readiness are being implemented in a way that has the most potential to contribute to practical application and maximum value added for activities such as the ER-Program and related investments. This approach, while not necessarily covering the entire nation at first, due to limited financial and personnel resources, has been beneficial in making activities concrete, practical and actionable with regards to REDD+. It also means that additional resources will be needed to conduct studies for the entire territory as well as for building capacity at the regional (sub-national) level. Overall progress is moving along well, and given the relatively low starting point of the lead government institution (in terms of resources and capacity) the progress is remarkable.

The key outputs are the culminating elements of broader aspects of REDD+ readiness so it is not unusual that they are not yet completed. There are multiple inputs and activities that have to be carried out to inform the outputs.

Comment on component implementation progress

FCPF Finance activities include:
Component 1: Institutional Arrangements for REDD+ Readiness Management
Support the national readiness management institutions that will lead the coordination and implementation of the REDD+ Readiness process, including the National REDD+ Coordination Office (BNCR), an Interministerial REDD+ Committee, the REDD+ Platform, a national carbon revenue management mechanism, by providing them with the adequate human, technical and operational resources.
Comment on implementation progress for Component 1: With regards to Coordination, the BNCR permanent secretariat is in place and fully operational, the interministerial body is being set up and the REDD+ Platform is now formalized and a workplan is being developed. At the same time, multi-stakeholder technical committees have already begun work on the REL and on certain facets of the ER-PIN and subsequently ER-PD preparation. Progress on intersectoral coordination with the Ministry of Budget and Finance is an area where significant work remains to be done in order to define a clear and transparent mechanism for managing carbon finance revenues.

Component 2: Support the preparation of a national REDD+ strategy, including consultations and SESA
Supporting the preparation of the national REDD+ strategy is progressing and includes four key activities:
Activity 2.1 Enhancing the REDD+ Information Base and Design and elaboration of National REDD+ Strategy
Activity 2.2 Consultations
Activity 2.3 SESA
Activity 2.4 Preparation of REDD+ Implementation Framework and FGRM

Most of the major studies have been launched or are in the process of finalization.

Comment on implementation progress for Component 2: A process of regular consultations, particularly at the regional level, has been launched, key analytical work to prepare a national REDD+ strategy is well underway with drivers studies being prepared, including on degraded areas, options for an FGRM are being analyzed and the team is in the process of identifying consultant to draft the strategy based on results from the major studies. Additionally the team has been coordinating readiness activities with the ER-Program development closely to maximize the benefit of the outputs. The team has also hired an international expert in environmental and social safeguards related to REDD+ to boost the internal capacity for understanding issues and coordinating a robust process.

Component 3: Development of National Reference Emission Level (REL) and Monitoring System for REDD+
Supporting the preparation of the REL and Monitoring System (including MRV) is a key facet of REDD+ readiness and includes three key activities:
Activity 3.1 National Reference Emission Level (REL)
Activity 3.2 Development of a Monitoring System
Activity 3.3 Assessment and monitoring of REDD+ readiness.

This activity is well advanced and the team has made significant progress in this regard.

Comment on implementation progress for Component 3: The development of the REL is progressing very well with forest inventories launched for two ecoregions. The focus on two of the four national ecoregions is consistent with the approach to focus on areas with the most carbon sequestration potential in a first phase and then to extend into the other two ecoregions with additional resources. Two ecoregions (Eastern Humid Forest and Western Dry Forest) are areas where there is the strongest potential for an Emissions Reduction Program, because of the the greatest potential to deliver ERs and the greatest knowledge of the area, and thus more interest in delivering initial results. A national REL is still the ultimate objective but with limited resources the country has chosen to maximize the potential for positive impact by moving incrementally. The country has launched significant capacity building exercises and worked on the issues of secondary (degraded) forests, even launching the development of allometric equations for strata (or vegetation formations) that have not been included in previous forest inventories. The development of a monitoring system (including carbon and SIS as well as co-benefits) is underway and links are being made to develop partnerships with groups such as World Resources Institute (WRI) to seek ways to make information accessible to stakeholders that are interested.
EXECUTION

Bank project related to the grant

Project ID / Name: P124655 - MG-FCPF READINESS GRANT
Project Status: Lending
Global Focal Area: Climate change
Product Line: CN - Carbon Offset

Implementing agency and contact details

Agency: REDD+ National Coordination Office (BNC REDD+)
Contact: Andriamanjato MAMITIANA
Address: BP 243 Nanisana, Antananarivo
Phone: +261340562194 Email: coordonnateur.bncredd@gmail.com
Website: ecologie.gov.mg

Implementation performance ratings from 07/01/2015 to 06/30/2016 with regard to:

Project Management: Moderately Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Brief Comment:
The client has worked to improve weaknesses and most key activities are now launched, institutional arrangements need to be enhanced.

Financial Management: Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Brief Comment:
The client has worked diligently to increase capacity for FM Management and there are no pending issues.

Counterpart Funding: Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Brief Comment:
The client has provided resources as agreed.

Procurement: Moderately Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Brief Comment:
The client has worked diligently to improve weaknesses in procurement, most large procurement items are launched.

Monitoring and Evaluation: Moderately Satisfactory (Previously Rated Moderately Satisfactory on 06/30/2015)
Brief Comment:
An M+E specialist was hired, and an M+E system for the grant and REDD+ readiness is under development.

Additional Comments on Implementation Performance:
Program Specific Questions

1. Describe progress in how the Grant activities are being coordinated with other REDD+-related initiatives, including those funded by others.

The Ministry of the Environment, Ecology and Forests (MEEF) is responsible for steering the national REDD+ process through a National REDD+ Coordination Office (BNC-REDD+). The BNC-REDD+ is responsible for coordinating the REDD+ process (including ER Program and alignment with landscape investments) financed by different donors.

2. Describe any important changes in the technical design or approach related to the Grant activities.

Project is being implemented as originally designed.

3. Describe progress in addressing key capacity issues (implementation, technical, financial management, procurement) related to this Grant.

The fiduciary capacity within BNC-REDD+ has been strengthened as a result of the project, and the team is actively supporting project implementation. As REDD+ readiness activities including the preparation of the SESA advance, the capacity on safeguards management needs to be strengthened, but trainings have already started and an international expert was hired to support the BNC REDD+. Through the activities to develop the REL over 50 national staff were trained and their skills updated to carry out a forest inventory, a key function of the Ministry which has only been applied in limited fashion due to a lack of resources. The Bank Task team continues to provide on time quality technical, project management, and procurement support.

4. Describe progress in addressing social and environmental issues (including safeguards) related to the Grant. Is the SESA conducted in accordance with the Common Approach?

A consulting firm has been recruited and public consultations for the SESA have been launched. An Environmental and Social Specialist has been hired to lead the process within the BNC REDD+ supported by an international expert.

5. Is the ESMF prepared in accordance with the Common Approach?

The ESMF will be designed in compliance with the Common Approach, however it is not yet designed.

6. Describe progress in stakeholder consultation, participation, disclosure of information, and the FGRM related to this Grant.

- 2,000 flyers were distributed in schools in three (03) regions (Boeny, Alaotra Mangoro and Atsinanana) and 500 brochures on the consequences of climate change, 44 reproductions of forest cover maps and 44 aerial biomass maps were distributed to 22 DREEF.
- Two regional information and awareness-raising workshops in the Alaotra Mangoro Region were organized by the BNC-REDD+ to inform the public about the REDD+ process and especially the benefits of the process. One hundred flyers were distributed to Decentralized Territorial Collectivities (CTDs), Decentralized Technical Services (STDs), local communities, local officials and future members of the regional REDD+ platform. The materials distributed complemented the information and awareness-raising sessions conducted by BNC-REDD+ during climate change information days. Similar regional workshops are planned in the following regions: Atsinanana, Analanjirofo, Sofia, Sava, Menabe, Atsimi Andrefana, Diana, Boeny, and Melaky. The Forestry Commissions that will become REDD+ regional platforms will also be revitalized and informed about their future duties. A total of 50 people took part in the regional workshop in Alaotra Mangoro.
- Concurrently, BNC-REDD+ recruited a Communications Assistant to improve and effectively implement the communication plan and help the team produce various communication tools. Regarding activities remaining to be done, awareness-raising is to be conducted at the district level, in other regions of the ER-program, and in the western dry forests ecoregion, not to mention the other two ecoregions before the process reaches a national scale.
- During the development of the R-PP, public consultations were held in eight regions with high deforestation rates that were deemed representative of forest ecosystems existing in Madagascar. The consultations reached a wide audience with diverse interests, including the local communities managing natural resources, forest user communities, civil society, the private sector, academics and researchers, and technical and financial partners. To get an in-depth understanding of each actor’s (or group of stakeholders) strategic vision, the various groups were then consulted separately.
- Local communities: they were consulted during the development of the ER-PIN, and this was recently followed by awareness-raising campaigns in communes, among local communities (VOI) of fokontany and STDs in three regions and five districts with funding from Biocarbon Fund. These localities belong to the ER Program area targeting the eastern rainforest with significant rates of deforestation (Analajirofo, Sofia, Diana).

- Local authorities: public consultations on the ER-PIN were held with the involvement of prefects of districts, heads of regions, mayors and VOI in the regions of Diana, Analanjirofo and Sofia. In December 2015, 12 more consultations were held in Moramanga, Morondava, Anosy, Alaostra, Atsimo Andrefana, Atsinanana, and Vakinankaratra to define the causes and drivers of deforestation and forest degradation and the solutions. These were followed by a national-level public consultation in Antananarivo.

- The consultations carried out as part of the analysis of the political economy and the drivers of deforestation and degradation currently conducted in the Eastern humid ecoregion and the Western dry ecoregion target also these two groups of actors, reaching four zones in the Eastern humid ecoregion and two zones in the Western dry ecoregion.

- The ongoing consultations in the start-up phase of Readiness activities implementation target primarily the two ecoregions mentioned above (Eastern humid ecoregion and Western dry ecoregion), which allows for more data to inform the development of the ER-Program document while progressing systematically toward the finalization of the national strategy. The extension to other ecoregions (mangrove and spiny forests) is planned in order to obtain comprehensive information and data that will feed into the national strategy.

- Launch workshops for the needs assessment in relation to REDD+ implementation in Madagascar were held on February 25 and 26, 2015 with the support of UN-REDD+ (cf. Annex 2) and with the attendance of several high-level officials and representatives of technical and financial partners. The workshops were completed with individuals interviewed from March 3 to April 10, 2015 followed by a restitution workshop on April 16 and a validation workshop on May 6, 2015, attended by various stakeholders.

- The regular three-tier consultations (communes, districts, four regions of the ER-program and four regions of the western ecoregion) that are underway aim to collect data for the development of strategic options, implementation arrangements, and carbon governance; to prepare a basic mapping at the national level; to review co-benefits; and to establish the REDD+ baseline data monitoring and management system.

There were at least 30 participants per workshop who were consulted and were distributed as follows: 10 STD, 10 CTD, 5 independent actors (private sector and NGO), 5 civil society and local communities for a total of 1,680 peoples.

- As for the consultations to collect socioeconomic, political, and cultural information on each intervention as well as baseline information in 04 regions and 19 districts in the Eastern humid ecoregion, in the 03 regions and 08 districts in the Western dry ecoregion, they contribute to the effectiveness of the proposed interventions and feed into the base of information in the ER-program zone.

**PROCESSING**

**Manager's comments on this GRM report:**

Date:08/29/2016 User ID:WB86169 Name:Mr Benoit Bosquet Operation performed:Approved by Manager

Approved.

**GRM report history - Requested on 08/01/2016,due on 09/30/2016**

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