

# Forest Carbon Partnership Facility (FCPF)

## Technical Assessment of the Final ER-PD Madagascar

24 May 2018

### I General Approach of the Review

The present report constitutes the Final TAP assessment report of the ER-PD of Madagascar, sequentially from the Advanced Draft ER-PD to the Final ER-PD (in its version of May 9, 2018). The first TAP review was conducted between 28 June and 31 August and included a joint TAP mission to Antananarivo, Madagascar, between 20 and 25 August 2017. The first full TAP report was submitted to the FMT on September 1, 2017. The second TAP review of the Advanced draft was undertaken between September 25 and October 4. The present TAP assessment was conducted between May 11 and 22, 2018. The TAP team coordinated its joint assessment work through e-mail exchanges and skype calls. In this TAP review of the Final ER-PD, the TAP focused on updating those indicators that have been changed or in which major additional comments have been provided. The TAP's ambition was to explain why the scoring has been kept or has changed using objective evidence. In summary, the TAP assessed all relevant indicators and concluded that overall the document meets the standards of the MF. Also, the TAP did not identify any major non-conformity in the ER-PD in respect to the MF.

### PART 1 OF TECHNICAL ASSESSMENT: Summary

**Period of the Final Assessment:** 11-22 May; with amendments 30 and 31 May 2018

**Name of Assessment team members and division of labor:**

**Juergen Blaser** (REDD+ policy issues, land-use and forestry; coordination of the TAP review; review of Part 1, Criteria 1 and 2, Indicators 27.1-27.2, 37.1-38.4; and the summary (with the team); **Florence Daviet** (safeguards and socio-economic assessment, particularly indicators 24-26.3, 31.1-32.1, 34.1-35.2); **Sandro Federici** (carbon accounting and assessment of the methodological approaches, particularly indicators 3.1 – 22); **Antonio Jose Ludovino Lopes** (legal and institutional issues, supported by a group of lawyers working with the FMT, particularly indicators 23, 28.1-28.3, 33.1 and 36.1-36.3 ) and **Julia Randimbisoa** (national expert with focus on policy and social issues).

**Summary Assessment of the Quality and Completeness of the Final Draft ER-PD:**

Madagascar proposes an ER-Program at jurisdictional scale over a total area of about 6.9 million ha situated in the Eastern tropical humid climatic belt of the island. The jurisdictional area (JA) proposed in the Final ER-PD has been carefully selected to include all major forest tracks in five administrative regions where critical criteria for program implementation have been identified to support efficiency in the implementation of proposed ER-Program activities over the five-year ERPA time frame. In the TAP's view, the proposed overall intervention strategy in the jurisdictional area is well formulated and justified by the socio-cultural complexity in the land-use and the high level of poverty, which is the main driver of deforestation and forest degradation in the JA.

The TAP comments the Malagasy Team for their effort to present a completely reworked and well formulated Final Draft ER-PD. The ER-PD have been completely reworked document, containing a carefully drafted ER-Program concept with clearly defined methodological approaches and sensibly drafted socio-economic activities. The Final draft addresses well the concerns expressed by the Malagasy stakeholders, the former TAP reviews and the comments provided by CF-Participants. In summary the following general observations can be provided:

Indicators	Assessment of the First Draft ER-PD – 1 Sept 2017	Assessment Advanced Draft ER-PD – 4 Oct 2017	Final TAP Assessment 22 May 2018
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<ul style="list-style-type: none"> <li>▪ New contractual and legal frameworks have been formulated, staffing commitments made, and the coordination of a range of financing instruments have been articulated. The ER-Program has also aligned financial instruments and prioritized investment projects within the JA for a longer time beyond the 5-years of ERPA, to ensure successful delivery of ERs in the long-term.</li> <li>▪ A focus is given on issues that concern the jurisdictional area; the ER-PD explains clearly ER-Program’s intervention, the main actors, the main intervention areas concerned by ERPA activities and the priority ER activities, e.g. by sub-region. It also includes a regional spatialization of priority activities additional to the upfront investment in the ERP-area (Annex 1 of the ER-PD);</li> <li>▪ The ER-Program area and concrete proposed activities are clearly defined and presented through proper mapping, including the criteria of selection, provide necessary background information on the ERP-region and the integration of the important watershed/forest massif of Masoala into the JA;</li> <li>▪ The ER-PD clearly demonstrates that the team can handle the technical aspects of carbon accounting and all open points have been clarified. While the ER-PD addresses the issue of potential double counting related to the two existing VCS projects and implemented inside the JA, the ER-PD doesn’t address the guidelines that will be used. The TAP recommends giving more specific information about the risk of double counting and the potential double selling risks that could arise because of the circumstances (a <u>minor non-conformity</u>);</li> <li>▪ Also, the TAP reiterates its suggestion to include community-based monitoring and reporting of emission reductions (a <u>minor non-conformity</u>);</li> <li>▪ Policies, including new forest and land-use policies and legislative development affecting the implementation of the ER-Program have been integrated and well described;</li> <li>▪ On safeguards, the ER-PD clearly demonstrates a good understanding of the WB safeguard concepts and those defined in the UNFCCC. Additional consultations are still ongoing and governmental endorsement through a REDD+ degree is expected soon;</li> <li>▪ A <u>minor non-conformity</u> issue relates to the benefit-sharing plan and the link to the two REDD+ projects of CAZ and Makira; while it appears that there have been arrangements made with the two projects, the final documentation was not available for review and thus could not conclusively be assessed;</li> <li>▪ The management and institutional framework of the ER-Program, including legal questions relating to the institutional arrangement and the integration of existing VCS projects into the ER-Program have been described in the ER-PD, but yet not conclusively. A <u>minor non-conformity</u> has been recognized that relates to the transfer of titles of the two VCS projects, more precisely to the existing contractual agreements between the GoM and the partner NGOs (stipulating the exclusive right to negotiate the selling to those project partners), and also the formal and legal arrangements with the recently approved GCF project, taking in consideration that they are dependent on the future contractual conditions between all the involved parties to avoid potential double counting and/or double selling risks (C1.2, C23, C 36);</li> <li>▪ A larger coordination body of the ministries concerned has been reactivated, including the Ministry of Finance and Budget (MFB) responsible party to sign the ERPA jointly with the MEEF and the Ministry dealing with territorial management, considering that major challenges are linked to issues relating to decentralization of forest conservation, forest</li> </ul>				
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<p>management, forest and land tenure and use;</p> <ul style="list-style-type: none"> <li>▪ The financial figures have been reviewed and clarification has been given on the requested finance from FCPF Carbon Fund.</li> </ul>				
<p><b>II. Level of Ambition → Criteria 1 – 2, including issues relating to legal aspects</b></p> <p>In its review of the Advanced Draft ER-PD, the TAP has made extensive comments on the level of ambition (see annex 1 of the present TAP-Review). The ER-P Team carefully addressed many of the listed issues through an extensive revision of the Advanced ER-PD, providing clarification and simplification in many aspects. Thus, the Final ER-PD is comprehensive and meet fully the level of ambition.</p> <p>The TAP recognizes that Madagascar is one of eight most crucial biodiversity hotspots in the world based on richness and endemism of plants and vertebrates. The proposed JA comprises priority conservation areas within Madagascar and contains the largest tracts of remaining humid tropical natural forests in Madagascar. Madagascar is also one of the poorest countries in the world. The proposed ER-P rightly seeks to intervene at the nexus of poverty and environmental degradation. This makes the ER-P specific and unique as a clear link between reducing poverty and forest conservation is made. The central objective of this ER-P is thus not only to reduce deforestation and continuous degradation, but also to contribute to the economic development of populations and provide a model for other regions of Madagascar. Activities of the program will be cross-sectoral and include the agricultural and forest sector, energy supply with the clear support and engagement of local populations and local government entities, NGOs, private sector, and research and educational organizations. The ER-Program is embedded in a compressive national REDD+ framework, including the National REDD+ Strategy.</p> <p>The TAP also noted that new legal frameworks have been formulated, staffing commitments made, and the coordination of a range of financing instruments have been formulated. However, the TAP also recognizes the presence of some legal challenges that potentially affect the level of ambitions overall (see relevant indicators in the Part II of this report, in a particular Ind 36.2).</p>	<p><b>1.1</b> <b>1.2</b> <b>2.1</b></p>	<p><b>Yes</b> <b>No</b> <b>Yes</b></p>	<p><b>Yes</b> <b>Yes</b> <b>Yes</b></p>	<p><b>Yes</b> <b>Yes</b> <b>Yes</b></p>
<p><b>III. Carbon Accounting</b></p> <p><b>III (a) Scope and methods → Criteria 3 – 6</b></p> <p>The ER-PD identifies the REDD+ activities to be accounted for, namely (i) reducing deforestation; (ii) reducing emissions from forest degradation, and (iii) enhancing forest C stocks, although the latter is limited to afforestation of non-forest land and does not include restoring degraded forests.</p> <p>The Advanced Draft ER-PD defines forest degradation as a long-term reduction of forest carbon stocks due to anthropogenic disturbances resulting from canopy loss, not qualified as deforestation. Forest degradation represents the transition from a “primary” (dense) forest to a degraded forest or to agroforestry (mainly plantations of clove or other fruit trees) and the transition of degraded natural forest to agroforestry. Considering that the actions implemented by the project will significantly focus on the intensification and extension of agroforestry practices and that agroforestry is one of the forest types within the class “plantations”, the TAP notes that the Advanced Draft ER-PD extended its the scope to the</p>	<p><b>3.1</b> <b>3.2</b> <b>3.3</b> <b>4.1</b> <b>4.2</b> <b>5.1</b> <b>6.1</b> <b>6.2</b></p>	<p><b>Yes</b> <b>Yes</b> <b>No</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>No</b> <b>No</b></p>	<p><b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>No</b> <b>No</b></p>	<p><b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b> <b>Yes</b></p>

<p>activity reducing forest degradation since conversions of primary forests to agroforestry would otherwise not be captured.</p> <p>Estimates of GHG net emissions from deforestation includes C stock changes in the biomass pools, the dead wood pool, litter and SOC. The litter pool is only based on Tier 1; GHG emissions associated with fires in deforested areas are also included. Thus, all significant sources have been included.</p> <p>ER-PD applies methods from the 2006 IPCC Guidelines. The TAP provides several observations that could strengthen the methodological framework applied (5.1). The methods applied are consistent with IPCC guidance, except for how temporary losses or gains of tree cover are classified. The project assimilates them to permanent losses or gains and therefore estimates them under the activities deforestation or enhancement of C stocks. However, because both activities are estimated such deviation should not bias total estimates of C stock changes in the land reported and therefore estimates are considered consistent with those that a literal application of the IPCC method would produce.</p> <p>No information on the methods and background data has been made publicly available up to today. The TAP notices although that it is intended to disclose the relevant data in the national forest monitoring portal for REDD+ at the BNC-REDD+ website in due time.</p>				
<b>III (b) Uncertainties → Criteria 7 – 9</b>				
<p>The Final ER-PD provides detailed information on sources of uncertainties including their quantification. The Monte Carlo method has been applied to propagate uncertainties of background data and method to the estimated GHG fluxes. Overall uncertainty of emissions reductions has been estimated now (Table 77), although the uncertainty of ERs each REDD+ activities has not been estimated thus far (which results in the “no” rating in Indicator 9.3, which is considered as a minor non-conformity). The “uncertainty discount factor” for emissions reductions has been selected at 8% which is consistent with FCPF guidance.</p>	7.1	Yes	Yes	Yes
	7.2	Yes	No	Yes
	8.1	Yes	No	Yes
	8.2	Yes	Yes	Yes
	9.1	Yes	Yes	Yes
	9.2	No	No	Yes
	9.3	No	No	Yes
	10.1	Yes	Yes	Yes
	10.2	Yes	Yes	Yes
	10.3	Yes	Yes	Yes
<b>III (c) Reference Level → Criteria 10 – 13</b>				
<p>The ER-PD demonstrates that the reference level has been calculated consistently with the FCPF methodological framework.</p> <p>Activity data have been taken for the period 2006-2015 (10 years) using a net of sampling plots distributed according to the stratification of the jurisdictional territory in the 4 classes (i.e. forest remaining forest, non-forest remaining non-forest, deforestation, reforestation/afforestation) of land cover and land cover change as inferred by the overlapping of maps based on Landsat data.</p> <p>Regarding the contribution of deforestation to the reference level, no adjustment has been applied to the average annual historical emissions of the period 2006-2015.</p> <p>Because new drivers of deforestation are impetuously growing over the past years within the jurisdictional area, e.g. widespread mining, including the sapphire rush in the Ankeniheny-Zahamena Corridor, and because the increasing pressure of migration from south to north of Madagascar*and considering that the reference level is the counterfactual in absence of the project activities that will be implemented, in the view of the TAP, a 10-year reference period as close as possible to the submission date of the final ER-PD would be more</p>	11.1	Yes	Yes	Yes
	11.2	Yes	Yes	Yes
	12.1	Yes	Yes	Yes
	13.1	Yes	Yes	Yes
	13.2	n.a.	n.a.	n.a.
	13.3	n.a.	n.a.	n.a.
	13.4	n.a.	n.a.	n.a.

<p>appropriate than the standard reference period established under FCPF guidance (indicator 11.1).</p> <p>Regarding the contribution of enhancement of C stock to the reference level, it is noted that a reference level to measure the results of an activity aimed at enhancing C stocks is the C stock level of the land in absence of the mitigation activity, which is the starting point -i.e. the zero value- from which measuring the climate benefits of the activity. This is consistent with the current treatment of afforestation under the Kyoto Protocol (i.e. gross-net accounting). However, the ERPD estimates the reference level for the activity enhancement of C stocks as the historical rate of afforestation projected into the future; such deviation has determined an overestimation of removals so making the calculated reference level conservative.</p>	<p>14.1 14.2 14.3 15.1</p>	<p>Yes Yes Yes Yes</p>	<p>Yes Yes Yes Yes</p>	<p>Yes Yes Yes Yes</p>
<p><b>III (d) Reference Level, Monitoring &amp; Reporting on Emission Reductions → Criteria 14-16</b></p>				
<p>The ER-PD proposes to apply the same methodology used for establishing the reference level for estimating actual GHG emissions and removals and consequently derive emissions reductions. Activity data are monitored through visual interpretation of a net of sample points identified on high and very high-resolution imageries, biennially during the accounting period. No further measurements of C stocks are planned to be taken during the monitoring period. However, considering that data used have not been derived from a complete forest inventory, and that data for the belowground biomass lack completely, the TAP recommends collecting additional data on aboveground and belowground biomass C stocks during the monitoring period and to recalculate accordingly the reference level when accounting.</p> <p>The TAP reiterates its recommendation made in the Advanced Draft, that in the further preparation of the ER Program, the ERP team should demonstrate that it has explored and developed adequate opportunities for community participation in monitoring and reporting (minor non-conformity).</p>	<p>16.1 17.1 17.2 17.3 17.4</p>	<p>No Yes Yes n.a. n.a.</p>	<p>No Yes Yes n.a. n.a.</p>	<p>No Yes Yes n.a. n.a.</p>
<p><b>III (e) Accounting for Displacement (leakage) → Criterion 17</b></p>				
<p>The ER-PD provides a complete assessment of sources of displacement and associated risks and provides a complete list of actions to be implemented to counteract such potential displacement of emissions. The JA has been extended to include the Masoala forest region (which exclusion would have embarked a major potential leakage issue). The JA has been thus extended to about 700,000 ha of natural forests. Displacement of fuelwood and charcoal production, illegal logging, NTFP gathering, from the jurisdictional area to the closest forest areas are thus addressed.</p> <p>Also, the TAP noted that the monitoring of displacement of emissions in the forests adjacent and not comprised in the jurisdictional area by using, e.g., the new initiative of Global Forest Watch in Madagascar, has been considered.</p>	<p>18.1 18.2 19.1 20.1 20.2 21.1 21.2</p>	<p>Yes Yes Yes n.a. n.a. Yes n.a.</p>	<p>Yes Yes Yes n.a. n.a. Yes Yes</p>	<p>Yes Yes Yes n.a. n.a. Yes n.a.</p>
<p><b>III (f) Accounting for Reversals → Criteria 18 – 21</b></p>				
<p>A systematic assessment of risks of reversals has been conducted following the FCPF Buffer Guidelines and the four main risk factors described: Lack of broad and sustained stakeholder support; Lack of institutional capacities and/or ineffective vertical/cross sectorial coordination; Lack of long term effectiveness in addressing underlying drivers. Exposure and vulnerability to natural disturbances. Further, for each risk factor, mitigation measures have</p>				

<p>been identified. The TAP acknowledges such assessment. While the criteria are met, the TAP offers some comments for further consideration: (1) carbon rights are not addressed i.e. no law, policy or regulation define them and mitigation measures proposed are vague, so that in absence of a legal framework that univocally addresses carbon rights poses medium reversal risks, which should be considered; (2) taking into account that natural disturbances causes just temporary loss of C that are generally followed by forest regrowth if no human activities determine a change in land-use, and that such human-driven risks of reversal are already been addressed within previous factors, this risk should be considered just null (0%).</p> <p>After the end of the ER-PA any reversal will be monitored and reported by the NFMS for REDD+ activities within the national inventory report to be submitted under the Paris Agreement and accordingly accounted for. No risk of <i>non-permanence</i> should materialize beyond the term of the ER-PA.</p> <p>During the term of the ER-PA, the ER Program accounts for reversals from ERs using option 2.</p> <p><b>III (g) Accounting for ERs → Criteria 22 - 23</b></p> <p>The expected emission reductions have been calculated according to the targets set for various REDD+ sub-projects on-going in the jurisdictional areas plus additional emission reductions estimated dividing the additional financial resources expected from this project by the weighted average cost of per unit of reduction achieved in the various sub-projects of the JA.</p> <p>The total expected emission reduction is estimated at 15.75 million from reducing deforestation, 3.34 million from reducing degradation and 2.40 million from enhancement of C stock in reforested/afforested areas. A total buffer of 36% (8% for uncertainties and 28% from risk of reversal) i.e. 7 million, is estimated. Consequently, the total expected emission reductions are estimated at 13.72 million across the five and half year's period (second semester 2019, 2020, 2021, 2022, 2023, 2024).</p> <p>The ER-PD addresses the issue of potential double counting related to the two existing VCS projects and implemented inside the JA of the ER-Program, but doesn't address the guidelines that will be used. More specific information needs to be provided by the country to address any specific data/guidelines about the risk of double counting and the potential double selling risks that could arise from the current negotiations of the CAZ project with the Green Climate Fund Project.</p>	22	No	No	Yes
<p><b>IV. Safeguards</b></p> <p><b>Actions undertaken to meet WB and Cancun Safeguards → Criteria 24-26</b></p> <p>The Advanced Draft ER-PD demonstrated through its design how it intends to meet relevant World Bank social and environmental safeguards, and promotes and supports the safeguards included in UNFCCC guidance related to REDD+. The ER-PD team has done considerable work on a number of sections of the safeguard work, including related to the World Bank Safeguards, the grievance mechanism and SIS. The team has sought to increase gender, youth and civil society participation in the REDD+ discussions. More work presenting information in relation to the UNFCCC safeguards is needed and safeguard plans still need to be presented to the stakeholders.</p> <p>In its assessment of the Final Draft ER-PD, the TAP noted that the work on safeguards has advanced well, both in the document and in terms of implementation. Targeted consultations</p>	23	No	No	No
	24.1	No	Yes	Yes
	24.2	No	No	Yes
	25.1	Yes	Yes	Yes
	25.2	n.a.	n.a.	n.a.
	26.1	Yes	Yes	Yes
	26.2	Yes	Yes	Yes
	26.3	Yes	Yes	Yes

<p>have been conducted with youth and women in local communities. Annex V describes how the UNFCCC safeguards are addressed through national and World Bank safeguard instruments. The ESMF has been prepared and validated through a specific national workshop and by the REDD+ platform. The World Bank is reviewing the document that will be published before end of May on the FCPF website and website du BMC-REDD+ <a href="http://bnc-redd.mg">http://bnc-redd.mg</a>.</p>				
<p><b>V. Sustainable Program Design and Implementation</b></p> <p><b>V. (a) Drivers and Land Resource Tenure Assessment → Criteria 27-28</b></p> <p>The causes and drivers of deforestation and forest degradation have been well described in general terms using the framework of Geist and Lambin (2001). Based on the TAP recommendations, the Final ER-PD further fine-tuned the analysis for each of the 5 chosen regions in the ER-Program area as it is proposed in the ERPD that each region will have its particular REDD+ strategy/implementation plan and such plan will need to be based on a thorough DD analysis.</p> <p>The proposed ER-activities are overall well-described and correspond to the identified deforestation and degradation drivers. They address both sectoral and cross-sectoral issues and an attempt has been made to distinguish the proposed interventions in the different watershed situations. The Final ER-PD provides a more precise description of the proposed ER-activities that are specific to the local contexts in the different sub-regions of ER-Program regions (particularly for hotspot deforestation and degradation areas) see also new Annex 1 of the ER-PD.</p> <p>As proposed by the TAP in its review of the Advanced Draft ER-PD, the institutional arrangements have been reviewed in the Final ER-PD and simplified. The proposed ER-P is designed with institutional arrangements that reflect the scale of deforestation and degradation, and give flexibility to communities, communes and regions to select the most appropriate actions for their particular area. There remain some challenges at institutional level that should be addressed when starting the ER Program including on the selection of projects, the local organization of MRV, financial management, etc.).</p> <p>The TAP further noted that the ER-Program assessed land and resource tenure regimes in the readiness phase at the national level (i.e. SESA) and supplemented this assessment on issues related to land and resource tenure regimes in the ER-Program area.</p> <p><b>V. (b) Benefit sharing → Criteria 29 – 33</b></p> <p>In its review of the preliminary ER-PD draft, the TAP remarked that a full description of the benefit-sharing arrangements was not yet completed, and that there is still some work to be done, especially in terms of local communities articulating what type of benefits they would prioritize and how they hope to receive benefits. Also, the specific contractual arrangements between the GoM and the two REDD+ projects of CAZ and Makira had not been concluded. The TAP concluded that this had implications on the Benefit Sharing Agreement and the distribution of revenues of the selling of ERs (VCUs), as existing arrangements might not correspond to those that will be designed for the entire area in the ER-PA. The issues have</p>	<p>27.1 27.2          28.1 28.2 28.3       29 30.1</p>	<p>Yes No          Yes Yes Yes       No No</p>	<p>Yes Yes          Yes Yes Yes       Yes Yes</p>	<p>Yes Yes          Yes Yes Yes       Yes Yes</p>

<p>been addressed in the Final Draft to the satisfaction of the TAP, however, some concerns still arise in respect to indicator 33.1.</p> <p>While the benefit sharing plan will not be completed before March 2019, there has been significant progress made in addressing the issues required, e.g. arranging additional consultation with local communities regarding carbon and non-carbon benefits (34.2). A process for discussing benefit-sharing has been launched by the platform, less centered to the COBAs and protected areas and considering a wider approach throughout the JA. The TAP could not confirm that the regional consultations have been well conducted, however, as the notes are not yet available online.</p> <p>However, these steps, plus the continued commitment in the document to do further consultations once a plan is developed leads the TAP to conclude that the issues have been addressed in this Final Draft, though we note that there is a continued concern around the exact arrangements that have with the two REDD+ projects of CAZ and Makira. While it appears that there have been arrangements made with the two REDD+ projects of CAZ and Makira, the final documentation was not available for review. In addition, there are different approaches proposed between Chapter 15 (benefit sharing) and 17 (emission reduction certificates) that raise some questions and thereby leaving the TAP to consider that concerns around the indicator 33.1 have still not been fully resolved.</p> <p><b>V. (c) Non-Carbon Benefits → Criteria 34 – 35</b></p> <p>Potential non-carbon benefits have been listed in the document and how these benefits are linked to different REDD+ programs that communities might select. Priority non-carbon benefits have been identified at the national level. In the period between October 2017 and May 2018, additional efforts have been undertaken to consult with local communities about benefits relating to the different strategies that could be selected, including the non-carbon benefits. Therefore, the non-carbon benefits are part of the discussions with communities as they select the strategies that they want to implement. These discussions are ongoing, and it appears there will be continued efforts moving forward to integrate and monitor the non-carbon benefits as needed.</p>	<p><b>31.1</b> <b>32.1</b> <b>33.1</b></p> <p><b>34.1</b> <b>34.2</b> <b>35.1</b> <b>35.2</b></p>	<p><b>No</b> n.a. <b>No</b></p> <p><b>No</b> <b>No</b> <b>Yes</b> n.a.</p>	<p><b>No</b> n.a. <b>Yes</b></p> <p><b>Yes</b> <b>No</b> <b>Yes</b> n.a.</p>	<p><b>Yes</b> n.a. <b>No</b></p> <p><b>Yes</b> <b>Yes</b> <b>Yes</b> n.a.</p>
<p><b>VI. ER Program Transactions</b></p> <p><b>VI (a) ERPA Signing Authority and Transfer of Title to ERs → Criterion 36</b></p> <p>The ER-PD clearly states that the Program’s Entity that will sign the ERPA will be the Ministry of Finance and Budget (MFB) together with the MEEF.</p> <p>The ER-PD demonstrates the ability of the country to transfer Title to ERs to the Carbon Fund based on the existing legal framework of the country, as assessed by the TAP in indicator 36.1, but there are remaining important questions related to the ability to negotiate and consequently sign a formal obligation and assure the ability to transfer the Title of a significant part of the ERs generated in the Jurisdictional Area of the ER-PD.</p> <p>The TAP considers that the Host Country could face potential difficulties to transfer a significant part of the ERs of the project area if it will not be possible to <i>formally</i> clarify the renegotiation of the existing Contractual Clauses inserted on the CAZ project and Makira Project. The TAP recognizes here a risk of minor non-conformity.</p> <p><b>VI (b) Data Management and ER Transaction Registries → Criteria 37 - 38</b></p>	<p><b>36.1</b> <b>36.2</b> <b>36.3</b></p> <p><b>37.1</b></p>	<p><b>No</b> <b>No</b> <b>No</b></p> <p><b>Yes</b></p>	<p><b>Yes</b> <b>No</b> <b>No</b></p> <p><b>Yes</b></p>	<p><b>Yes</b> <b>No</b> <b>No</b></p> <p><b>Yes</b></p>



<p>As outlined in the Final ER-PD, Madagascar will maintain its own national REDD+ Program and Projects Data Management System. This registry will be integrated within the SIS that has already been developed as part of the readiness process. The registry would include new projects and the existing two REDD+ projects of Makira and CAZ, active in the jurisdictional ER-Program area and both registered with the Verified Carbon Standard (VCS). The administrative procedures have been generally described in the ER-PD for the operations of a national REDD+ Program and the Projects Data management system (which is yet not in place).</p> <p>Madagascar intends to use the Carbon Fund registry which is still not fully defined. The TAP also notes that provisions will be made that the existing VCS projects will not generate VCUs during the ERPA period, and as they have different vintages, the risk of double counting is taken into account (but see remarks under C 1.2). The TAP still draws attention to the fact that there is a need in the registry to refer to the inclusion of management of the reversal buffer or the uncertainty buffer.</p>	<b>37.2</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
	<b>37.3</b>	<b>No</b>	<b>No</b>	<b>Yes</b>
	<b>37.4</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
	<b>38.1</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
	<b>38.2</b>	<b>No</b>	<b>Yes</b>	<b>Yes</b>
	<b>38.3</b>	n.a.	n.a.	n.a.
	<b>38.4</b>	<b>No</b>	<b>No</b>	<b>Yes</b>

### SUMMARY SCORE and overall comment:

The ER-PD team confirms its high appreciation to the ER-P preparation process and the quality of the final ER-PD. It is an example of a Phase-3 REDD+ program that deals with complex land-use issues in a country with high deforestation and forest degradation that is mainly due to rampant and unremitting poverty and not large-scale commercially driven land-use change. At the same time, Madagascar is a country with highest assets in global biodiversity that need to be protected and maintained. The Final ER-P attempts to assess the complexity of land uses and proposes a package of ER-Program activities at landscape level to reduce deforestation, address forest degradation and enhance carbon sinks in a carefully chosen ER-Program area with focus on agriculture, forestry, energy and protected area management.

The TAP noted that most of the critical comments and observations made in the Advanced Draft ERPD of October 2017 have been addressed. While some issues remain, including a minor non-conformity in respect to legal aspects relating to other existing carbon projects in the JA, the TAP rated the present Final Draft ER-PD very highly.

Of a total of 78 criteria and indicators **61** criteria or indicators are met (yes) (compared to 49 in the Advanced Draft TAP review) and **5** are yet not fully met (no) (compared to 17 in the prior review). Twelve indicators have been classified under do not apply (n/a) to the current assessment and need to be assessed in a later stage of the ER-PA process.

## PART 2 OF TECHNICAL ASSESSMENT: DETAILED ASSESSMENT

<p><b>C. 1 The proposed ER Program is ambitious, demonstrating the potential of the full implementation of the variety of interventions of the national REDD+ strategy, and is implemented at a jurisdictional scale or programmatic scale.</b></p>	
<p><b>Ind. 1.1</b> The ER Program Measures aim to address a significant portion of forest-related emissions and removals</p> <p>[Ambition and strategic rationale for the ER Program – 2.2]</p>	<p><b>Yes</b></p>
<p><u>TAP's assessment of the Advanced Draft ER-PD:</u></p>	

The TAP recognized in its assessment of the Advanced Draft ER-PD that a significant portion of forest-related emissions and removals have been addressed.

TAP’s Assessment of the Final Draft ER-PD, May 2018:

More than 50 percent of the remaining rainforest of Madagascar will be covered by the ER-P. The TAP also noted that the National REDD+ strategy was endorsed by the National REDD+ Platform and subsequently adopted by the MEEF and that it will be presented for adoption as an application text of the Forest Policy to integrate it into the national body of legislation, strengthening the legal framework for REDD+ in Madagascar. The Final ER-P also refers to the fact that elements key to REDD+ implementation will be included in the legislation, such as transfer of title, benefit sharing, reference level and monitoring requirements, institutional arrangements and safeguards. Also, the TAP was informed that the national REDD+ strategy is being presented to the council of Ministers in May 2018, which paves the way for formal submission of legislative texts.

The TAP commented further that the ER-P area has been designed to address a significant part of future forest-related emissions and removals, according to the following principles:

- High potential for REDD+: High forest cover and carbon stock, deforestation hotspots, higher capacity for carbon stock enhancement.
- Coherent geographical dimension for reducing poverty and forest conservation: A continuum of 40 watersheds, with potential for cost-effective interventions (linking forest conservation and development activities), respecting administrative boundaries: based on the commune’s delineations.

**Ind. 1.2** The ER Program is ambitious, uses new or enhanced ER Program Measures to reduce Emissions or enhance removals, is undertaken at a jurisdictional scale and/or takes a programmatic approach (i.e., involves multiple land areas, landowners or managers within one or several jurisdictions), and reflects a variety of interventions from the national REDD+ strategy in a coordinated manner.

Yes

[Ambition and strategic rationale for the ER Program – 2.2, 2.3]

TAP’s assessment of the Advanced Draft ER-PD, October 2017

When reviewing the advanced draft, the TAP had rated this indicator with a yes and commented that the ER Program is ambitious and uses enhanced ER Program Measures to reduce emissions and enhance removals at a jurisdictional scale and reflect a variety of interventions from the national REDD+ strategy. The main observations referred to several potential legal issues in respect to the integration of the existing VCS projects in the Carbon Fund. The TAP recommended to undertake further assessments to clarify the legal context, including (i) an in-depth legal inquiry to assure the legal consistency between the existing contractual arrangements between the GoM with the two existing, large scale VCS projects and the planned ER Program with the Carbon Fund. Clarity was requested on different aspects, including if the planned ER-Program reaches its ambition to address a significant portion of forest-related emissions and removals; (ii) To carefully address the identified issues as they relate to the contractual arrangement with the VCS projects and the ERPA-benefit sharing mechanism and issues as they relate to the contractual arrangements of the GoM with IBRD/BioCarbon Fund.

TAP’s assessment of the Final ER-PD, May 2018:

The ER-P Team carefully addressed the comments made on the Advanced ER-PD, providing clarification and simplification in many aspects. Thus, the Final Draft ER-PD is comprehensive and meet fully the level of ambition.

The TAP recognizes that Madagascar is one of eight most crucial biodiversity hotspots in the world based on richness and endemism of plants and vertebrates. The proposed JA comprises priority conservation areas within Madagascar and contains the largest tracts of remaining humid tropical natural forests in Madagascar. Madagascar is also one of the poorest countries in the world. The proposed ER-P rightly seeks to intervene at the nexus of poverty and environmental degradation. This makes the ER-P specific and unique as a clear link between reducing poverty and

forest conservation is made. The central objective of this ER-P is thus not only to reduce deforestation and continuous degradation, but also to contribute to the economic development of populations and provide a model of for other regions of Madagascar. Activities of the program will be cross-sectoral and include the agricultural and forest sector, energy supply with the clear support and engagement of local populations and local government entities, NGOs, private sector, and research and educational organizations. The ER-Program is embedded in a compressive national REDD+ framework, including the National REDD+ Strategy. A broad watershed/landscape approach is proposed for implementation of ER emission reduction activities through sectoral and cross-sectoral actions in 40 watersheds, implementing a variety of direct and indirect project-based ER activities, applying adaptive management. Within the ER program area, two large-scale existing pilot VCS projects dealing with reducing deforestation and biodiversity conservation are implemented and integrated in the ER-Program. An important share of ER program area falls in the upper watershed areas that primarily include protected areas with remaining tracks of undisturbed forests, buffer zones and forest corridors and areas managed by local communities (COBAs), which includes mainly buffer zone management of protected areas. The JA overall is threatened by heavy shifting cultivation activities (“tavy”) for subsistence. An important part of the ER-Program is in lower laying watershed areas throughout the jurisdictional area that include a mosaic of land-uses comprising agriculture (wet rice and agroforestry and perennial agroforestry crops), degraded and secondary forests and urban lands.

However, the TAP still recognizes the presence of some legal challenges that potentially affect the level of ambitions overall. These lead to a minor non-conformity in the ER-PD, in the sense that the evidence provided to prove conformity is currently insufficient in the view of the TAP, although it does not lead to breakdown in the systems delivery. Please refer to the TAP comments under Indicator 36.2 of the present TAP report.

**Ind. 2.1** The Accounting Area is of significant scale and aligns with one or more jurisdictions; or a national-government-designated area (e.g., ecoregion) or areas.

[Accounting Area of the ER Program – 3.1]

**Yes**

Yes, the accounting area is of significant scale. The ER-P area covers a total of 6,904,417 ha representing more than 50 percent of the remaining rainforest of Madagascar and 10% of the national territory. The ER-P Area includes 0.9 million ha of primary forests (PF) (14 percent of the total ER-P area), 1.1 million ha of disturbed forests, (16 percent of the total ER-P area) and approximately 40,000 ha of young secondary forests. As suggested by the TAP in its review of the advanced Draft ER-PD, the JA now also includes the important forest track of Masoala. The JA area is clearly delimited as being the central piece of the remaining humid tropical forest area of Madagascar with a high level of biodiversity and endemism of species of flora and fauna. Thus, it is an important region from the viewpoint of global importance.

**C. 3** The ER Program can choose which sources and sinks associated with any of the REDD+ Activities will be accounted for, measured, and reported, and included in the ER Program Reference Level. At a minimum, ER Programs must account for emissions from deforestation. Emissions from forest degradation also should be accounted for where such emissions are significant.

**Ind. 3.1** The ER Program identifies which anthropogenic sources and sinks associated with any of the REDD+ Activities will be accounted for in the ER Program

[Description of Sources and Sinks selected – 7.1]

**Yes**

Yes, the ER Program identifies the relevant anthropogenic sources and sinks.

The country has reported a key category analysis, limited to forest land included in the accounting area, to identify significant categories and pools (see page 136 of the Final ER-PD). According to it, the country has selected three REDD+ activities: (i) reducing emissions from deforestation; (ii) reducing emissions from forest degradation; and (iii) enhancing forest C stocks, although the latter is limited to afforestation/reforestation of non-forest land.

Sustainably managing forest has not been included in the analysis, so that conclusions cannot be drawn on its significance. However, there is no evidence that in forest sustainably managed the C stock is decreasing at a scale that would classify the category as key. Furthermore, a fundamental principle of sustainable forest management is that harvested quantities cannot exceed the annual increment accumulated during two subsequent harvesting cycles; so that the likelihood of decreasing C stocks in sustainably managed forests can be assumed zero.

**Ind. 3.2** The ER Program accounts for emissions from deforestation.  
 [Description of Sources and Sinks selected – 7.1]

**Yes**

Yes, the ER Program accounts for emissions from deforestation.

In the Final ER-PD, deforestation is defined as a permanent in case of conversion to primary or secondary forest to other land uses (including tavy system) or temporary loss in case of plantations<sup>1</sup> clear-felled of 1 ha of forest cover (i.e. land cover approach). Similarly, enhancement of C stocks is defined as a permanent or temporary gain of 1 ha of forest cover.

According to IPCC methods, deforestation is a change in the land use from forest to any other use, so that temporary losses of forest cover do not qualify as deforestation. However, considering that temporary increases in forest cover are deliberately accounted for under the activity Enhancement of C stock such deviation from IPCC methods is not expected to significantly impact the total quantity accounted for under the two activities.

Consequently (see figure 47 of ER-PD), deforestation would be identified by visual interpretation of a plot area of 0.81 ha of images of high and very high resolution (Google Earth dataset) as a decrease in tree cover below the 50% of the plot area or in tree-density below the 30% threshold. An increase of tree cover above the 50% of the plot area or of tree-density above the 30% threshold would be classified as “afforestation/reforestation” (either to secondary forest or to forest plantation or to agroforestry).

**Ind. 3.3** Emissions from forest degradation are accounted for where such emissions are more than 10% of total forest-related emissions in the Accounting Area, during the Reference Period and during the Term of the ER-PA. These emissions are estimated using the best available data (including proxy activities or data).  
 [Description of Sources and Sinks selected – 7.1]

**Yes**

TAP assessment of the Advanced Draft October 2017:

The TAP rated this indicator as met, as emissions from forest degradation are accounted for. The TAP commented that forest degradation is defined as a long-term reduction of forest carbon stocks due to anthropogenic disturbances resulting from canopy loss, not qualified as deforestation. Forest degradation represents the transition from a primary forest (dense forest with no signs of disturbance) to a disturbed forest (dense forest with signs of disturbance or located close, <100 meters, to deforested areas) or to forest plantation or to agroforestry (mainly plantations of clove or other fruit trees) and the transition of disturbed forest to forest plantation or agroforestry. Transitions from secondary forest (open forest that results from regrowth after deforestation) to agroforestry is not counted as degradation since C stocks agroforestry are higher.

Additional comments on the Final ERPD May 2018:

The TAP noted that in Table 60 the conversion of primary and disturbed forests to forest plantation is suggested to be counted as a full C stock of the forest stock, which is agreeable, although no C stocks of the subsequent plantations are counted, which is not agreeable since the plantation has C stocks. Such way to count, if actually implemented, would overestimate emissions in the reference level and consequently would overestimate mitigation benefits

<sup>1</sup> Although at page 303 is erroneously reported that “as explained earlier, commercial plantations are not included in this version of the ERPD”

achieved through a reduction of forest degradation. However, the conversion of forest (primary or disturbed) to forest plantation is not an actual dynamic observed in the reference period so that the potential bias described above doesn't affect the estimated reference level. Furthermore, over-estimating emissions from the conversion of forest to plantation during the accounting period would underestimate the accounted emission reduction units. Consequently, the TAP makes a conservative judgment of such deviation from guidance and accordingly concluded that the indicator is met.

**C. 4 The ER Program should account for, measure and report, and include in the ER Program Reference Level, significant carbon pools and greenhouse gases, except where their exclusion would underestimate total emission reductions.**

**Ind. 4.1** The ER Program accounts for all Carbon Pools and greenhouse gases that are significant within the Accounting Area, both for Reference Level setting and Measurement, Monitoring and reporting (MMR). [Description of Carbon Pools and greenhouse gases selected – 7.2]

**Yes**

Yes, the ER Program accounts for all significant carbon pools and GHG (see the key category analysis in the ERPD).  
The accounting of deforestation includes above and below ground biomass, dead wood (only standing wood), litter and SOM, for the other two activities living biomass pools only have been included. Regarding GHG, non-CO<sub>2</sub> emissions are estimated for fires associated with deforestation only, for other activities CO<sub>2</sub> emissions and removals only are estimated.

**Ind. 4.2** Carbon Pools and greenhouse gases may be excluded if:  
I. Emissions associated with excluded Carbon Pools and greenhouse gases are collectively estimated to amount to less than 10% of total forest-related emissions in the Accounting Area during the Reference Period; or  
II. The ER Program can demonstrate that excluding such Carbon Pools and greenhouse gases would underestimate total emission reductions.

**Yes**

[Description of Carbon Pools and greenhouse gases selected – 7.2]

Yes, this indicator is met. Indeed:

- Degradation always determines a net loss in the long-term C stocks of both, DOM and SOM, so that their exclusion reduces the amount of emission reductions that can be accounted for;
- Afforestation/Reforestation always determines a net gain in the long-term C stocks of both, DOM and SOM, so that their exclusion reduces the amount of emission reductions that can be accounted for.

**C. 5 The ER Program uses the most recent Intergovernmental Panel on Climate Change (IPCC) guidance and guidelines, as adopted or encouraged by the Conference of the Parties as a basis for estimating forest-related greenhouse gas emissions by sources and removals by sinks.**

**Ind. 5.1** The ER Program identifies the IPCC methods used to estimate emissions and removals for Reference Level setting and Measurement, Monitoring and reporting (MMR).

[Description of method used for calculating the average annual historical emissions over the Reference Period – 8.3]

[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area– 9.1]

**Yes**

The TAP concluded in its assessment of the advanced draft that the indicator has been met as the ER-PD applies methods from the 2006 IPCC Guidelines. In its comments to the Advanced Draft, the TAP provided several observations to strengthen the proposed ER-Program.

In reviewing the Final ER-PD of May 2018, the TAP is providing additional observations, that does not alter the positive assessment of this indicator:

- A single average aboveground biomass value has been calculated for each forest class: 265.44 Mg d.m. ha<sup>-1</sup> for primary forests and 232.15 Mg d.m. ha<sup>-1</sup> in modified (degraded) natural forests, 85.66 Mg d.m. ha<sup>-1</sup> for secondary forests, 87.87 Mg d.m. ha<sup>-1</sup> for agroforestry and 16.40 Mg d.m. ha<sup>-1</sup> for plantations (page 159). Although for forest plantations a different value 29.6 Mg d.m. ha<sup>-1</sup> is reported in Table 56. The aboveground biomass of secondary forest has been calculated as average value of 4 subtypes: Ravenala, Ravenala mixte, Single layer, Savoka vieux.

Aboveground Biomass stocks include all trees with a dbh equal or larger than 5cm and all palms, as well as standing dead trees. Specific allometric equations have been calculated and applied at level of forest subcategory.

For non-forest land a single value for average aboveground biomass stock has been calculated, i.e. 11.96 Mg d.m. ha<sup>-1</sup>.

- For dead wood data are limited to standing trees labelled as dead trees, and the following average values have been calculated for each forest class: 12.93 Mg d.m. ha<sup>-1</sup> for primary forests and 12.13 Mg d.m. ha<sup>-1</sup> in modified natural forests, 10.61 Mg d.m. ha<sup>-1</sup> for secondary forests and 10.88 Mg d.m. ha<sup>-1</sup> in agroforestry (page 171). For litter stock a single value of 2.1 Mg C ha<sup>-1</sup> has been used, taken from table 2.2 (tropical forests) of the 2006 IPCC Guidelines. In non-forest land dead wood and litter C stocks, as per IPCC good practice, are assumed to be negligible.
- IPCC Default R ratios are applied from Table 4.4 of the 2006 IPCC Guidelines, one for each forest and non-forest class, to expand to belowground biomass. However, it is noted that values selected (see table 56 of ER-PD) for primary forests and secondary forests underestimate the value reported by 2006 IPCC Guidelines, i.e. 0.2 vs 0.24, and that the value selected for forest plantation i.e. 3.2 in table 56 or 3.24 in Table 60 is erroneous (a value of 0.2 seems appropriate). It is therefore recommended to revise the calculation of the belowground biomass accordingly.
- For SOM only two values have been calculated from data collected in the country for forest and non-forest use, without any stratification for different soil types as well as for differences in management systems as per IPCC good practice. However, it is noted that with the proposed values, the conversion of forest and non-forest use is around -6%, while using IPCC default values the conversion of forest land to long-term agricultural use would cause a loss of almost half of the SOC. Consequently, the TAP concludes that the deviation from the IPCC good practice doesn't indicate a potential overestimation of emissions and therefore of emission reductions that can be accounted for reducing deforestation.
- Non-CO<sub>2</sub> emissions associated with deforestation are estimated by applying the IPCC default method and factors. The use of Tier 1 method is justified by the difficulty to collect data for the calculation of country specific factors. However, in the first assessment, the TAP recommended the fuel load value should be the sum of aboveground biomass and dead wood stocks and the combustion factors selected from table 2.6, volume 4, of 2006 IPCC Guidelines seemed not appropriate. For primary forest the TAP recommended the factor to be used should be that one for Primary tropical moist forests (i.e. 0.5) while for modified natural forests should be that one generic for secondary forests (i.e. 0.55). This point has been addressed and accordingly changes have been implemented in the MADA\_CalculREL\_20180504\_v04. The inaccuracy determines an underestimate of GHG emissions in the reference level, which means that it makes the reference level conservative.
- Regarding activity data the areas of forest cover change i.e. deforestation and forest degradation have been identified and estimated through visual interpretation of images at high and very high resolution. Visual interpretation has been carried out on a net of sample plots localized within strata identified through overlapping of maps created from Landsat images by automatic classification of forest and non-forest areas, providing for the following set of plots in each stratum (table 34): Forest, 677 plots, Deforestation, 699 plots, non-Forest, 422 plots, and reforestation/afforestation, 400 plots. Although there is no evidence that such procedure has introduced a bias in the activity data estimation, the TAP notes that the procedure applied -i.e. stratification of each pixel within

strata and subsequent refinement of strata area statistics according to sampled information (i.e. ground truth) the uneven allocation of plots within areas -i.e. the density of plots differs among strata- may impact the probability to detect commission and omissions errors, which may be higher in some strata and lower in others (e.g. the probability to detect a commission error (e.g. deforestation) in non-Forest land -stratum 9, table 34- is much lower than that to detect a commission error (e.g. non-forest land) in Deforestation -stratum 5, table 34. Further, it is noted that the sampling error in activity data is the largest source of uncertainty assessed for accountable emission reductions (see ERPA section 12).

Consequently, the TAP reiterates its recommendation made on the Advanced Draft to consider a major methodological change, that may conveniently be implemented during the project implementation as follows:

- To increase the sampling size to a level to at least<sup>2</sup> 1 point each 1,000/500 ha, distributed evenly across the entire area of the project.
- To infer area and area change statistics using sampled data only.

Such recalculation of the activity data can be done during the project implementation period, by applying a random net of plots to the jurisdictional area and collecting data on time series of land cover changes, from 2005 onward.

**C. 6 Key data and methods that are sufficiently detailed to enable the reconstruction of the Reference Level, and the reported emissions and removals (e.g., data, methods and assumptions), are documented and made publicly available online. In cases where the country's or ER Program's policies exempt sources of information from being publicly disclosed or shared, the information should be made available to independent reviewers and a rationale is provided for not making these data publicly available. In these cases, reasonable efforts should be made to make summary data publicly available to enable reconstruction.**

**Ind. 6.1** The following methodological steps are made publicly available:

- I. Forest definition;
- II. Definition of classes of forests, (e.g., degraded forest; natural forest; plantation), if applicable;
- III. Choice of activity data, and pre-processing and processing methods;
- IV. Choice of emission factors and description of their development;
- V. Estimation of emissions and removals, including accounting approach;
- VI. Disaggregation of emissions by sources and removal by sinks;
- VII. Estimation of accuracy, precision, and/or confidence level, as applicable;
- VIII. Discussion of key uncertainties;
- IX. Rationale for adjusting emissions, if applicable;
- X. Methods and assumptions associated with adjusting emissions, if applicable.

[Forest definition used in the construction of the Reference Level 9.2]

[Description of method used for calculating the average annual historical emissions over the Reference Period 8.3]

[Activity data & emission factors used for calculating the average annual historical emissions over the Ref. Period 8.3]

[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]

**Yes**

All information methods and steps applied in calculating the FRL data have been made publicly available in the BNC-REDD+ website. <http://bnc-redd.mg/>.

<sup>2</sup> The sample size should be defined by studying the increase in accuracy of information versus increasing size of sampling  
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<p><b>Ind 6.2</b> For the following spatial information, maps and/or synthesized data are displayed publicly, and reasonable efforts are made to explain how these were derived from the underlying spatial and other data, and to make key data sets or analyses publicly available:</p> <ol style="list-style-type: none"> <li>I. Accounting Area</li> <li>II. Activity data (e.g., forest-cover change or transitions between forest categories)</li> <li>III. Emission factors</li> <li>IV. Average annual emissions over the Reference Period</li> <li>V. Adjusted emissions</li> </ol> <p>Any spatial data used to adjust emissions, if applicable.</p> <p>[Forest definition used in the construction of the Reference Level 9.2]  [Description of method used for calculating the average annual historical emissions over the Reference Period 8.3]  [Activity data &amp; emission factors used for calculating the average annual historical emissions over the Ref. Period 8.3]  [Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]</p>	<p><b>Yes</b></p>
<p>All information methods and steps applied in calculating the FRL data have been made publicly available in the BNC-REDD+ website. <a href="http://bnc-redd.mg/">http://bnc-redd.mg/</a>.</p>	
<p><b>C.7 Sources of uncertainty are systematically identified and assessed in Reference Level setting and Measurement, Monitoring and reporting</b></p>	
<p><b>Ind 7.1</b> All assumptions and sources of uncertainty associated with activity data, emission factors and calculation methods that contribute to the uncertainty of the estimates of emissions and removals are identified.</p> <p>[Activity data and emission factors used for calculating the average annual historical emissions over the Reference Period 8.3]  [Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]  [Identification and assessment of sources of uncertainty 12.1]</p>	<p><b>Yes</b></p>
<p>Yes, sources of uncertainty are systematically identified and assessed. Sources of uncertainty and their contribution to overall uncertainty have been analysed in section 12 of the ER-PA according to the following categorization:</p> <ul style="list-style-type: none"> <li>✓ Activity data: <ul style="list-style-type: none"> <li>○ Measurement error; judged low,</li> <li>○ Representativeness; judged low (although the TAP considers this error embedded in the following one)</li> <li>○ Sampling error; judged high</li> </ul> </li> <li>✓ Emission Factors: <ul style="list-style-type: none"> <li>○ Measurement errors; all judged high (Height, DBH, wood density, root-to-shoot ratio, allometric relations),</li> <li>○ Representativeness; judged high (although the TAP considers this error embedded in the following one)</li> <li>○ Sampling error; judged high</li> </ul> </li> <li>✓ Model error: judged high; although the TAP judges that the impact of such error on accounted quantities is low (assuming that the truth is what the atmosphere sees across time as total impact of the accounted activities).</li> </ul>	



**Ind 7.2** The sources of uncertainty identified in Indicator 7.1 are assessed for their relative contribution to the overall uncertainty of the emissions and removals.  
[Identification and assessment of sources of uncertainty 12.2]

Yes

TAP Assessment of the Advanced Draft, October 2017:

In the Advance draft ERPD, the sources of uncertainty were not fully assessed for their relative contribution to the overall uncertainty.

IPCC distinguishes bias (systematic errors) from random errors (uncertainties). While the first must be removed because they do not cancel out when propagate, the second must be quantified, minimized, mainly through stratification of the population estimated, and propagated across estimates.

IPCC distinguishes uncertainty in the individual, i.e. the standard deviation of a sample, and uncertainty in the mean, i.e. the standard error of a sample. The first is the uncertainty to be propagated when a parameter of a population is applied to a subset of the population, e.g. when the average stock of biomass of a forest is applied to each area deforested, while the second is applied when the parameter is applied to the entire population, i.e. deforestation area.

Recalling such IPCC methodological approach, in the first assessment, the TAP noted that the uncertainty to be used for the C stock factor values of each C pool should be their standard deviation, instead of their standard error. This implies a larger uncertainty of GHG estimates. The TAP recommended therefore recalculating the uncertainty of GHG estimates and of the total reference level and of accounted quantities during the implementation of the project activities.

TAP Assessment of the Final ER-PD, May 2018:

The TAP assesses the Indicator 7.2 now as achieved. The ER-PD team provided a note to the TAP clarifying its approach on the standard error (see explanation to the TAP on Ind. 7.2).

While accepting the proposed approach since it is consistent with FCPF guidance, the TAP provides some additional remarks: "...since the variable of interest is the average carbon stocks, the standard deviation of the average carbon stocks (its estimator) is the standard error, not the standard deviation". Based on Greg Wayson from the USFS who works with these kinds of frameworks the following can be said: "Looking to IPCC reference [http://www.ipcc-nggip.iges.or.jp/public/gp/english/A1\\_Conceptual.pdf](http://www.ipcc-nggip.iges.or.jp/public/gp/english/A1_Conceptual.pdf) the st dev vs st error depends on the approach used to generate the EF value. In the specific case, it sounds like st error is the most appropriate pdf to select. The TAP consultant also checked with another specialist, Oswaldo Carrillo, who uses standard error as well. Moreover, it would not make sense to use the standard deviation as in Tier 1, propagation of uncertainties, by using the relative uncertainty we are de facto using the standard error (relative uncertainty is  $t \cdot SE / Estimate$ ) not the standard deviation."

The IPCC guidance (from 2000 IPCC GPG) referred has been further elaborated in the 2003 GPG for LULUCF ([https://www.ipcc-nggip.iges.or.jp/public/gp/lulucf/gp/lulucf\\_files/Chp4/Chp4\\_1\\_to\\_24.pdf](https://www.ipcc-nggip.iges.or.jp/public/gp/lulucf/gp/lulucf_files/Chp4/Chp4_1_to_24.pdf)) and in the 2006 IPCC Guidelines [https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/1\\_Volume1/V1\\_3\\_Ch3\\_Uncertainties.pdf](https://www.ipccnggip.iges.or.jp/public/2006gl/pdf/1_Volume1/V1_3_Ch3_Uncertainties.pdf)) and it is subject of the 2019 Refinement of the 2006 IPCC Guidelines. All those support the view of the TAP. Indeed, IPCC provides 95% interval, or uncertainty, of its EFs based on the standard deviation of the EF. This is because the EFs are calculated for populations larger than the population (i.e. the national or regional subset) to which they are applied.

As an example, let's see how it would work in case of entire population instead of just a sample. Assuming that we have a total population of 6 units of land of 1 ha each and the following C stock in  $t C ha^{-1}$ : 300, 250, 200, 150, 100, 50. Let's also assume that each single tree has been measured so that, without considering errors in measurements, the standard error is just 0; and the average C stock per hectare is 175 while the standard deviation is 85. If 1 of our units is deforested and we don't know which, we calculate a loss of  $175 t C ha^{-1}$  (the average C stock density of the forest land) and the uncertainty range is the confidence interval calculated as twice the standard deviation; indeed, we may have lost the hectare with 300 t C or the one which 50 t C. This to say that when we use the average value as a proxy for any of the individuals in the population is the uncertainty in the individual that does matter. Let's further assume

<p>that we lose all our forest land area, in such a case we would estimate a C stock loss of <math>175 \text{ t C ha}^{-1} * 6 \text{ ha} = 1,050 \text{ t C}</math> and the associated uncertainty (excluding measurement errors) would be actually just zero i.e. the standard error.</p>	
<p><b>C 8 The ER Program, to the extent feasible, follows a process of managing and reducing uncertainty of activity data and emission factors used in Reference Level setting and Measurement, Monitoring and reporting.</b></p>	
<p><b>Ind 8.1</b> Systematic errors are minimized through the implementation of a consistent and comprehensive set of standard operating procedures, including a set of quality assessment and quality control processes that work within the local circumstances of the ER Program.</p> <p>[Activity data and emission factors used for calculating the average annual historical emissions over the Reference Period, 12.2]  [Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area]</p>	<p><b>Yes</b></p>
<p>The TAP assessed this indicator as met. The uncertainty of activity data is minimized through a verification process of collected data that produces adjusted and less uncertain area estimates.</p> <p>The rough data used to derive values for the emission factors have been collected applying scientifically sound methodologies for surveying forests. Their uncertainties are propagated through a Monte Carlo simulation.</p> <p>Notwithstanding the above, uncertainties may be further minimized by implementing the recommendations provided by the TAP to be carried out during the accounting period of the project activities, on activity data, see detailed comment at indicators 5.1, and on emission factors, see detailed comments at indicators 8.2 and 14.3.</p>	
<p><b>Ind 8.2</b> Random errors and other uncertainties are minimized to the extent practical based on the assessment of their relative contribution to the overall uncertainty of the emissions and removals.</p> <p>[Activity data and emission factors used for calculating the average annual historical emissions over the Reference Period 10, 13]  [Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]  [Identification and assessment of sources of uncertainty 12.1]</p>	<p><b>Yes</b></p>
<p>Yes, the relative contribution of uncertainties of each element has been assessed, as quantities and distribution, and propagated to the reference level through a Monte Carlo simulation.</p> <p>However, in its assessment of the Final ER-PD, the TAP notes that data to calculate the emission factors have been collected from 189 plots, the largest part not in the project area, for primary and disturbed forests; from 262 plots, the largest part not in the project area; for secondary forest and agroforestry systems; and none for forest plantations. Therefore, considering the need to establish a monitoring system to estimate changes in C stocks associated with the elected REDD+ activities, and considering that such monitoring system, as per IPCC good practice, is expected to collect data through remote and on the ground, the TAP recommends collecting during the monitoring phase biomass data to refine the calculation of the emission factors.</p> <p>Although there is no evidence of bias in applied factors, the collection of new data will reduce the uncertainty of emission factors and therefore of GHG estimates as Reference Level and Emission Reductions; thus, enhancing the credibility of the accounting framework.</p>	

<p><b>C 9 Uncertainty of activity data and emission factors used in Reference Level setting and Measurement, Monitoring and reporting is quantified in a consistent way, so that the estimation of emissions, removals and Emission Reductions is comparable among ER Programs</b></p>	
<p><b>Ind 9.1</b> Uncertainty associated with activity data and emission factors is quantified using accepted international standards, for example by providing accuracy, confidence interval, distribution of error, and propagation of error. Where errors in data and methods are considered large as defined in IPCC Guidelines, Monte Carlo methods (numerical simulations) should be used to estimate uncertainty</p> <p>[Activity data and emission factors used for calculating the average annual historical emissions over the Reference Period 12.1]  [Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]</p>	<p><b>Yes</b></p>
<p>Yes, in the assessment of the Final ER-PD, the TAP rated this indicator as met.</p> <p>The uncertainty of activity data and emissions factors is estimated consistently across different activities and across the reference level and the projected emission reductions. Although, an issue on their quantification is identified by the TAP (see the specific comment at indicator 7.2)</p>	
<p><b>Ind 9.2</b> Uncertainty of the estimate of Emission Reductions is quantified using Monte Carlo methods. Underlying sources of error in data and methods for integrated measurements of deforestation, forest degradation and enhancements (e.g., as in a national forest inventory) are combined into a single combined uncertainty estimate and are reported at the two-tailed 90% confidence level</p> <p>[Quantification of uncertainty in Reference Level setting 12.2]</p>	<p><b>Yes</b></p>
<p>In the Advanced Draft ERPD of October 2017, uncertainty of emissions reductions was not estimated therefore the indicator was assessed as not achieved.</p> <p>In its assessment of the Final ER-PD, the TAP rated indicator 9.2 as achieved. The total uncertainty of ERs has been estimated at the 90% confidence interval (see Table 77). According to information reported correlation of uncertainties of estimated GHG fluxes at the two points in time - i.e. the historical reference level and the forecasted emission reduction - has been addressed in the Monte Carlo simulation. Further, the Monte Carlo analysis has correctly estimated the uncertainty of emission reductions as the uncertainty in the trend of GHG fluxes -i.e. from historical to forecasted.</p>	
<p><b>Ind 9.3</b> Uncertainty of Emissions Reductions associated with deforestation, forest degradation and enhancements are reported separately if measured through separate (i.e., non-integrated) approaches and when degradation is estimated using proxy data.</p> <p>[Quantification of uncertainty in Reference Level setting 12.2]</p>	<p><b>Yes</b></p>
<p><u>TAP Assessment of the Advanced Draft, October 2017:</u></p> <p>The TAP rates this indicator as not achieved as estimates of uncertainty of emissions reductions have not been reported, although the discount factor associated with uncertainty has been calculated on the basis of the aggregated total uncertainty -i.e. 25%- in the reference level (see section 12.f.). The TAP however noted, that once the emission reductions are calculated, these will be reported providing all information in a transparent way demonstrating that the principles set in Chapter 9.1 have been followed. The following information are subject to reporting: (i) Parameters measured and monitored; (ii) Total emission reductions;(iii) Emission reductions disaggregated: (iv) REDD+ activity and sub-activity, per participant in the benefit sharing mechanism; (v) Existence of reversals.</p> <p><u>TAP Assessment of the Final ER-PD, May 2018:</u></p>	

The TAP rated this indicator now as achieved. Uncertainty estimates of ERs are reported in Tables 77 (aggregated) and 78 (disaggregated for the three REDD+ activities).

**C 10 The development of the Reference Level is informed by the development of a Forest Reference Emission Level or Forest Reference Level for the UNFCCC**

**Ind 10.1** The Reference Level is expressed in tons of carbon dioxide equivalent per year  
 [Estimated Reference Level 8.5]

**Yes**

Yes, reference Level is expressed in tons of carbon dioxide equivalent per year.  
 From table 76 of ER-PA:

<i>Parameter</i>	<b>DEF</b>	<b>DEG</b>	<b>GAINS</b>	<b>REL</b>
<i>Mean</i>	9,357,366	2,040,134	102,159	11,317,082
<i>STD</i>	1,392,074	599,447	61,909	1,539,571
<i>Upper bound 90% CI</i>	11,750,974	3,106,490	220,712	13,983,371
<i>Lower bound 90% CI</i>	7,160,583	1,142,103	15,193	8,914,228
<i>HWCI</i>	2,295,196	982,194	102,760	2,534,571
<i>Relative margin</i>	25%	48%	99%	<b>22%</b>
<i>Uncertainty discount</i>				<b>4%</b>

**Ind 10.2** The ER Program explains how the development of the Reference Level can inform or is informed by the development of a national Forest Reference Emission Level or Forest Reference Level, and explains the relationship between the Reference Level and any intended submission of a Forest Reference Emission Level or Forest Reference Level to the UNFCCC  
 [Relation between the Reference Level, the development of a FREL/FRL for the UNFCCC and the country’s existing or emerging greenhouse gas inventory 8.6]

**Yes**

Yes, the ER Program links to the national FRL/FREL and UNFCCC requirements.

The same entity dealing with the ER-P REL is also responsible for the submission of the national FREL/FRL for REDD+ activities under the UNFCCC. Differences between the FRL/FREL REDD+ and the ER-P REL are determined by the different nature, sub-national for the ER-P REL and national for the REDD+ FREL/FRL, and different requirements, i.e. historical period 2005-2015 for the ER-P REL and 2005-2013 for the REDD+ FREL/FRL consistency is expected in methods and background data applied. Also, the methodology to collect activity data is significantly different between the FREL/FRL REDD+ and the ER-P REL, while the first is exclusively based on the application of a classification algorithm of satellite images, the second builds on the previous by sampling, through visual interpretation, the area strata classified so achieving a higher accuracy in activity data.

Finally, compared to the ER-P REL, the REDD+ FREL/FRL does not include the activity “Enhancement of C stocks”.

<p><b>Ind 10.3</b> The ER Program explains what steps are intended in order for the Reference Level to achieve consistency with the country's existing or emerging greenhouse gas inventory</p> <p>[Relation between the Reference Level, the development of a FREL/FRL for the UNFCCC and the country's existing or emerging greenhouse gas inventory 8.6]</p>	<p><b>Yes</b></p>
<p>The process of establishing a national forest monitoring system for REDD+ is spearheaded by the BNC REDD+ office that develop (i) activity data and (ii) derive emission factors. All data is provided to the BNC CC that is the entity responsible for the preparation of the GHG inventory within the national communications and biennial update reports. This will ensure consistency among GHGI and REDD+ estimates, so far as the flow of information is ensured.</p> <p>Further, the TAP-notes that quarterly workshops with the personnel responsible for the compilation of the national GHGI are ongoing and that the submission of the REDD+ FREL under the UNFCCC has already been carried out through such coordination mechanism.</p>	
<p><b>C 11 A Reference Period is defined</b></p>	
<p><b>Ind 11.1</b> The end-date for the Reference Period is the most recent date prior to two years before the TAP starts the independent assessment of the draft ER Program Document and for which forest-cover data is available to enable IPCC Approach 3. An alternative end-date could be allowed only with convincing justification, e.g., to maintain consistency of dates with a Forest Reference Emission Level or Forest Reference Level, other relevant REDD+ programs, national communications, national ER program or climate change strategy</p> <p>[Reference Period 8.1]</p>	<p><b>Yes</b></p>
<p>Yes, the Reference Period is duly defined.</p> <p>Activity data have been taken for the period 2005-2015 (10 years) using the land cover and land cover change maps after correction with sampling data.</p>	
<p><b>Ind 11.2</b> The start-date for the Reference Period is about 10 years before the end-date. An alternative start-date could be allowed only with convincing justification as in Indicator 11.1, and is not more than 15 years before the end-date.</p> <p>[Reference Period 8.1]</p>	<p><b>Yes</b></p>
<p>Yes, the historical reference period starts in 2005 and ends in 2015(2005-2015, 10 years)</p>	
<p><b>C 12 The forest definition used for the ER Program follows available guidance from UNFCCC decision 12/CP.17</b></p>	
<p><b>Ind 12.1</b> The definition of forest used in the construction of the Reference Level is specified. If there is a difference between the definition of forest used in the national greenhouse gas inventory or in reporting to other international organizations (including an Forest Reference Emission Level or Forest Reference Level to the UNFCCC) and the definition used in the construction of the Reference Level, then the ER Program explains how and why the forest definition used in the Reference Level was chosen.</p> <p>[Forest definition used in the construction of the Reference Level 8.2]</p>	<p><b>Yes</b></p>

<p>Yes, the definition of forest used in the construction of the Reference Level is specified.</p> <p>The forest definition applied is based on size (minimum height 5 m) and density (minimum cover 30%) of cover elements (trees) across a land (minimum area 1 ha). This implies that the definition is a pure land cover type definition, with the exception of temporarily unstocked areas in <i>Eucalyptus robusta</i> (coppice) plantations (that are not counted as deforested).</p> <p>Forest areas subject to slash and burning (Tavy system) are counted as deforested at first cover loss although that in many cases, tree vegetation regrows during the fallow's phases. Their subsequent regrowth to secondary forest is classified as area under enhancement of C stocks.</p>	
<p><b>C 13 The Reference Level does not exceed the average annual historical emissions over the Reference Period. For a limited set of ER Programs, the Reference Level may be adjusted upward by a limited amount above average annual historical emissions. For any ER Program, the Reference Level may be adjusted downward.</b></p>	
<p><b>Ind 13.1</b> The Reference Level does not exceed the average annual historical emissions over the Reference Period, unless the ER Program meets the eligibility requirements in Indicator 13.2. If the available data from the National Forest Monitoring System used in the construction of the Reference Level shows a clear downward trend, this should be taken into account in the construction of the Reference Level</p> <p>[Average annual historical emissions over the Reference Period 8.6, 13.2]</p>	<p><b>Yes</b></p>
<p>Yes, the Reference Level does not exceed the average annual historical emissions over the Reference Period.</p> <p>Regarding the contribution of deforestation to the reference level, no adjustment has been applied to the average annual historical emissions of the period 2005-2015. Regarding the contribution of enhancement of C stock to the reference level, it is noted that a reference level to measure the results of an activity aimed at enhancing C stocks is the C stock level of the land in absence of the mitigation activity, which is the starting level, and it may be set as the zero value, for measuring any further change associated with the activity. This is consistent with the current treatment of afforestation under the Kyoto Protocol (i.e. gross-net accounting). On the other hand, the reference level set in the ER-PD is based on the assumption of continuously incremental removals across time, an assumption that has no foundation in the biological processes that regulate forest growth and in the physical limits of C pools in land. However, the proposed reference level for enhancement of C stocks is conservative compared to the one judged appropriate -i.e. 0 (zero)- by the TAP, so that no recommendation is provided.</p>	
<p><b>Ind 13.2</b> The Reference Level may be adjusted upward above average annual historical emissions if the ER Program can demonstrate to the satisfaction of the Carbon Fund that the following eligibility requirements are met:</p> <p>(i) Long-term historical deforestation has been minimal across the entirety of the country, and the country has high forest cover (country or jurisdictional area);</p> <p>(ii) National circumstances have changed such that rates of deforestation and forest degradation during the historical Reference Period likely underestimate future rates of deforestation and forest degradation during the Term of the ERPA.</p> <p>[Explanation and justification of proposed upward or downward adjustment to the average annual historical emissions over the Reference Period, Quantification of the proposed upward or downward adjustment to the average annual historical emissions over the Reference Period 8.4].</p>	<p><b>N.A.</b></p>
<p>The TAP rated this Indicator as “Not assessed” when analysing the Advanced Draft ER-PD in October 2017. It provided however the following comments to this assessment:</p>	

<p>No adjustment has been applied (See 13.1.)</p> <p>Because new drivers of deforestation are impetuously growing over the past years within the jurisdictional area, e.g. widespread mining, including the sapphire rush in the Ankeniheny-Zahamena Corridor, and because the increasing pressure of migration from south to north of Madagascar* and considering that the reference level is the counterfactual in absence of the planned project activities, the TAP presumes that an adjustment of the reference level could be justified and that a 10-year reference period as close as possible to the submission date of the ER-PD would better reflect the counterfactual level of emissions and removals.</p> <p>*See <a href="https://www.iom.int/sites/default/files/country/docs/Madagascar/IOM-Madagascar-Southern-Madagascar-Assessment-Report-EN.pdf">https://www.iom.int/sites/default/files/country/docs/Madagascar/IOM-Madagascar-Southern-Madagascar-Assessment-Report-EN.pdf</a></p>	
<p><b>Ind 13.3</b> For countries meeting the eligibility requirements in Indicator 13.2, a Reference Level could be adjusted above the average historical emission rate over the Reference Period. Such an adjustment is credibly justified on the basis of expected emissions that would result from documented changes in ER Program circumstances, evident before the end-date of the Reference Period, but the effects of which were not fully reflected in the average annual historical emissions during the Reference Period. Proposed adjustments may be rejected for reasons including, but not limited to:</p> <ul style="list-style-type: none"> <li>i. The basis for adjustments is not documented; or</li> <li>ii. Adjustments are not quantifiable.</li> </ul> <p>[Explanation and justification of proposed upward or downward adjustment to the average annual historical emissions over the Reference Period, Quantification of the proposed upward or downward adjustment to the average annual historical emissions over the Reference Period 8.4]</p>	<p>N.A.</p>
<p>See 13.1. No adjustment has been applied.</p>	
<p><b>Ind 13.4</b> An adjustment of the Reference Level above the average annual historical emissions during the Reference Period may not exceed 0.1%/year of Carbon Stocks</p> <p>[Explanation and justification of proposed upward or downward adjustment to the average annual historical emissions over the Reference Period, Quantification of the proposed upward or downward adjustment to the average annual historical emissions over the Reference Period 8.4]</p>	<p>N.A.</p>
<p>See 13.1. No adjustment has been applied.</p>	
<p><b>C 14 Robust Forest Monitoring Systems provide data and information that are transparent, consistent over time, and are suitable for measuring, reporting and verifying emissions by sources and removals by sinks, as determined by following Criterion 3 within the proposed Accounting Area</b></p>	
<p><b>Ind 14.1</b> The ER Program monitors emissions by sources and removals by sinks included in the ER Program’s scope (Indicator 3.1) using the same methods or demonstrably equivalent methods to those used to set the Reference Level.</p> <p>[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]</p>	<p>Yes</p>
<p>Yes, same method as applied for REL will be applied. Same considerations apply too.</p>	
<p><b>Ind14.2</b> Activity data are determined periodically, at least twice during the Term of the ERPA, and allow for ERs to be estimated from the beginning of the Term of the ERPA. Deforestation is determined using IPCC Approach 3. Other sinks and sources such as degradation may be determined</p>	<p>Yes</p>

<p>using indirect methods such as survey data, proxies derived from landscape ecology, or statistical data on timber harvesting and regrowth if no direct methods are available</p> <p>[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]</p>	
<p>Yes, activity data on deforestation, forest degradation and afforestation will be collected at biennial pace, and compiled in time series of data from the reference period to the entire accounting period. Data collected are spatially explicit and tracked across time so that they conform with Approach 3 of IPCC Guidelines. Data are collected across a grid of sampling points by visual interpretation and a fraction of them (10%) verified.</p>	
<p><b>Ind 14.3</b> Emission factors or the methods to determine them are the same for Reference Level setting and for Monitoring, or are demonstrably equivalent. IPCC Tier 2 or higher methods are used to establish emission factors, and the uncertainty for each emission factor is documented. IPCC Tier 1 methods may be considered in exceptional cases</p> <p>[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1]</p>	<p><b>Yes</b></p>
<p>Yes, Emission factors and methods applied to determine them are the same for Reference Level setting and for Monitoring, since in the ER-PA is reported that same EFs calculated for the FRL are going to be applied during the accounting period.</p> <p>All factors are country-specific (tier 2) but values of the root-to-shoot ratio applied are IPCC defaults (Tier 1). According to the FCPF Carbon Fund Methodological Framework the use of Tier 1 IPCC default factors for belowground biomass is justifiable only in exceptional case. The total absence of country-specific information is considered an exceptional circumstance and therefore the indicator is judged to have been met for the calculation of FRL. Nevertheless, the TAP sees that data can be collected during the accounting period and that with those new data the FRL can be recalculated, so enhancing its accuracy, and actual GHG emissions and removals during the accounting period can be estimated.</p> <p>Further, as noted for indicator 8.2, also the above-ground biomass estimates can be enhanced through the data collection during the accounting period.</p> <p>Considering also that sampling errors as well as measurement errors in collected biomass data is reported in the ER-PA to be high, the TAP recommends, to enhancing accuracy of accounted emissions reductions, to collect additional data on forest C stocks and to recalculate accordingly the reference level at the final accounting.</p>	
<p><b>C 15 ER Programs apply technical specifications of the National Forest Monitoring System where possible</b></p>	
<p><b>Ind 15.1</b> ER Programs articulate how the Forest Monitoring System fits into the existing or emerging National Forest Monitoring System, and provides a rationale for alternative technical design where applicable.</p> <p>[Relation and consistency with the National Forest Monitoring System 9.3]</p>	<p><b>Yes</b></p>
<p>Yes, the Forest Monitoring System (FMS) of the ER-Program will be fully integrated in the National Forest Monitoring System (NFMS) that was established in accordance to the decision 4/CP.15.</p> <p>The NFMS has two main functions: (i) a monitoring function and (ii) a Measurement, Verification Reporting and Verification (MRV) function. The NFMS is based on remotely sensed data collection and analysis, performed by the Laboratoire géomatique (same as for FMS) and by ground data collection from the national forest inventory, which is contrast not part of the FMS.</p> <p>The TAP further notes that the same system will provide information for the preparation of the national GHGI, so ensuring full consistency in datasets and methods.</p>	



<b>C 16 Community participation in monitoring and reporting is encouraged and used where appropriate</b>	
<p><b>Ind 16.1</b> The ER Program demonstrates that it has explored opportunities for community participation in monitoring and reporting, e.g., of ER Program Measures, activity data, emission factors, safeguards and Non-Carbon Benefits, and encourages such community participation where appropriate</p> <p>[Measurement, monitoring and reporting approach for estimating emissions occurring under the ER Program within the Accounting Area 9.1, 9.2]</p>	<b>No</b>
<p><u>TAP assessment of the advanced draft, October 2017:</u></p> <p>No, the ER Program does yet not fully explore opportunities for community participation in monitoring and reporting. Although the TAP recognizes that local communities and REDD+ projects may provide information on performance, illegal logging activities, loss events, poaching and irregularities on the REDD benefit sharing process, community monitoring activities are not foreseen. However, it is foreseen in the REDD+ activities under the UNFCCC where community monitoring will be based on smart phones which are linked to a national geoportal of the NFMS (First field tests of community monitoring were conducted, and the geoportal is being developed in cooperation with Global Forest Watch). Further, also the VCS REDD+ projects insisting in the jurisdictional area did involve local communities in activities of surveillance.</p> <p>Thus, the TAP recommends building on ongoing experiences in community participation to monitoring of REDD+ projects in the jurisdictional area (including COBAs), by first identifying surveillance activities assigned to the local communities that have been proven effective, second to identify additional elements that may make them more effective, if any, third scale them up to the entire jurisdictional area.</p> <p><u>TAP's assessment of the Final Draft ER-PD, May 2018:</u></p> <p>No, in the view of the TAP, not all opportunities (e.g. through partner NGOs) have been assessed for community participation in monitoring and reporting of ER activities. The response of the ER-P Team that such participation would be inefficient and too costly is not sufficient. Past experiences in Madagascar have shown that through collaboration with social enterprises using digital solutions have worked, even with simple tools like cell phones. In the view of the TAP, such type of solutions can be implemented with VOIs (grassroot communities) to participate in MRV. CI, for example, WWF and WCS are already now providing VOI with smartphones and GPS for forest monitoring now, which could be used for the ER-Program. The TAP considers this as a minor non-conformity.</p>	
<b>C 17 The ER Program is designed and implemented to prevent and minimize potential displacement</b>	
<p><b>Ind 17.1</b> Deforestation and degradation drivers that may be impacted by the proposed ER Program measures are identified, and their associated risk for displacement is assessed, as well as possible risk mitigation strategies. This assessment categorizes Displacement risks as high, medium or low.</p> <p>[Identification of risk of Displacement 10.1]</p>	<b>Yes</b>
<p>Yes, deforestation and degradation drivers that may impact the ER Program are identified and displacement risks assessed.</p> <p>A complete assessment of drivers and associated risks of displacement of emissions has been provided, namely: (i) annual crops and shifting cultivation; (ii) permanent crops; (iii) fires due to pastoralism; (iv) service timber harvesting and artisanal loggers; (v) wood fuel and (vi) charcoal production. The assessment identifies all possible activities shifting from the area subject to the project to external areas, and associated impacts on markets. Arguments provided are based on robust logic. A main feature to avoid potential displacement is the implementation of</p>	

<p>mitigation actions within watersheds, since movements of population across watersheds is unlikely because of traditional ownership of lands by different communities. The risk of decreasing C stocks in tavy (shifting cultivation) areas associated with an intensification of their exploitation (i.e. no or shorter fallow phase) is addressed by the promotion of agroforestry in those areas.</p> <p>Finally, the TAP notes that the project is seeking coordination with <i>Madagascar Forest Watch</i> of the World Resource Institute, as soon as it is operational, to monitor increases in deforestation and forest degradation in neighbouring forest areas to inform and guide the implementation of the activities identified to minimize the risk of displacement.</p>	
<p><b>Ind 17.2</b> The ER Program has in place an effective strategy to mitigate and/or minimize, to the extent possible, potential Displacement, prioritizing key sources of Displacement risk.</p> <p>[ER Program design features to prevent and minimize potential Displacement 10.2]</p>	<p><b>Yes</b></p>
<p>Yes, the ER Program has in place an effective strategy to mitigate and/or minimize, to the extent possible, potential displacement.</p> <p>Classified according to the driver, remedial actions have been identified for each shifting activity, as: enhancement of agriculture productivity to deal with drivers (i) annual crops and shifting cultivation); (ii) permanent crops; and (iii) fires due to pastoralism; improving forest management to deal with driver (iv) service timber harvesting and artisanal loggers; and reforestation and rehabilitation of forests to deal with drivers (v) wood fuel and (vi) charcoal production; as well as improve efficiency of charcoal production and its use (efficient cookstoves).</p> <p>In addition, benefits, as additional income, generated by ecosystem services should minimize population transfers (and associated displacement of emissions) outside the boundaries of the project activities.</p>	
<p><b>Ind 17.3</b> By the time of verification, the ER Program has implemented its strategy to mitigate and/or minimize potential Displacement</p>	<p><b>N.A</b></p>
<p>Only applicable at the time of verification.</p>	
<p><b>Ind 17.4</b> ER Programs are also invited to report on changes in major drivers in the ER Accounting Area, any Displacement risks associated with those drivers, and any lessons from the ER Programs' efforts to mitigate potential Displacement</p>	<p><b>N.A</b></p>
<p>Only applicable at the time of verification.</p>	
<p><b>C 18 The ER Program is designed and implemented to prevent and minimize the risk of reversals and address the long-term sustainability of ERs</b></p>	
<p><b>Ind 18.1</b> The ER Program has undertaken an assessment of the anthropogenic and natural risk of reversals that might affect ERs during the Term of the ERPA and has assessed, as feasible, the potential risk of reversals after the end of the Term of the ERPA</p> <p>[Identification of risk of Reversals 12.1]</p>	<p><b>Yes</b></p>
<p>Yes, the assessment of risks of reversals has been conducted following the FCPF Buffer Guidelines, and are assessed beyond the term of the ERPA.</p> <p>Four main risk factors are described: (i) Lack of broad and sustained stakeholder support; (ii) Lack of institutional capacities and/or ineffective vertical/cross sectorial coordination; (iii) Lack of long term effectiveness in addressing</p>	

<p>underlying drivers; and (iv) Exposure and vulnerability to natural disturbances.</p> <p>After the end of the ERPA, risks of reversal will be equivalent to those during the ERPA’s Term. See discussion in 18.2 below.</p>	
<p><b>Ind 18.2</b> The ER Program demonstrates how effective ER Program design and implementation will mitigate significant risks of Reversals identified in the assessment to the extent possible, and will address the sustainability of ERs, both during the Term of the ERPA, and beyond the Term of the ERPA [ER Program design features to prevent and mitigate Reversals 12.2]</p>	<p><b>Yes</b></p>
<p>The TAP assesses this indicator as achieved.</p> <p>The lack of broad and sustained stakeholder support is considered low since communities have been involved in the design phase of the program (based on information received at the country mission); many communes and communities have already experienced and appreciated the benefits of implementation of REDD+ activities of existing VCS projects. The TAP acknowledges thus such assessment.</p> <p>The lack of institutional capacities and/or ineffective vertical/cross sectorial coordination is considered high since there’s a lack of institutional capacities at central and regional level to ensure that activities and project could be implemented, coordinated, and efficient. Mitigation measures as declared to be implemented are: (i) structuration of BRC REDD+ in regions and capacity building for their coordination role; and (ii) developing partnerships with other ministries and identifying technical and financial support to increase their knowledge, capacities and involvement into REDD+.</p> <p>The lack of long term effectiveness in addressing underlying drivers is considered high since the slash-and -burn (tavy) as well as uncontrolled extraction of fuel wood. To address such risk a number of actions within the project are aimed at improving agricultural practices and access to market in order to increase productivity and at the same time increase revenues of local population. Both benefits are expected to be pursued also beyond the Term of the ERPA. In particular, the project focuses on transformation of slash-and-burning, tavy, system in agroforestry systems so ensuring a higher average long-term C stock. Further, the identification and promotion of “no-land” activities, income-generating activities that are not dependent on land ownership, will limit the pressure on lands so ensuring that their sustainable use is not opposed by the pressure of people under subsistence needs.</p> <p>Exposure and vulnerability to natural disturbances: Considering that natural disturbances cause just temporary loss of C that are followed by forest regrowth if no human activities determine a change in land use, and that such human-driven risks of reversal are already been addressed within previous factors, this risk should be considered zero. Consequently, the review is of the view that the risk of exposure and vulnerability to natural disturbances should be revised accordingly to 0%.</p> <p>After the end of the ERPA any reversal will be monitored and reported by the NFMS for REDD+ activities within the National inventory report to be submitted under the Paris Agreement and accordingly accounted for. Thus, in the TAP’s view, no risk of permanence needs to be materialized beyond the Term of the ERPA.</p>	
<p><b>C 19 The ER Program accounts for Reversals from ERs that have been transferred to the Carbon Fund during the Term of the ERPA</b></p>	
<p><b>Ind 19.1</b> During the Term of the ERPA, the ER Program accounts for Reversals from ERs using one of the following options:</p> <ul style="list-style-type: none"> <li>▪ Option 1: The ER Program has in place a Reversal management mechanism (e.g., buffer reserve or insurance) that is substantially equivalent to the Reversal risk mitigation assurance provided by the ‘ER Program CF Buffer’ approach referred to in option 2 below, appropriate for the ER</li> </ul>	<p><b>Yes</b></p>

<p>Program’s assessed level of risk, which in the event of a Reversal during the Term of the ERPA will be used to fully cover such Reversals.</p> <ul style="list-style-type: none"> <li>Option 2: ERs from the ER Program are deposited in an ER Program-specific buffer, managed by the Carbon Fund (ER Program CF Buffer), and based on a Reversal risk assessment. ERs deposited in the ER Program CF Buffer (Buffer ERs) will not be transferred to the Carbon Fund. In the event that a Reversal event occurs during the Term of the ERPA, an amount of Buffer ERs will be cancelled from the ER Pro</li> </ul> <p>[Reversal management mechanism, Selection of Reversal management mechanism 12.3]</p>	
<p>Yes, during the Term of the ERPA, the ER Program accounts for Reversals from ERs. Madagascar has selected option 2, ERs from the ER Program are deposited in an ER Program-specific buffer, managed by the Carbon Fund.</p>	
<p><b>C 20 The ER Program, building on its arrangements put in place during the readiness phase and during the Term of the ERPA, will have in place a robust Reversal management mechanism to address the risk of Reversals after the Term of the ERPA</b></p>	
<p><b>Ind 20.1</b> At the latest 1 year before the end of the Term of the ERPA, the ER Program will have in place a robust Reversal management mechanism or another specified approach that addresses the risk of Reversals beyond the Term of the ERPA</p>	<p>N.A.</p>
<p>Only applicable before the end of the ERPA term.</p>	
<p><b>Ind 20.2</b> If the ER Program has selected option 2 under Indicator 19.1, all or a portion of the Buffer ERs of the ER Program, subject to a Carbon Fund review of the Methodological Framework and a decision of the parties to the ERPA in 2019, will be transferred to the mechanism identified in Indicator 20.1 at the end of the Term of the ERPA. If the ER Program fails to meet the requirements of Indicator 20.1, all remaining Buffer ERs in the ER Program CF Buffer will be cancelled</p>	<p>N.A.</p>
<p>Only applicable before the end of the ERPA term.</p>	
<p><b>C 21 The ER Program monitors and reports major emissions that could lead to reversals of ERs transferred to the Carbon Fund during the Term of the ERPA</b></p>	
<p><b>Ind 21.1</b> The ER Program Monitoring Plan and Monitoring system are technically capable of identifying Reversals</p> <p>[Monitoring and reporting of major emissions that could lead to Reversals of ERs 11.4]</p>	<p>Yes</p>
<p>Yes, the ER Program Monitoring Plan and Monitoring system are technically capable of identifying Reversals.</p> <p>The monitoring of tree cover change will be active during the ERPA Term and beyond since the jurisdictional area will remain subject to the NFMS of national REDD+ activities as well as of the GHGI under the Paris Agreement. This will ensure that reversal will be identified when they occur and that they will be accounted for accordingly.</p>	
<p><b>Ind 21.2.</b> The ER Program reports to the Carbon Fund within 90 calendar days after becoming aware of any emissions in the Accounting Area or changes in ER Program circumstances that, in the reasonable opinion of the ER Program, could lead to Reversals of previously transferred ERs by the next Monitoring event. The ER Program explains how the potential Reversals would be addressed by additional ER Program Measures or by the Reversal management mechanism described in Indicator 19.1.</p>	<p>N.A.</p>

Only applicable at the time a reversal occurs and at the time of verification.

**C 22 Net ERs are calculated by the following steps:**

1. Subtract the reported and verified emissions and removals from the Reference Level
2. Set aside a number of ERs from the result of step 1, above, in a buffer reserve. This amount reflects the level of uncertainty associated with the estimation of ERs during the Term of the ERPA. The amount set aside in the buffer reserve is determined using the conservativeness factors for deforestation listed in the MF. For estimated emissions reductions associated with degradation, the same conservativeness factors may be applied if spatially explicit activity data (IPCC Approach 3) and high-quality emission factors (IPCC Tier 2) are used. Otherwise, for proxy-based approaches, apply a general conservativeness factor of 15% for forest degradation Emission Reductions.
3. Set aside a number of ERs in the ER Program CF Buffer or other reversal management mechanism created or used by an ER Program to address Reversals

[Ex-ante estimation of the Emission Reductions 13.2]

Yes

In the TAP Assessment of the Advanced Draft, October 2017, it was not possible for the TAP to fully assess the information, and the indicator was not met. The TAP recommended revising the ex-ante accounted quantities and to provide a map and an associated table where all sub-targets are geo-referred and quantified; and to ensure that the total accounted quantity expected for reducing deforestation does not exceed the associated reference level.

TAP comments on the Final ER-PD, May 2018

This indicator is now met. Madagascar has set aside shares of ERs (8%, see Table 82) from the result of step 1, above, in a buffer reserve. This amount reflects the level of uncertainty associated with the estimation of ERs during the Term of the ERPA. The amount set aside in the buffer reserve is determined using the conservativeness factors for deforestation listed in the MF. For forest degradation and enhancement of forest C stocks, the same conservativeness factor has been applied because spatially explicit activity data (IPCC Approach 3) and country-specific emission factors (IPCC Tier 2) are used. Madagascar has also set aside a number of ERs (28%, see Table 82) in the ER Program CF Buffer or other reversal management mechanism created or used by an ER Program to address Reversals.

It has been estimated according to the targets set for various REDD+ sub-projects ongoing in the jurisdictional areas as well as additional expected reduction estimated according to the average cost per unit of reduction in the various sub-projects scaled up at the level of the jurisdictional area in proportion to the additional financial resources expected.

The total expected emission reduction is estimated at 15.75 million from reducing deforestation, 3.34 million from reducing degradation and at 2.40 million from enhancement of C stock in reforested/afforested areas. A total buffer of 36% (8% for uncertainties and 28% from risk of reversal) i.e. 7 million is estimated. Consequently, the total expected emission reductions available for the CF is estimated at 13.72 million across the six-year period-(see Table 82).

**C 23 To prevent double-counting, ERs generated under the ER Program shall not be counted or compensated for more than once. Any reported and verified ERs generated under the ER Program and sold and/or transferred to the Carbon Fund shall not be sold, offered or otherwise used or reported a second time by the ER Program Entity. Any reported and verified ERs generated under the ER Program that have been sold and/or transferred, offered or otherwise used or reported once by the ER Program Entity shall not be sold and transferred to the Carbon Fund**

(i) [Participation under other GHG initiatives 13.1]

No

TAP Assessment of the Advanced Draft, October 2017:

In its review that TAP noted that the BNC REDD+ will be responsible for the management of a national REDD+ Registry, which should be developed until the end 2018. BNC-REDD+ was also awaiting the development of the Carbon Fund registry to take a decision on whether to maintain a national ER transaction registry. This means that neither the requisites of the Data Base (see comments on Indicators 37 and 38 below) nor a ERs Transaction Registry is defined/created. Also, the decision to manage the future ERs Transaction Registry has not been taken yet. In Annex 2 of the TAP Report, some generic methodological guidance is provided to address multiple accounting.

TAP Assessment of the Final Draft ER-PD, May 2018:

The TAP considers that this indicator has still not fully met. The ER-PD addresses the issue of potential double counting related to the two existing VCS projects and implemented inside the JA of the ER-Program, but doesn't address the guidelines that will be used by the host country. It is stated that in accordance to the applicable methodology under the VCS Standard their baselines expire earlier than the start of the ERPA term. Also, the ER-PD states that both PAs are undergoing a transformation away from reliance on the voluntary market and towards the integration into the ER-Program structures and benefit-sharing mechanism process.

The ER-PD doesn't bring more specific information, neither does it address any specific data/guidelines about the risk of double counting and the potential double selling risks that could arise from the current negotiations of the Makira Project. Please refer to comments in criteria 36.2 and 36.3. The GoM has decided to use a centralized ER Transaction Registry managed by a third party in its behalf.

The TAP considers this as a minor non-conformity in the sense that the evidence provided to prove conformity is insufficient but does not lead to breakdown in the systems delivery.

[Data management and Registry systems to avoid multiple claims to ERs 18.2]

No

TAP Assessment of the Advanced Draft, October 2017:

The TAP has rated in its assessment in October 2017 yet not met. It was reported that BNC REDD+ will be responsible for the management of a national REDD+ Registry, which will be developed until the end 2018. The World Resource Institute was developing a forest information system hosted in the Geomatics Laboratory located in BNC REDD+ office. BNC CC was also commencing the development of the National Carbon Registry, which it is expected to be a tracking database rather than a registry as such. The GoM was also awaiting the development of the Carbon Fund registry to take a decision on whether to maintain a national ER transaction registry. The TAP concluded that besides the efforts, neither the requisites of the DataBase (see comments on Indicators 37 and 38 below) nor a ERs Transaction Registry had been defined/created. Also, the decision to manage the future ERs Transaction Registry had not been taken yet.

TAP Assessment of the Final ER-PD, May 2018:

The TAP commented further on the Data Management and Registry System. On Sections 15.1 and 17.1 the ER-PD acknowledges the existence of two VCS projects already ongoing in significant portions of the jurisdictional area.

As stated above, Madagascar has submitted to UNFCCC a FREL under REDD+ and REDD+ activities are part of the nationally determined contribution. This means that reductions accounted for under the ER Program will also be accounted for under VCS, under REDD+ and as Madagascar contribution to mitigation of climate change under the Paris Agreement. Also, based on the information received, the approved GCF project partly overlies with the jurisdictional area.

Taking these elements in consideration and the fact that there have not been yet defined the formal rules and guidance for the ER Transaction Registry, the TAP considers that the criteria is still not met (minor non-conformity). This is considered as a minor non-conformity as a registry system needs to be developed and is under advanced discussions.

**C 24 The ER Program meets the World Bank social and environmental safeguards and promotes and supports the safeguards included in UNFCCC guidance related to REDD+**

**Ind 24.1** The ER Program demonstrates through its design and implementation how it meets relevant World Bank social and environmental safeguards, and promotes and supports the safeguards included in UNFCCC guidance related to REDD+, by paying particular attention to Decision 1/CP.16 and its Appendix I as adopted by the UNFCCC.

**Yes**

[ Description of how the ER Program meets the World Bank social and environmental safeguards and promotes and supports the safeguards included in UNFCCC guidance related to REDD+ 14.1]

TAP Assessment of the Advanced Draft, October 2017:

The TAP assessed this indicator as met in its review of the Advanced Draft. The ERPD did yet not a complete work of explaining how the UNFCCC safeguards will be managed, but additional information was made available in Annex IV of the Advanced Draft ER-PD (National law and regulatory texts linked to safeguards). The Advanced Draft ER-PD document did a more complete job looking at the World Bank Safeguards. SIS has been designed to track both World Bank and UNFCCC safeguards. The ER-PD also listed the potential risks and negative impacts in relation the various REDD+ strategies that communities could select if they choose to apply to do a REDD+ project in their area.

There are also a number of elements of the ER-PD strategy that are clearly trying to address risks identified in the SESA process. From a decentralized decision-making process that is seeking to empower the local communities undertaking REDD+ activities, to improving transparency by making an increased amount of forest and land use information available, a number of the design decisions should help address the risks identified. In addition, the Advanced Draft ER-PD also stated that the process decision makers will use to select projects brought forward by communities and especially how the World Bank safeguard plans will be considered to ensure that the necessary safeguard procedures are applied, e.g. if a project limits individual's access to natural resources, which would trigger the resettlement plan. The Advanced Draft ER-PD described the specific mitigation measures to the various risks identified in the SESA, so that it is possible to know how these risks have been addressed through the design of REDD+ activities and/or what additional risk mitigation measures will be taken. Some of the risks were addressed in more detail in the supporting safeguard documents; however, some topics, such as elite capture of the benefits and corruption were less clearly addressed.

The TAP recommended further developing on the social safeguard issues, particularly in respect to the potential risks at local level, including elite capture in benefit sharing and corruptive behavior.

Assessment of the Final Draft ER-PD, May 2018:

The document has been enriched with additional mention of corruption and elite capture concerns in the document. The two mechanisms to address these issues are the allocation of activity funding being negotiated initially during the project design to ensure the participation of all stakeholders and the complaint mechanism allowing for those with concerns of retaliation to be able to provide information confidentially. The effectiveness of these types of mechanisms will need to be seen. The presence of an independent observer should also provide an additional safety net, but these two potential risks will need to be monitored.

<p><b>Ind 24.2</b> Safeguards Plans address social and environmental issues and include related risk mitigation measures identified during the national readiness process, e.g., in the SESA process and the ESMF, that are relevant for the specific ER Program context (e.g., land tenure issues), taking into account relevant existing institutional and regulatory frameworks. The Safeguards Plans are prepared concurrently with the ER Program Document, and are publicly disclosed in a manner and language appropriate for the affected stakeholders</p> <p>[Description of how the ER Program meets the World Bank social and environmental safeguards and promotes and supports the safeguards included in UNFCCC guidance related to REDD+ 14.1]</p>	<p><b>Yes</b></p>
<p><u>TAP Assessment of the Advanced Draft, October 2017:</u></p> <p>In the previous assessment, this indicator was not met. The safeguards plan that address social and environmental issues had not yet been publicly disclosed in a manner and language appropriate for the affected stakeholders that we are aware, though steps to do some appear to be imminent. The TAP noted that Madagascar had completed the SESA process in support of the development of the National REDD plan. Following the SESA it was determined that an Environmental and Social Management Framework (ESMF), a Population Resettlement Policy Framework (PRPF) and a Functional Framework (FF) should be prepared. These documents had been prepared and submitted to the World Bank. The TAP noted that the documents were quite detailed on questions of resettlement and compensation when there is a loss of access to natural resources, measures to be applied when especially vulnerable communities are impacted, and the steps that will be taken during the selection and implementation of the project to ensure the policies are respected and to mitigate risks.</p> <p>The TAP recommended that further stakeholder consultations been undertaken once the WB safeguard plans had been fully reviewed. At this time of the TAP assessment, the World Bank safeguard plans were still in a reviewing process, and had not yet been discussed or disseminated to all affected stakeholders.</p> <p>The TAP further recommended that in the subsequent analysis and consultation process the multiples OSC are integrated, including the “Réseau genre, SIMIRALENTA, Observatoires des jeunes, Gender Links, Rohy, CCOC, AVG, le Conseil National des Femmes” among others.</p> <p><u>Assessment of the Final ER-PD, May 2018:</u></p> <p>The TAP concluded in the review of the Final ER-PD that the indicator has been met. Since the past review, the team has continued to advance the safeguard procedures with input from a diverse group of stakeholders. The ESMF has been prepared, validated through a national workshop and by the National REDD+ platform and submitted to the World Bank for review and will be published on the World Bank website and in country on the website of BNC REDD+ in May 2018. The RPF and PF have been drafted and complete versions shared at the national level, and each will undergo a similar process following additional consultations in May 2018. It was decided to conduct a further round of consultations with targeted populations in local communities to ensure that all concerns are adequately addressed. The revised versions will be submitted to the World Bank in early June 2018.</p> <p>These three specific REDD+ framework safeguards instruments will be endorsed by the government once they have been validated through a national process and reviewed by the World Bank. The ESMF. All the instruments will be annexed to a REDD+ decree that will be submitted in June 2018 as part of the application text for the new Forest Policy.</p> <p>ER-PD Annex V describes how the UNFCCC safeguards are addressed through national and World Bank tools.</p>	



<b>C 25 Information is provided on how the ER Program meets the World Bank social and environmental safeguards and addresses and respects the safeguards included in UNFCCC guidance related to REDD+, during ER Program implementation</b>	
<p><b>Ind 25.1</b> Appropriate monitoring arrangements for safeguards referred to in Criterion 24 are included in the Safeguards Plans.</p> <p>[Description of arrangements to provide information on safeguards during ER Program implementation 14.2 and 5.1]</p>	<b>Yes</b>
<p><u>TAP Assessment of the Advanced Draft, October 2017:</u></p> <p>The indicator was assessed as met. Information had been provided on how the ER Program meets the World Bank social and environmental safeguards and addresses and respects the safeguards included in UNFCCC guidance related to REDD+.</p> <p>The SIS program had been developed with principles that consolidate the UNFCCC, World Bank and REDD SES principles and safeguards. The criteria interpret these principles using Madagascar context and institutions. The indicators appear to cover the majority concerns and risks flagged in the SESA process. While it remains to be seen how manageable the data collection process will be, there seems to be both delegation of data collection and capacity building mechanisms in place, as well as verification procedures at different levels.</p> <p>Also, the TAP noted that the ER-PD proposes to employ an independent observer for REDD+ activities, whose role will be to provide an independent perspective on what is occurring and to gather information in relation to the REDD+ safeguards.</p> <p><u>Assessment of the Final Draft ER-PD, May 2018:</u></p> <p>The TAP has nothing significant to add, though it appears there are refinements to the SIS being made and measures to facilitate access for those without access to the internet are being tested and summaries of safeguards instruments are made available in the local language, Malagasy. Both positive steps.</p>	
<p><b>Ind 25.2</b> During ER Program implementation, information on the implementation of Safeguards Plans is included in an annex to each ER monitoring report and interim progress report. This information is publicly disclosed, and the ER Program is encouraged to make this information available to relevant stakeholders. This information is also made available as an input to the national systems for providing information on how safeguards are addressed and respected (SIS) required by the UNFCCC guidance related to REDD+, as appropriate.</p>	<b>N.A.</b>
Only applicable at the time of verification.	
<b>C 26 An appropriate Feedback and Grievance Redress Mechanism (FGRM) developed during the Readiness phase or otherwise exist(s), building on existing institutions, regulatory frameworks, mechanisms and capacity</b>	
<p><b>Ind 26.1</b> An assessment of existing FGRM, including any applicable customary FGRMs, is conducted and is made public. The FGRM applicable to the ER Program demonstrates the following:</p> <p>i) Legitimacy, accessibility, predictability, fairness, rights compatibility, transparency, and capability to address a range of grievances, including those related to benefit-sharing arrangements for the ER Program;</p> <p>ii) Access to adequate expertise and resources for the operation of the FGRM</p>	<b>Yes</b>

<p>[Description of the Feedback and Grievance Redress Mechanism (FGRM) in place and possible actions to improve it 14.3]</p>	
<p><u>TAP Assessment of the Advanced Draft, October 2017:</u></p> <p>Yes, the Feedback and Grievance Redress Mechanism had been assessed. There has been extensive work done on the FGRM, including an assessment of the existing institutions and their legitimacy in addressing the types of grievances that are likely to arise as part of the REDD+ project done reaching out to more than 500 people in the ER-PD communities. The assessment identified some gaps in the existing institutions. Addressing these has been written up in a separate document; it includes steps to build community awareness of the grievance mechanisms available to them with the help of local NGOs, as well as to build the capacity of local bodies to address REDD+ specific grievances.</p> <p>In the previous assessment, the TAP recommended reflecting further on information sharing and awareness rising in regard to FGRM. The assessment has been posted on the BNC REDD website, however making public the information on the website does not mean that it really has reached the involved stakeholders (as at local level internet access is still restricted in Madagascar). Relevant observations from these assessments should be included in the capacity building and awareness raising activities that are planned over the coming months.</p> <p><u>Assessment of the Final Draft ER-PD, May 2018:</u></p> <p>There is not much reported on the FGRM in this final draft. However, a first version of the guide intended for the authorities involved in the implementation of FGRM as part of ER-P activities has been developed and shared. A capacity building plan has been developed is in the process of finalization and will begin implementation along with the full implementation of the ER-Program.</p>	
<p><b>Ind 26.2</b> The description of FGRM procedures, included in the Benefit-Sharing Plan and/or relevant Safeguards Plans, specifies the process to be followed to receive, screen, address, monitor, and report feedback on, grievances or concerns submitted by affected stakeholders. As relevant, the Benefit-Sharing Plan and/or relevant Safeguards Plans and/or ER Program Document describe the relationship among FGRM(s) at the local, ER Program, and national levels</p> <p>[Description of the Feedback and Grievance Redress Mechanism (FGRM) in place and possible actions to improve it 14.3]</p>	<p><b>Yes</b></p>
<p><u>TAP Assessment of the Advanced Draft, October 2017:</u></p> <p>Yes, there is an extensive description for how grievances could be received, move through different existing bodies in a timely manner and when a grievance is considered resolved.</p> <p>The TAP noted that the ER-PD included principles to guide the development of the FGRM, including transparency and confidentiality, impartiality and jurisdiction. At a more practical level they have also defined how an appeal procedure could work, what resolution would look like, and how each step of the system will be monitored and tracked. Information about the number of grievances received and how there were addressed will be included in the SIS system. Beyond the information in the ER-PD, information about the grievance mechanism and how it will be implemented is included in a number of the safeguard policy documents, such as the Resettlement policy. As noted above, the ER-PD team has identified the next steps will be to build the capacity of the institutions on the REDD+ question specifically and disseminate information about the REDD+ communities that may be impacted by REDD+ projects.</p>	

The TAP observed that some of the language used around sensitive and non-sensitive grievances may give the impression that some grievances that are not seen as important to the achievement of REDD+ will be deprioritized. Thus, the TAP recommended to carefully review the relevant sections and to present them somehow differently.

Assessment of the Final Draft ER-PD, May 2018:

The “sensitive” and “non-sensitive” language continues to be used in discussions of types of complaints, however, it is now clear to the TAP what is meant by this term and how the designation links to how the grievances will be addressed.

**Ind 26.3** If found necessary in the assessment mentioned in Indicator 26.1, a plan is developed to improve the FGRM  
 [Description of the Feedback and Grievance Redress Mechanism (FGRM) in place and possible actions to improve it 14.3]

**Yes**

Yes, there is a plan in place to address a number of the gaps related to the existing grievance mechanisms. The plan includes both capacity building activities across all institutions that have been identified as part of the grievance mechanism for REDD+, identifying the appropriate procedures etc., and putting in place and independent REDD+/safeguard observer.

**C 27 The ER Program describes how the ER Program addresses key drivers of deforestation and degradation**

**Ind 27.1** The ER Program identifies the key drivers of deforestation and degradation, and potentially opportunities for forest enhancement  
 [Analysis of drivers and underlying causes of deforestation and forest degradation, and existing activities that can lead to conservation or enhancement of forest carbon stocks 4.1]

**Yes**

TAP’s assessment of the Advanced ER-PD, October 2017

Yes, the ERPD identifies the key drivers of deforestation and degradation as well as the potential for forest enhancement through reforestation, agroforestry and forest restoration.

The intersectorial analysis of the causes of deforestation made in the ER-PD noticeably identified the dynamic of actors involved in the various key areas of REDD+. The drivers are well identified and the linkages between the direct and indirect factors are presented. In the TAP’s view, a stronger distinction could be given between the factors and underlying causes of DD in the different ecosystems of Madagascar (as it should be outlined in the national REDD+ strategy) and the specifics of the ER-Program area, as the latter is for the humid tropical area and not representative for the entire country.

The ER-PD document uses as an analytical basis the framework of Geist & Lambin (2001), which is useful in order to be complete in the analysis. The TAO noted that there was a good attempt to describe, for each of the proximate causes the specifics as they occur in the proposed ER-Program area. The TAP suggested to prepare a table in the summary containing the key drivers of DD and the potential for forest enhancement for each of the 5 regions in the ER-Program area, as each region would have its own REDD+ strategy/action plan.

The Advanced draft ER-PD also shortly described in chapter 4.1 c the existing policies and activities already in place that contribute to forest conservation and forest carbon stocks in the ER-Program area. The TAP commented that this could be completed by a more accurate presentation of PADAP, and other projects, e.g. CASEF, KfW reforestation project in Sofia that also could potentially contribute to investments supporting future carbon results-based payments.

In the section on Reference Levels (Section 8) the ERPD had provided recent estimates on deforestation and forest degradation levels; this provides critical baseline information on areas which will need vigilant monitoring. A short analysis of DD - drivers with a spatial overview of their importance over the 5 regions in the jurisdictional area could be useful. Consequently, the TAP made a number of suggestions and recommendations (see advanced draft).

TAP’s assessment of the Final ER-PD, May 2018

The TAP recognizes that additional recommendations by the TAP have been taken into consideration in the Final ER-PD. The analysis of the causes of deforestation and degradation have been further refined. The dynamics of the installation of agroforestry cash crop and its relationship with the "tavy" is considered and documented. Indirect causes in relation to political / institutional factors are relevant. Figures 9 and 4 have been simplified. The document provides in Annex 1 regional analysis prepared through the regional REDD+ platforms on spatialization of regional drivers and priority activities. Further information has also been provided about additional partner activities in the region. The technical proposals (e.g. those related to agroforestry) have also been considered and will be part of discussions with partners and government programs to identify effective means for addressing the issues raised.

The TAP offers some additional observations, as follows:

- The attribution of a [moderate] incentive as a cause of deforestation of the fluctuation of prices of cash crops on the international market (p 60) must be qualified: agroforestry cash crops (cocoa, coffee, vanilla and cloves) need at least 2 to 4 years before producing, a reason why farmers generally invest gradually with their own funds and on limited scale. There is a risk that sudden public and private grants injected can lead to immediate deforestation. Coordination of investments and strict monitoring of land use in the five regions is important when taking cash crop agroforestry as a ER-strategy.
- Regarding Property and Land Tenure Legislation (p 62), the TAP recommends specifying that settled agriculture is done by middle-class households. The poor generally work as daily workers in agriculture plant “tavy” rice inside the forests. This distinction will influence the type of incentives to be given and the beneficiaries.
- Regarding the lack of an incentive system for agricultural development and changing practices (p 69), it should be emphasized that, more than the land aspect, the exorbitant interest rate of banks and micro-finance institutions hamper investments. There are examples in Madagascar in this regard (CSA / FRDA mechanisms to facilitate the modernization of agriculture).

**Ind 27.2** The ER Program identifies currently planned ER Program Measures and how they address the key drivers identified in Indicator 27.1, and the entities that would undertake them

[Description and justification of the planned actions and interventions under the ER Program that will lead to emission reductions and/or removals 4.3]

[Institutional and implementation arrangements 6.1]

**Yes**

TAP’s assessment of the Advanced ER-PD, October 2017

The TAP has rated this indicator with a “Yes”. The ER Program identifies currently planned ER Program Measures and how they address the key drivers identified in Indicator 27.1. The TAP made additional observations for a smooth implementation of the ER-Program in the future. The TAP noted that the ERPD underlines that flexibility and adaptive approaches are needed to address a large variety of possible intervention at landscape level, implemented at different scales: “large scale projects” implemented over e.g. several regions and covering watersheds of at least 100,000 ha in size; intercommunal, “landscape projects”; and locally based “commune-level projects”. A number of detailed recommendations had been given, summarized as follows:

- Clarify the institutional arrangements at the regional level need that lead eventually to simplification
- In respect to the *analysis of the measures and approaches to address key drivers and opportunities*, strengthen the text by providing more concrete examples, identify clearly those who oversee implementation, the

beneficiaries and clarify the expected results; strengthen the analysis through the identification of more concrete activities that are suitable and adaptable to each of the regions proposed, and

- Formulate the expected results in a way that they remain realistic for the proposed time frame of 5 years. Longer term ER-Program measures should be clearly identified.

In the view of the TAP, the overall *institutional arrangement* (chapter 6.1) at decentralized level is adequate, though complex with multilevel institutions and entities, decision making processes that are not yet fully described. Some of the arrangements are not yet functional and only exist on paper.

In the TAP's view, particularly at regional level, the institutional arrangements are complex with multiplicity of existing structures with the regional platforms and the inter-communal platforms. The TAP questions if intercommunal platforms could be integrated in regional platforms. While the TAP recognized the effort regarding the institutional set-up, the TAP further recommended:

- To reflect on the role of the National REDD+ Platform (which per definition is dealing with national issues) that will have the complex task to decide on project funding, some of them with large budget requirements, designated to one specific jurisdictional area. This can create complexity in decision-making and political pressure and need careful planning and chairing. In the TAP's view, there can be conflict of interests in the REDD+ Platform as certain members are beneficiary of the ERPA (e.g. CI and WCS) and others can have a role of executing agency (e.g. PADAP and CASEF beyond others). This issue needs to be addressed.
- The BNC-REDD+ and the corresponding regional REDD+ coordination office (BRC REDD+) to consider the risks associated to the overall institutional set-up as there is a clear link between their capacities, effectiveness/sustainability and the delivery of reduces emissions and increase uptake; thus, the question of creating capacities to implement projects (beyond the already existing structures) is key for success.
- To reflect on simplifying the institutional setting at regional level, and emphasize on the role of regional and communal institutions (see also above text in French).

#### TAP's assessment of the Final ER-PD, May 2018

Regarding the *analysis of the measures and approaches to address key drivers and opportunities*, (chapter 4.3), the TAP noted that the analysis has been strengthened through the identification of more concrete activities that are suitable to be conducted in a five-year ER-P. Also, a diversity of interventions, all focusing from a landscape approach has been formulated to each of the regions proposed. The TAP however questions the fact that while the JA has been expanded with the major forest region of the Sava region, no proposals have been made for that expanded area. With the formulation of a clear transformative vision for sustainable landscape management and climate change mitigation beyond the ERPA term, including possible implementation arrangements beyond the ERPA term (pages 62-63), longer term ER-Program measures have been identified. Also, the 5-years proposed expected results have been reformulated in a way that they remain realistic for the proposed time frame of 5 years.

Some specific observations of the TAP in respect to concrete ER-measures:

- In the vision of the ER-Program (p 71), it is proposed to link private sector investors to SME and local employment. This is relevant in the context of the entire JA, including in Sava. The TAP noted that the Conseil National Cacao de Madagascar has elaborated a Plan National Cacao in January 2018 that might be relevant to the proposed approach (See <http://www.cirad.mg/cacao-madagascar/organisation/>)
- Also, consider the instruments of the project PICII of the World Bank (phase II.2, 2019-2024), that supports the vanilla sector and include an incentive component that could support SME start-ups for important cash crops (see <http://www.pic.mg/miary/>).
- In respect to activities AD1, AD2 and AD3, the TAP remarks that the economic operators could also be listed as beneficiaries by taking advantage of the improvement of the framework conditions, the stabilization of their supply through contractual arrangement with producers and the by getting a better image for their products as they have been sustainably produced.

Regarding to the *institutional arrangement* (chapter 6.1) the TAP noted that the chapter has been fundamentally rewritten. Entities and roles and responsibilities in governance and decision-making process (Table 11), Institutional arrangements for the ER generating activities (Table 12) and redesigned institutional arrangements for monitoring, evaluation and reporting activities (Figure 17) have been developed in the Final ER-PD. The TAP also rated positively that the Institutional and implementation arrangements for the ER-P overall were developed based on the framework for implementing the national REDD+ strategy designed with REDD+ platforms at national and regional levels.

**C 28 The ER Program has undertaken and made publicly available an assessment of the land and resource tenure regimes present in the Accounting Area**

**Ind 28.1** The ER Program reviews the assessment of land and resource tenure regimes carried out during the readiness phase at the national level (i.e., SESA) and, if necessary, supplements this assessment by undertaking an additional assessment of any issues related to land and resource tenure regimes in the Accounting Area that are critical to the successful implementation of the ER Program, including:

**Yes**

- I. The range of land and resource tenure rights (including legal and customary rights of use, access, management, ownership, exclusion, etc.) and categories of rights-holders present in the Accounting Area (including Indigenous Peoples and other relevant communities);
- II. The legal status of such rights, and any significant ambiguities or gaps in the applicable legal framework, including as pertains to the rights under customary law;
- III. Areas within the Accounting Area that are subject to significant conflicts or disputes related to contested or competing claims or rights, and if critical to the successful implementation of the ER Program, how such conflicts or disputes have been or are proposed to be addressed; and
- IV. Any potential impacts of the ER Program on existing land and resource tenure in the Accounting Area.

The ER Program demonstrates that the additional assessment has been conducted in a consultative, transparent and participatory manner, reflecting inputs from relevant stakeholders

[Description of land tenure systems, analysis of laws and regulatory framework 4.4 and 4.5, stakeholder consultation process 5.1]

Yes, the ER Program reviews the assessment of land and resource tenure regimes carried out during the readiness phase at the national level and, and supplements this assessment by undertaking additional assessment of the issues related to land and resource tenure regimes in the Accounting Area that are critical to the successful implementation of the ER Program.

This is done in the sections:

- 2.1 Current Status of the Readiness Package and Summary (by assessing the MADAGASCAR progress in achieving the different facets of REDD+ Readiness; (Page 29 of the Advanced ER-PD, October 2017)
- 4.4 Assessment of land and Resource Tenure in the Accounting Area (by giving an overview of the forest and land tenure in Madagascar, especially on the ER Program Area (page 90) describing the legal approach on the Principle of Public Ownership versus the recognizing of the individual rights to property (Article 34 of the Constitution 2010 versus Article 38 of the Governing Land Status (#2005-019) and Act of Legal Provisions applicable to private non-titled land ownership (#2006-031).
- 4.5 – Analysis of Laws, Statutes and Other Regulatory Frameworks (by describing the different legal Acts applicable to Governing Land Status; Non-Titled Land Ownership; Private Domain of the State Decentralized Jurisdictions and Legal Entities under Public Law; Forestry Law; Local Management Natural Renewable Resources (“GELOSE”) and others;
- 17.2 – Transfer of Emission Reductions Certificates (by stating that in the Project zone doesn’t exist “private forests or forests delegated to decentralized government entities (CTD). In this case it will be important

nevertheless that the country clarifies the potential risks on the titulation and management of the Protected Areas and especially the potential risk of the 30% of the program zone of Non-Forest Land where will apply the rules of the private law. (Especial attention to the uncertainty existing on article 38 of Act #2005-019 and article 10 of the 2014 Law on the *titulation* of the public, communities and private lands.

In the view of the TAP, the ER-Program demonstrates that the additional assessment has been conducted in a consultative, transparent and participatory manner, reflecting also the inputs from relevant stakeholders.

**Ind 28.2** The ER Program explains how the relevant issues identified in the above assessment have been or will be taken into consideration in the design and implementation of the ER Program, and in the relevant Safeguards Plan(s). If the ER Program involves activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, the relevant Safeguards Plan sets forth an action plan for the legal recognition of such ownership, occupation, or usage. Beyond what is required for the successful implementation of the ER Program, the ER Program is encouraged to show how it can contribute to progress towards clarifying land and resource tenure in the Accounting Area, where relevant.

[Assessment of land and resource tenure in the Accounting Area 4.4]

[Description and justification of the planned actions and interventions under the ER Program that will lead to emission reductions and/or removals 4.3]

**Yes**

Yes, the ER Program explains how the relevant issues identified in the above assessment have been or will be taken into consideration in the design and implementation of the ER Program, and in the relevant Safeguards Plan(s).

The ER Program doesn't involve activities that are contingent on establishing legally recognized rights to lands and territories of Indigenous Peoples, because the notion of "Indigenous People" is not a term used in Madagascar (and thus in the ER-Program area).

The ER-Program is characterized by traditionally owned or customarily used or occupied land areas, and addresses the issue on the relevant Safeguards Plan and has a legal set of Framework already existing to address those issues, including the inclusion of actions that encourages and contribute to progress towards clarifying land and resource tenure in the Accounting Area. (see Section 4.4 and 17.2) pages 90 of ER-PD (Section 4.4 a) Overview of forest and land tenure in Madagascar) pages 97, 98 of Advanced ERPD, October 2017 (Section 4.4 c – Description of Land Rights in the ER area) and page 248 of the Advanced ER-PD.

**Ind 28.3** The ER Program provides a description of the implications of the land and resource regime assessment for the ER Program Entity's ability to transfer Title to ERs to the Carbon Fund

[Transfer of Title to ERs 17.2]

**Yes**

Yes, the ER Program provides a description of the implications of the land and resource regime assessment for the ER Program Entity's ability to transfer Title to ERs to the Carbon Fund.

This is done by describing the nature of the entities exiting on the ER Program Area, 70% of Public forests (Protected Areas) and 30% of Non-Forest-Land – Section 17.2 – Page 248 of the ER-PD.

The ER Program clarifies that the Land and Resource regime assessment allows to the transfer of the Public Lands carbon/ERs title transfer by defining them as an activity "environmental service". (Section 17.2 – pages 248 and 249), and also Section 4.4 b) Carbon Rights (pages 95 to 98 of the ER-PD) and separating the Forest Management activities (GELOSE) from the ERs title. Also, the ER-Program separates the ERs Title and transfer structure from the Benefit Sharing Mechanism suggesting Contractual Mechanisms to address the Benefit Sharing Mechanism future structure (attached to GELOSE and PADAP instruments).

<b>C 29 The ER Program provides a description of the benefit-sharing arrangements for the ER Program, including information specified in Indicator 30.1, to the extent known at the time.</b>	
Description of benefit-sharing arrangements [16.1]	Yes
<p><u>TAP’s assessment of the Advanced ER-PD, October 2017</u></p> <p>Yes, the ER Program provides a description of benefit-sharing arrangements.</p> <p>The TAP noted that while a full description of the benefit-sharing arrangements is not yet completed, the Advanced Draft ER-PD does describe what has been done so far. The TAP further noted that important aspects of the benefit sharing program have been considered, for example that communities will decide the types of REDD+ projects they would like to undertake (thereby also deciding what type of upfront goods and services they might receive as part of the project) and that goods and services will be provided as reward for having achieve emission reductions.</p> <p>However, when reviewing the available documentation on benefit-sharing, the TAP was of the view that the arrangements on benefit sharing have not been fully defined yet. Also, possible benefit sharing agreements have yet not been discussed to the extent needed with the stakeholders.</p> <p><u>TAP’s Final Assessment, May 2018, additional comments:</u></p> <p>Although a draft benefit plan is still not completed --the first draft is expected for September 2018 and a final proposed for March of 2019 -- the team has done a lot of work on this portion of the ER-PD, and there have been several opportunities for stakeholder consultation on the topic. A specific study was conducted to identify options for the ER-Program monetary and non-monetary revenue sharing mechanism (MPR). The results of this study were subsequently discussed in five meetings of the regional and national REDD+ platforms where ministerial sectors, local communities, civil society organizations, technical and financial partners, NGOs, and researchers are represented. The institutional mechanism for benefit sharing was again discussed during the validation workshop of the national REDD+ strategy organized 27-28 February 2018 and obtained validation participants. The meeting minutes may be found in BNC REDD+ website: <a href="http://bnc-redd.mg/">http://bnc-redd.mg/</a> The process of activity selection was discussed and shared during the meetings of the regional platforms in which priority activities were defined and a general geographic location determined for each activity.</p> <p>In addition, the question of how benefits will be share in the CAZ and Makira areas has also been addressed.</p>	
<b>C 30 The Benefit Sharing Plan will elaborate on the benefit-sharing arrangements for Monetary and Non-Monetary Benefits, building on the description in the ER Program Document, and taking into account the importance of managing expectations among potential beneficiaries.</b>	
<p><b>Ind 30.1</b> The Benefit-Sharing Plan is made publicly available prior to ERPA signature, at least as an advanced draft, and is disclosed in a form, manner and language understandable to the affected stakeholders for the ER Program<sup>12</sup>. The Benefit-Sharing Plan contains the following information:</p> <p>The categories of potential Beneficiaries, describing their eligibility to receive potential Monetary and Non-Monetary Benefits under the ER Program and the types and scale of such potential Monetary and Non-Monetary Benefits that may be received. Such Monetary and Non-Monetary Benefits should be culturally appropriate and gender and inter-generationally inclusive. The identification of such potential Beneficiaries takes into account emission reduction strategies to effectively address drivers of net emissions, anticipated implementers and geographical distribution of those strategies, land and resource tenure rights (including legal and customary rights of use, access, management, ownership,</p>	Yes



etc. identified in the assessments carried out under Criterion 28), and Title to ERs, among other considerations.

Criteria, processes, and timelines for the distribution of Monetary and Non-Monetary Benefits.

Monitoring provisions for the implementation of the Benefit-Sharing Plan, including, as appropriate, an opportunity for participation in the monitoring and/or validation process by the Beneficiaries themselves

[Description of benefit-sharing arrangements 16.2]

#### TAP's assessment of the Advanced ER-PD, October 2017

The Benefit sharing plan has not entirely been defined and made available, but plans appear to be in place for this to be achieved prior to an ERPA signature.

Although the topic of benefit sharing has been discussed several times during the drafting of the ER-PD and even before (see Table 7), a specific mechanism has not been fully designed.

As noted above there is a general framework and fundamental principles for benefit-sharing in the ER-PD, which includes some information about upfront payments or provision of funding to a community to develop REDD+ programs, versus payments for performance. The principles of equity, performance, and efficiency are described at both a program and regional level scale. A distribution tool is being planned and will be managed at central level by BNC REDD+ for the overall program and at regional level by BRC REDD+ for regional projects only. The aim of these distribution tools is to provide orientation during the planning phase and to encourage rebalancing if disparities arise during a cycle of carbon revenues. Also, a number of indicators related to benefit sharing, such as the increased revenue of the community, are included in the SIS. Also, there is increased clarity, though not specific detail, around how financial resources will be shared between current REDD+ programs and investments for future REDD in the document. However, it appears that the details of how it will all be implemented are still to be discussed with stakeholders and shared more broadly.

One concern for the TAP around the current discussion on benefit sharing is regarding the ability of the most vulnerable to receive benefits in a structure where (i) the entire community decides on which projects will be undertaken and (ii) on how the carbon revenues will be translated into benefits, as our understanding is there will not be any cash transfers to individuals but rather money put into community infrastructure and programs. In the TAP's view, the risk for elite capture is quite high. In addition, by providing goods and services to the community, individuals are not empowered to make their own decisions about how to use the revenues.

The main agents of deforestation are often very aware about the fact that they act illegally; they often stay outside the decision-making process (at the level of communes), they do often not participate in training and other opportunities that are offered by REDD+. Such issues need to be taken into account when designing the benefit sharing plan.

The TAP recommends that during the discussions around benefit sharing further consideration be given to potentially having differentiated benefit sharing mechanisms, which might include some direct financial compensation to individuals or families. Questions of gender should also be taken into consideration.

#### Complementary notes made by the TAP on the Final Draft ER-PD, May 2018:

As noted above, there has been a lot of work to advance the benefit sharing mechanism in much more detail and to share it with stakeholders. The plan also includes a few mechanisms to try to reduce the risk of elite benefit capture, including monitoring provisions and an independent observer. Monitoring will be an important aspect of this process to ensure that the processes go according to plan. Also, there may be value, as noted above, in differentiating

between those practicing settled agriculture, which are middle-class households, and those that are daily workers in agriculture plant tavy rice inside the forests, which are generally poorer. This distinction will influence the type of incentives to be given and distinguish the beneficiaries.

**C 31 The benefit-sharing arrangements are designed in a consultative, transparent, and participatory manner appropriate to the country context. This process is informed by and builds upon the national readiness process, including the SESA, and taking into account existing benefit-sharing arrangements, where appropriate**

**Ind 31.1** The Benefit-Sharing Plan is prepared as part of the consultative, transparent and participatory process for the ER Program, and reflects inputs by relevant stakeholders, including broad community support by affected Indigenous Peoples. The Benefit-Sharing Plan is designed to facilitate the delivery and sharing of Monetary and Non-Monetary Benefits that promote successful ER Program implementation. The Benefit-Sharing Plan is disclosed in a form, manner and language understandable to the affected stakeholders of the ER Program

**Yes**

[Description of stakeholder consultation process 5.1]

[Summary of the process of designing the benefit-sharing arrangements 15.2]

TAP’s assessment of the Advanced ER-PD, October 2017

The TAP had assessed this indicator with a “No”. The TAP was of the view that the Benefit-Sharing Plan had not been disclosed in a form, manner and language understandable to the affected stakeholders of the ER Program.

While the topic of benefit sharing had been discussed at some level in several consultations in 2016 and 2017 and therefore it appears that the initial framing is the result of discussions with relevant stakeholders, in the TAP’s view, there is still need for further exchange on a more detailed level. The TAP concluded that there is a need to fully clarify the scheme of benefit sharing that relates those entities where most of carbon credits are designated to. Thus, a further review of this issue is needed.

TAP’s Final Assessment, May 2018, additional comments:

The TAP rated this indicator now as met. As said in various other parts of the TAP report, the ER-PD has been advanced significantly since the past review and there have been numerous consultations now on the particular issue of this indicator. There is an expected estimated benefit allocation table, and procedures for what will be done when there is more-or-less funding than expected. While there is still some work to be done to draft the benefit sharing plan and sharing it with stakeholders, the steps taken to date already include engagement and hopefully significant learnings that can be brought into the draft plan in September.

**C 32 The implementation of the Benefit-Sharing Plan is transparent**

**Ind 32.1** Information on the implementation of the Benefit-Sharing Plan is annexed to each ER Program monitoring report and interim progress report and is made publicly available [15.1]

**N.A.**

Only applicable at the time of verification.

**C 33 The benefit-sharing arrangement for the ER Program reflects the legal context**

**Ind 33.1** The design and implementation of the Benefit-Sharing Plan comply with relevant applicable laws, including national laws and any legally binding national obligations under relevant international laws

**No**

[Description of the legal context of the benefit-sharing arrangements 15.3]

TAP Assessment of the Advanced Draft, October 2017:

The TAP had concluded in its review of the Advanced Draft ER-PD in October 2017 that the design and implementation of the Benefit-Sharing Plan comply with the international relevant applicable laws such as the Kyoto Protocol and the United Nations Framework Convention on Climate Change, Cancun Safeguards, and the national laws.

As a specific feature there are two large-scale existing VCS REDD+ projects, which are to be integrated in the REDD+ jurisdictional area, that have very specific benefit sharing rules included in their long-term contractual arrangements with the Government of Madagascar. As outlined under criteria 2 the contracts on the two VCS projects of WCS and CI potentially have implications/limitations on the Benefit Sharing Agreement and the distribution of Revenues of the selling of ERs (VCUs). E.g. the contract with CI stipulates in Article 3 the obligation of engagement of Conservation International: “Cle de repartition de revenus: 50% to local populations; 20% to the management entity; 20% to the Country; 5% to CI as commercial representative; 2.5 % to cover costs (for validation, verification, etc.)”. These issues need to be clarified considering the overall benefit arrangements for the jurisdictional area. According to the document negotiations should be completed by the end of 2017.

TAP assessment of the Final Draft ER-PD, May 2018:

The TAP considers that the criteria has changed the “yes” to a “no”, in the sense that the evidence provided to prove conformity is insufficient, and there is a need to clarify and complement the information. The TAP considers this as a “minor non-conformity” in the sense that the evidence provided to prove conformity is insufficient but does not lead to breakdown in the systems delivery; The TAP considers important to:

- Continue to address with urgency the implications on the benefit-sharing agreement mechanism as related to the legal/contractual obligations of the Government of Madagascar to the two pre-existing REDD VCS Projects as they are relevant for the ER-Program area
- Complete negotiations with existing VCS/REDD+ projects on issues of future benefit-sharing plans.

**C 34 Non-Carbon Benefits are integral to the ER Program**

**Ind 34.1** The ER Program outlines potential Non-Carbon Benefits, identifies priority Non-Carbon Benefits, and describes how the ER Program will generate and/or enhance such priority Non-Carbon Benefits. Such priority Non-Carbon Benefits should be culturally appropriate, and gender and inter-generationally inclusive, as relevant

[Outline of potential Non-Carbon Benefits and identification of Priority Non-Carbon Benefits [16.1]

**Yes**

TAP’s assessment of the Advanced ER-PD, October 2017

In its review of the Advanced draft, the TAP rated this indicator as met. The ER-Program outlines potential Non-Carbon Benefits and identifies priority Non-Carbon Benefits at a general level. The TAP remarked however, that the ER-PD does yet not fully describe how the ER Program will generate such priority Non-Carbon Benefits. The TAP further noted that two priority non-carbon benefits have been identified in the discussions at the national level. The monitoring linked to tracking these criteria have been identified and added to the SIS. The TAP expected that many of the other non-carbon benefits will also be captured in the SIS, which includes a number of indicators linked to social, governance, and environmental issues of importance to stakeholders.

Once the more detailed priorities have been identified a decision should be made on which SIS indicator can track these priorities most effectively.

TAP’s Assessment of the Final Draft ER-PD, May 2018:

<p>The TAP notes that the Final draft has considered a wider number of indicators and the link to the SIS has been made. The indicator is assessed as met.</p>	
<p><b>Ind 34.2</b> Stakeholder engagement processes carried out for the ER Program design and for the readiness phase inform the identification of such priority Non-Carbon Benefits [Description of stakeholder consultation process 5.1]</p>	<p><b>Yes</b></p>
<p><u>TAP’s assessment of the Advanced ER-PD, October 2017</u></p> <p>The TAP assesses this Indicator as met. In the assessment of the advanced Draft ER-PD, the TAP rated this indicator as not achieved because it was in the view that additional efforts are needed at jurisdictional level (outside the sphere of Makira and CAZ) to consult with local stakeholders on non-carbon benefits. Priority non-carbon benefits have been identified in discussions with stakeholders conducted at the national level and in the framework of the R-Package at regional level in the jurisdictional area. Tailor-made discussions with regional platforms helped identify which potential non-carbon benefits would be viewed as most important.</p> <p><u>TAP’s Assessment of the Final Draft ER-PD, May 2018:</u></p> <p>The Final ER-PD has addresses the issues encountered to the satisfaction of the TAP. There have been a considerable number of consultations with regards to both carbon and non-carbon benefits as they link to the different strategies that communities could select. While there remain some more consultations regarding non-carbon benefits as the benefits discussion progress, their integration in the discussion of the strategies seems to provide a clear way forward.</p>	
<p><b>C 35 The ER Program indicates how information on the generation and/or enhancement of priority Non-Carbon Benefits will be provided during ER Program implementation, as feasible.</b></p>	
<p><b>Ind 35.1</b> The ER Program proposes an approach utilizing methods available at the time to collect and provide information on priority Non-Carbon Benefits, including, e.g., possibly using proxy indicators. If relevant, this approach also may use information drawn from or contributed as an input to the SIS [Approach for providing information on Priority Non-Carbon Benefits 16.2]</p>	<p><b>Yes</b></p>
<p><u>TAP’s assessment of the Advanced ER-PD, October 2017</u></p> <p>The TAP assessed this indicator with a “Yes”, the ER Program proposes an approach utilizing methods available to collect and provide information on priority Non-Carbon Benefits. Two priority non-carbon benefits have been identified as a result of discussions with national stakeholders. The monitoring linked to tracking these criteria have been identified and will be added to the SIS. The TAP expected that many of the other non-carbon benefits will also be captured in the SIS, which includes numerous indicators linked to social, governance, and environmental issues of import to stakeholders. Once more detailed priorities have been identified; the TAP recommends the ER-PD team flag which of the SIS indicators can track these priorities most effectively.</p> <p><u>TAP’s Final Assessment on the Final Draft ER-PD, May 2018:</u></p> <p>The TAP noted that further progress has been made on information sharing. In addition to an online platform for sharing information about how the different activities are generating non-carbon benefits, there are now written documents developed in the local language to share with local communities. These processes are ongoing.</p>	
<p><b>Ind 35.2</b> Information on generation and/or enhancement of priority Non-Carbon Benefits will be provided in a separate annex to each ER Program monitoring report and interim progress report, and will be made publicly available</p>	<p><b>N.A</b></p>

Only applicable at the time of verification.

**C 36 The ER Program Entity demonstrates its authority to enter into an ERPA and its ability to transfer Title to ERs to the Carbon Fund**

**Ind 36.1** The ER Program Entity demonstrates its authority to enter into an ERPA with the Carbon Fund prior to the start of ERPA negotiations, either through:

- i. Reference to an existing legal and regulatory framework stipulating such authority; and/or
- ii. In the form of a letter from the relevant overarching governmental authority (e.g., the presidency, chancellery, etc.) or from the relevant governmental body authorized to confirm such authority.

[Authorization of the ER Program 17.1]

**Yes**

TAP's assessment of the Advanced ER-PD, October 2017

The TAP had rated this indicator with a "Yes". The Government of the Republic of Madagascar will negotiate and sign the ERPA, represented by the MFB and the MEEF. Madagascar demonstrates its authority to enter into an ERPA with the Carbon Fund. It was recognized by the TAP that the responsibility of the MFB flows from Decree n ° 2007-187 of 27 February 2007 modified by Decree n ° 2008-106 of 18 January 2008 and n ° 2008-1152 of 11 December 2008 setting out the powers of the Minister of Finance and Budget and the general organization of its Ministry". Also, the responsibility of MEEF flows from Decree No 2016-298 ... which mandates MEEF to "reduce the process of degradation of natural resources" and to "provide for the rational and transparent valorization" (Article 1).<sup>a</sup>

TAP's Assessment of the Final Draft ER-PD, May 2018, additional remarks:

The ER-PD clearly states that the Program's Entity that will sign the ERPA will be the Ministry of Finance and Budget (MFB) together with the MEEF. The ER-PD also states that the legal competence to represent internationally the country lies on the MFB in accordance with the Decree No. 2007-187 of 27 February 2007 modified by Decree No. 2008-106 of 18 January 2008 and No. 2008-1152 of 11 December 2008.

The ER-PD states that the responsibility of MEEF flows from Decree No. 2016-298 on the responsibilities of the Ministry of Environment, Ecology and Forestry and the general organization of the Ministry which mandates MEEF to "reduce the process of degradation of natural resources" and "provide for the rational and transparent valorization" (Article 1).

Also, the ERPD clarifies the legal nature of the ERs and the ability to Transfer the Title to the ERs to the Carbon Fund. In accordance with the national legislation of the host country, "emission reduction certificates are linked to "carbon rights", which are qualified as "right to benefits" within the PES mechanism. The qualification of "carbon rights" should be interpreted in accordance to the national legislation as an "environmental service" and consequently owned and managed by the State. In accordance with Article 52 of Decree No. 2013-785, the forest carbon is the property of the State. The Decree that defines the procedures for the delegation of management of State forests to public or private persons, stipulates that "All wood and non-wood forest products, whether tangible or intangible, especially forest carbon, remain the property of the State, and the management of which is the exclusive responsibility of the Forestry Administration".

In addition to the provisions stipulated on the Article 52 of Decree No. 2013-785, the Article 4 of the Law No. 2015-003 on the Malagasy Environment Charter define/include "reductions of greenhouse gas emissions" as part of the environmental services that are naturally provided by the environment for humanity.

The National Environmental Legal framework considers greenhouse gas emission reductions and the correspondent benefits/ payments attached to the concept of Payment for Environmental Services. In that sense "carbon rights" are qualified as "rights to benefits" and consequently the performance and execution of those actions will result in

the remuneration of those who will execute the “environmental services/actions” that will result in the reduction of the carbon emissions.

The GOM in accordance to the legal existing framework has the exclusive rights to carbon rights on emission reductions. Both entities MFB and MEEF will sign the ERPA.

The legal framework considers nevertheless the existence of three potential situations related to types of ownership of forests in the country:

- For public forest lands, under management or by a delegation of management, the title of carbon belongs exclusively to the State in accordance to article 52 of the decree n ° 2013-785 and the legal model to address the carbon environmental services will use the legal modalities of forest delegation.

- For private forests or forests delegated to decentralized territorial collectivities (CTDs), estimated at less than 0.1% of the program area, the ERPD suggests that they will only be integrated into the program's mechanisms through a process of approval and contracting of services rendered.

- For non-forest land, representing about 30% of the program area, the carbon title is created in accordance with the principles of private law as defined by the Civil Code of Madagascar. REDD + emission reductions represent a service that gives carbon and non-carbon benefits to all its contributors. The ERPD highlights that two cases may occur, depending on the type of field activity:

- If these activities have an indirect impact on reduced carbon, then they will not be considered a service to reduce emissions, and contributors will not be remunerated
- If these activities have a direct impact on reduced carbon, then, after approval by the BNC REDD+, an affiliation contract will be established with these contributors who can then be paid.

Taking into consideration that the host country as demonstrated that there is an existing legal framework establishing the ability to transfer the Title to ERs to the Carbon Fund, the TAP considers that the criteria is met.

**Ind 36.2** The ER Program Entity demonstrates its ability to transfer to the Carbon Fund Title to ERs, while respecting the land and resource tenure rights of the potential rights-holders, including Indigenous Peoples (i.e., those holding legal and customary rights, as identified by the assessment conducted under Criterion 28), in the Accounting Area. The ability to transfer Title to ERs may be demonstrated through various means, including reference to existing legal and regulatory frameworks, sub-arrangements with potential land and resource tenure rights-holders (including those holding legal and customary rights, as identified by the assessments conducted under Criterion 28), and benefit-sharing arrangements under the Benefit-Sharing Plan

**No**

[Transfer of Title to ERs 17.2 ]

TAP Assessment of the Advanced Draft, October 2017:

The TAP had rated this indicator as not met. The TAP commented that the ER Program demonstrates the ability to execute and comply with existing international laws and national legal framework. The ER Program and national legislation defines ERs as a “service/activity” able to transfer the ERs titles to the Carbon Fund. Nevertheless, in the view of the TAP, the ER Program demonstrated important limitations on some of the legal abilities to the effective negotiation/transfer and seeking of part of the ERs, as outlined beneath:

- The ER Program integrates as part of the Program two already existing REDD Projects established under the VCS – VM0007 that creates a series of legal/contractual limitations. Attached to the existence of the two projects the TAP has identified a limitation on the ability to transfer a significant part of the ERs to the Carbon Fund.
- In reality even that the ER Program Entity demonstrates that it is possible to transfer the title to the Carbon Fund by respecting the land and resource tenure rights of the potential rights-holders (70% area of Public Forest Lands and 30% area of Non Forest Lands) in the Accounting Area, there is a potential risk of double counting on a significant part of the ER Program Area as result of the interpretation of Table 35: Ex Ante evaluation of

the Emission reductions opportunities and potential in the MERPA – Section 13.1. - Page 206/207, in result of the % of ERs connected to the two pre-existing VCA Projects (Makira REDD+ Project - managed by the Government of Madagascar and WCS; and Ankeniheny-Zahamena Corridor (CAZ) REDD Project - managed by the Government of Madagascar and Conservation International.

- The VCS Projects have both of them pre-existing contractual agreements between the Government of Madagascar and two entities designated simultaneously as Managers and Commercial Representatives of the Government. Those entities are attributed to act as “Exclusive Commercial Representatives” of the Government of Madagascar (intermediating with exclusivity all the procedures to negotiate and sell the (VCUs/ERs) on behalf of the Government). That contractual disposition creates a limitation on the ability of the ER Program Entity to negotiate by itself the transfer of a significant part (approximately 65% of the ERs of the ER Program Area) to the Carbon Fund.

In addition, these contracts also have implications/limitations on the Benefit Sharing Agreement and the distribution of Revenues of the selling of ERs (VCUs).

Finally, the TAP noted that a significant part of the ERs already produced are included on a contractual agreement between the Government of Madagascar and the IBRD as Trustee of the Bio Carbon Fund stipulating contractual obligations that probably will need to be accessed from the legal point of view.

TAP’s Assessment of the Final Draft ER-PD, May 2018 (please also refer to the remarks under C 1.2):

The ERPD demonstrates clearly the ability of the country to transfer Title to ERs to the Carbon Fund based on the existing legal framework, as assessed by the TAP in indicator 36.1, but there are remaining important questions related to the double counting risk and the ability to negotiate/commercialize and consequently transfer a significant part of the ERs generated in the Jurisdictional Area of the ER-PD. A significant part of the jurisdictional area (approximately 65%) is covered by two VCS Projects currently implemented; the Corridor Ankeniheny-Zahamena (CAZ) Protected Area, and the Makira Forest Protected Area. The GoM established formal contractual arrangements with the two correspondent implementing partners, CI and WCS. In accordance to those contractual arrangements, the Makira Project is renewable by tacit agreement for periods of five-years. The information collected by the TAP Assessment resulted that the last period started on January 1st, 2013 and will end on December 31<sup>st</sup>, 2018. The CAZ Project’s contractual agreement with CI will be in force at least until October 07, 2019. Both contracts have clauses that allow the GoM to notify the other parties to dissolve the contract and also to rescind the contract. In accordance with the contractual clauses both partners CI and WCS are the “exclusive” holders of the rights to negotiate/commercialize the ERs generated by the correspondent projects. Important to mention is that the GoM, in a common effort with CI, Althelia, and EIB is in final negotiations with the GCF (Green Climate Fund) to receive additional development grants for the CAZ area.

As stated above is clear that the GoM have the full right to negotiate/commercialize and consequently transfer the ERs to the Carbon Fund that will be issued in the future in result of the successfully execution of the ER Program. Those ERs are not submitted to the contractual legal limitations that are established with CI and WCS that will apply only to the already existing VCS projects. The rationale to this conclusion is based on the fact that the ERs resulting from the ER Program are not affected by the rules and/or agreements celebrated under the two VCS Projects, we could say in a “not accurately way”, that those projects issue “different type of emission reductions units” that are designated as VCUs (Voluntary Carbon Units) and are not ERs as those defined and resulting from the ER Program. If we simply leave the legal analyzes at this point, no conflict or risk seems to arise apparently from that situation.

Nevertheless, the TAP feels that there is need to extend the analysis to consider that the VCUs that are been issued by the two projects (both owned and developed by the GoM) are: (i) geographically located inside the ER Program Area; (ii) represent a significant part of that area; (iii) have the ability to impact significantly on the global amount of the ERs generated/delivered by the area), (iv) have the exclusive rights to commercialize transferred to third parties, and (iv) perform and issue simultaneously VCUs and ERs creating the risk of potential “double counting”.

Relevant in the ER Program context is also the need to analyze the potential consequences of the effort to obtain

grants from the GCF and simultaneously from the Carbon Fund related to the CAZ Project. That effort if not clear and formally defined, but could – in the view of the legal advisor of the TAP - raise potential double financing risks. The conditions attached to the future transfer “rights of use” of the ERs to (including or not the use as an offset) are dependent on the future negotiations between the GoM and the Carbon Fund. In that context, it is important to consider that the GoM needs to accomplish at least what is stated in criterion 23 of the Methodological Framework (“To prevent double-counting, ... see Criterion 23”).

Section 15.1 and 17.1 of the ER-PD describe the status of the projects informing that negotiations have been made in the CAZ Project to address the double counting risks as result of those negotiations. The TAP accepts the statement of the GoM on that sensitive subject, but from the formal and legal point of view, the TAP was not able to identify in the ER-PD the contractual arrangements neither in the form of an Addendum to the original contractual agreements, or under the form of another contractual and/or legal type of agreement that states the VCUs Projects are terminated and/or the rights to sell are revoked. The ER-PD mentions the existence of a Roadmap – The Roadmap of Green Climate Fund Project in ANNEX VIII of the ER-PD - but that document does not address the formal requirements to change the contractual obligations of both VCU Projects. Taking into consideration the inexistence of the formal contractual documentation the TAP was unable to confirm the formal changes on the initial contractual agreements. The TAP considers this as a minor non-conformity in the sense that the evidence provided to prove conformity is insufficient but does not lead to breakdown in the systems delivery. If the country has already regained the ability to negotiate in both projects and have assured that will not have conflicting double payments at the CAZ Project arising from the GCF, it will be enough to demonstrate the inexistence of double counting risk to transfer the Title to the ERs by adding to the future ER-PD documentation the formal agreements already executed and by clarifying the conditional terms of the negotiation and payment procedures with the GCF.

Taking all these elements into consideration, the TAP concludes that the criteria is still not met (minor non-conformity).

**Ind 36.3** The ER Program Entity demonstrates its ability to transfer Title to ERs prior to ERPA signature, or at the latest, at the time of transfer of ERs to the Carbon Fund. If this ability to transfer Title to ERs is still unclear or contested at the time of transfer of ERs, an amount of ERs proportional to the Accounting Area where title is unclear or contested shall not be sold or transferred to the Carbon Fund [Transfer of Title to ERs 17.2]

**No**

In its review of the Advanced Draft, the TAP referred to the comments under 36.2.

TAP’s Assessment of the Final Draft ER-PD, May 2018:

The TAP considers that Madagascar could face potential risk of double counting and difficulties to transfer a significant part of the ERs of the project area if it will not be possible to formally clarify the renegotiation of the Contractual Clauses inserted on the CAZ project and Makira Project and/or the termination of the agreement (see comments on 36.2).

Admitting and accepting that Madagascar has already renegotiated and established rules that will allow the ER Program Entity to negotiate and transfer the Title of ERs to the Carbon Fund and avoid double selling, the TAP considers this as a minor non-conformity. The minor non-conformity is applicable in the sense that the evidence provided to prove conformity is insufficient but does not lead to breakdown in the systems delivery. If the country has already regained the ability to negotiate in both projects and have assured that will not have conflicting double payments at the CAZ Project arising from the GCF, it will be enough to demonstrate the inexistence of double counting risk to transfer the Title to the ERs by adding to the future ER-PD documentation the formal agreements already executed and by clarifying the conditional terms of the negotiation and payment procedures with the GCF. Thus, as for now, the TAP considers that the indicator has not been met (minor non-conformity).



<p><b>C 37 Based on national needs and circumstances, the ER Program works with the host country to select an appropriate arrangement to avoid having multiple claims to an ER Title.</b></p>	
<p><b>Ind 37.1</b> Based on national needs and circumstances, the ER Program host country has made a decision whether to maintain its own comprehensive national REDD+ Program and Projects Data Management System, or instead to use a centralized REDD+ Programs and Projects Data Management System managed by a third party on its behalf. In either case of a country’s use of a third party centralized REDD+ Programs and Projects Data Management System, or a country’s own national REDD+ Programs and Projects Data Management System, the indicators below apply [Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>Yes</b></p>
<p><u>TAP’s assessment of the Advanced ER-PD, October 2017</u></p> <p>The TAP had rated this indicator with a yes, the ER-Program will be linked (in future) to a comprehensive national REDD+ Data Management system. The TAP commented that preparatory work to establish a national data management and registry system was ongoing, including through a project of WRI implemented jointly with the Geomatics Laboratory to develop a national forest information system. The TAP was informed that a national REDD+ Data Management System should be operationalized until end of 2018. The TAP further drew the attention to general issues relating to the transfer the Emissions Reductions under the ERPA (indicator 28.3 and 36.1 and 36.2 resource tenure regimes C 28.1; preventing double counting C23; and projects data management and registry system (37.1) that are all interrelated. They require a thorough understanding of the approach how Madagascar will address the underlying legal issues around the ownership of carbon, the legal nature of ERs and the laws and systems established to deal with these matters under the specific ER-Program in the 5 Eastern provinces defined as jurisdictional area.</p> <p><u>TAP assessment of the Final ER-PD, May 2018</u></p> <p>The TAP noted that the data Management and Registry system has been thoroughly revised and updated. Madagascar will maintain its own national REDD+ Program and Projects Data Management System. This registry will be integrated within the SIS that has already been developed as part of the readiness process. The integration of the two existing VCS projects in the ER-Program area (Makira and Ankeniheny-Zahamena) has also been comprehensively explained. Both protected areas are undergoing a transformation away from reliance on the voluntary market and towards integration into the Program structures and benefit-sharing mechanism process (however, see also comments made under Ind. 36.2).</p>	
<p><b>Ind 37.2</b> A national REDD+ Programs and Projects Data Management System or a third party centralized REDD+ Programs and Projects Data Management System needs to provide the attributes of ER Programs, including:</p> <ul style="list-style-type: none"> <li>i. The entity that has Title to ERs produced;</li> <li>ii. Geographical boundaries of the ER Program or project;</li> <li>iii. Scope of REDD+ activities and Carbon Pools; and</li> <li>iv. The Reference Level used.</li> </ul> <p>An ER Program for the Carbon Fund should report its activities and estimated ERs in a manner that conforms to the relevant FCPF Methodological Framework C&amp;Is [Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>Yes</b></p>
<p><u>TAP’s assessment of the Advanced ER-PD, October 2017</u></p> <p>The TAP had rated this indicator with No, as such a data management system had not in place in the time of its review. The TAP observed that the ER Program intended to create a system that will provide the necessary attributes of ER</p>	

Programs, nevertheless, at the time of the review, even an initial structure stating the necessary elements such as listed under sub-indicator 37.2 (i to iv) above was prepared. The TAP also recalled that the future system will require to openly accessing the essential information from REDD+ projects, including a full description of the entity that has title to the ERs produced. The TAP further commented that the system should allow for the uploading of the shapefiles with the boundaries of the project, the definition of the scope of the project and, and the RL used. The TAP recommended that the ER-PD team takes these observations into consideration when further reviewing the ER-PD.

TAP assessment of the Final ER-PD, May 2018

Yes, while a full data management system is yet not in place, additional information has been integrated in the Final ER-PD. A third party centralized REDD+ Programs and Projects Data Management System will provide the needed attributes and will be in place. A roadmap for the establishment of the registry (Tab. 91) has been added. Furthermore, the TAP has been informed that a first version of the data management system based on the SIS structure is already available. Additional functionalities will be included in the coming months to comply with the requirements of the MF and the specifications listed in the ER-PD.

**Ind 37.3** The information contained in a national or centralized REDD+ Programs and Projects Data Management System is available to the public via the internet in the national official language of the host country (other means may be considered as required).

**Yes**

[Data management and Registry systems to avoid multiple claims to ERs 18.2]

TAP's assessment of the Advanced ER-PD, October 2017

In its review of the Advanced ER-PD, the TAP rated this Indicator as not met as insufficient information was available. The ER Program intends to have the overall information on the REDD+ activities publicly available. The TAP noted however that it is planned to put a system in place at national level based on a web portal

TAP assessment of the Final ER-PD, May 2018

In its assessment of the Final ER-PD, the TAP assessed the indicator as met. It has been comprehensively explained in the Final ER-PD, and mentioned under Ind. 37.2, that a first version of the Data management system based on the SIS structure is available. The SIS disposes of a web portal (which is however still under development) and will provide information on safeguards for each activity. Compliance with safeguards requirements will be a condition for activities to be registered. The TAP recommends however to add some additional information on when and how the public has access to the national or centralized REDD+ Programs and Projects Data Management System.

**Ind 37.4** Administrative procedures are defined for the operations of a national or centralized REDD+ Programs and Projects Data Management System; and an audit of the operations is carried out by an independent third party periodically, as agreed with the Carbon Fund

**Yes**

[Data management and Registry systems to avoid multiple claims to ERs 18.2]

TAP's assessment of the Advanced ER-PD, October 2017

The TAP rated this indicator as achieved as the administrative procedures for the operations of a national REDD+ Program and Projects Data management system have been started. The TAP noted also that Madagascar was awaiting the development of the Carbon Fund registry to take a decision on whether to maintain a national ER transaction registry by its own.

TAP assessment of the Final ER-PD, May 2018

The TAP noted that additional and updated information on administrative procedures has been provided that addressed the observations made by the TAP. In view of the complexity of the creation of a national registry, and

<p>the fact that BNCCs registry is a tracking, rather than transaction registry, the ER-P team has decided to proceed with the Carbon Fund registry. The TAP welcomes this decision by the Malagasy team.</p>	
<p><b>C 38 Based on national needs and circumstances, ER Program host country selects an appropriate arrangement to ensure that any ERs from REDD+ activities under the ER Program are not generated more than once; and that any ERs from REDD+ activities under the ER Program sold and transferred to the Carbon Fund are not used again by any entity for sale, public relations, compliance or any other purpose</b></p>	
<p><b>Ind 38.1</b> Based on national needs and circumstances, the ER Program host country has made a decision whether to maintain its own national ER transaction registry, or instead to use a centralized ER transaction registry managed by a third party on its behalf</p> <p>[Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>Yes</b></p>
<p>Yes, Madagascar is willing to develop its own national ER transaction registry which however will need expertise and adequate resources. An intermediate solution is proposed to be able to launch the ER-Program in due time.</p> <p>In reviewing the Draft ER-PD, the TAP noted that the REDD+ Program and Projects Data Management System include a national ER transaction registry and that it will be designed as a tracking database rather than a registry as such. Also, the TAP noted that Madagascar is waiting the development of the Carbon Fund registry to take a decision on whether to maintain a national ER transaction registry by its own.</p> <p>Madagascar is currently exploring the possibility to use an existing and external registry service during the first years of the program, so that the development of a National Registry would not be a limitation for the implementation of the program and REDD+ in the next years, considering the urgency to reduce deforestation in Madagascar overall and in the jurisdictional area.</p>	
<p><b>Ind 38.2</b> The national or centralized ER transaction registry reports ERs for the Carbon Fund using the accounting methods and definitions described above in the MF</p> <p>[Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>Yes</b></p>
<p>Yes, see also 38.1. The Government of Madagascar has decided to use a centralized ER Transaction Registry managed by a third party on its behalf. The FCPF ER Transaction Registry will be used. Therefore, Indicators 38.2 and 38.3 of the FCPF CF are expected to be met.</p>	
<p><b>Ind 38.3</b> An independent audit report certifying that the national or centralized ER transaction registry performs required functions is made public.</p> <p>[Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>N.A.</b></p>
<p>Cannot be assessed at this stage.</p>	
<p><b>Ind 38.4</b> Operational guidance exists, or is in advanced stage of preparation, that clarifies the roles and responsibilities of entities involved in the national or centralized ER transaction registry, as well as rules for operation of the registry.</p> <p>[Data management and Registry systems to avoid multiple claims to ERs 18.2]</p>	<p><b>Yes</b></p>
<p><u>TAP's assessment of the Advanced ER-PD, October 2017</u></p> <p>In its review of the advanced draft, the TAP had assessed this indicators with No, as the operational guidelines that clarifies the roles and responsibilities of entities involved in the national ER transaction registry had not been</p>	

developed at the time of the TAP review. The TAP drew the attention to the fact that the available draft on registry did not refer to the inclusion of management of the reversal buffer or the uncertainty buffer. Also, the TAP commented that there was a need to clarify how the serialization of ERs will be done to ensure tracking and how the reconciliation process with external registries will occur; this is also important because of the two major VCS projects operating in the area.

TAP assessment of the Final ER-PD, May 2018

The TAP assessed this indicator as achieved based on its review of the Final ER-PD.

While the operational guidelines do not yet exist, the TAP recognizes that further clarity on what will be done in the further preparation of the ER transaction registry and the preparation of operational guidelines has been provided. Madagascar will use the Carbon Fund registry which is still not fully defined. The TAP also notes that the existing VCS projects will not generate VCUs during the ERPA period, as they have different vintages there will be no risk of double counting in this side. The TAP still draws the attention to the fact that there is a need in the registry to refer to the inclusion of management of the reversal buffer or the uncertainty buffer.

## ANNEX1 (to the October TAP 2017 TAP review):

### Methodological Note in respect to discussion on the inclusion of the VCS Projects in the ERPA

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Land included in the jurisdictional area will be subject to 4 different accounting frameworks, namely:

- CF (WB): all land of the jurisdictional area
- VCS: only land also under the two project activities: CI, WCS
- REDD+: all land of the jurisdictional area together with all remaining land of the country
- NDC (PA): all land of the jurisdictional area together with all remaining land of the country

Because of the multiple presence of accounting mechanisms on the same land, same reduction units (ERs) generated from the land may be accounted multiple times. Such multiple accounting must be avoided by the project participants as follows.

Considering that the different methodological frameworks may result in accounting for a different amount of ERs from the same land and that the NDC will be the methodological framework under which the country performance under the UNFCCC will be counted, as well as its contribution accounted for, the maximum amount of ERs that can be accounted for from a land ( $AQ_{MAX}$ ) should correspond to the accountable quantity under the Paris Agreement ( $AQ_{NDC}$ ), i.e.:  $AQ_{MAX} = AQ_{NDC} = MAX(AQ_{CF}, AQ_{VCS}, AQ_{REDD+}, AQ_{NDC})$

Thus, to avoid any double accounting  $ER_{TOT}$  must be equal to  $AQ_{MAX}$  i.e.  $ER_{TOT} = AQ_{MAX} = AQ_{NDC}$ ; where  $ER_{TOT} = ER_{CF} + ER_{VCS} + ER_{REDD+} + ER_{NDC}$ . That means that the ERs accounted for under each of the 4 frameworks must not exceed  $AQ_{MAX}$ .

Setting the following time precedence in accounting for results in the jurisdictional area: I. CF, II. VCS, III. REDD+, IV. NDC; this means that for each land in the jurisdictional area:

- A. The amount of ERs accounted under CF ( $ER_{CF}$ ) should be equal to the accountable quantity ( $AQ_{CF}$ )

$$ER_{CF} = AQ_{CF}$$

- B. The amount of ERs accounted under VCS ( $ER_{VCS}$ ) should be equal to the accountable quantity ( $AQ_{VCS}$ ) minus the quantity accounted under CF ( $ER_{CF}$ ):

$$ER_{VCS} = AQ_{VCS} - ER_{CF}$$

*Note that  $RU_{VCS}$  may be equal to zero if  $AQ_{VCS} \leq ER_{CF}$*

- C. The amount of ERs accounted under REDD+ ( $ER_{REDD+}$ ) should be equal to the accountable quantity ( $AQ_{REDD+}$ ) minus the quantity accounted under CF and VCS

$$ER_{REDD+} = AQ_{REDD+} - ER_{CF} - ER_{VCS}$$

*Note that  $ER_{VCS}$  may be equal to zero if  $AQ_{REDD+} \leq (ER_{CF} + ER_{VCS})$*

- D. The amount of ERs accounted under NDC ( $ER_{NDC}$ ) should be equal to the accountable quantity ( $AQ_{NDC}$ ) minus the quantity accounted under CF, VCS and REDD+

$$ER_{NDC} = AQ_{NDC} - ER_{CF} - ER_{VCS} - ER_{REDD+}$$

*Note that  $ER_{NDC}$  may be negative if  $AQ_{NDC} \leq (ER_{CF} + ER_{VCS} + ER_{REDD+})$ .*

*This is a requirement to ensure that  $ER_{TOT} = AQ_{MAX} = AQ_{NDC}$*

## Annex 2:

### TAP notes on the ANNEX VIII of the ER-PD: Roadmap of Green Climate Fund Project

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The Legal Expert of the TAP Team carefully analyzed in an additional effort Annex VIII of the ER-PD: Road Map of the approved GCF project “short note should help to clarify the legal issue addressed

Extract of the text that could be relevant in the context of the analysis of the ER-PD (ER-PD Annex VIII):

**Extract from the text...:**

**The GoM is finalizing the process of integration of existing REDD+ projects into the ER-P**, as both the CAZ and Makira projects lie within the boundary of the proposed ER-P area. **Many elements have been considered in this integration, including transfer of title of emission reductions, reference level setting, the application of the environmental and social management framework and other frameworks to address safeguards, benefit-sharing mechanisms, and monitoring / reporting on carbon and non-carbon aspects, including safeguards, both for the FCPF Carbon Fund and for Madagascar’s commitments in its NDC.** As stated in the project proposal, this project will be implemented in a way that is consistent with the government’s guidance. The GCF project will draw from the methodological approaches used in the final ER-Program Document, which is based on UNFCCC, IPCC, and the Carbon Fund Methodological Framework, as a means to ensure that the measurement of emissions reductions is done in a consistent way with the ER Program and the National Forest Monitoring System. This will be ensured by using the same definitions, scope (sources, pools and reference period), data sources and methods used by the MRV system of the National Forest Monitoring System. The Reference Level for the GCF project will be established by BNC-R in coordination with CI. Periodic measurement of ERs generated by the GCF project will be conducted by the national MRV system when monitoring occurs, or by CI. This will enable estimation of the amount of Emission Reductions generated in the area of the GCF project activities, and the fraction of ERs generated in the ER program area that result from activities from the GCF project. Madagascar is in the process of setting a REDD+ projects and program data information system and **an ER transaction registry** that will facilitate the reporting and tracking of emission reductions and titles. All Emission Reductions generated within the ER program area that are issued as ER titles/credits in the ER transaction registry and that result from the GCF project will be clearly labelled and processed so as to ensure compliance with the GCF requirements.

#### **...Avoidance of offsetting**

The Carbon Fund of the Forest Carbon Partnership Facility (Carbon Fund) has two tranches (Tranche A and Tranche B) that provide results-based finance for verified emission reductions (ERs). The World Bank, as trustee of the Carbon Fund (Trustee), will enter into emission reductions payment agreements (ERPAs) with each REDD Country for each Tranche. Upon payment for the verified ERs generated by the ER program under each ERPA, ERs will be transferred to the Carbon Fund participants of the respective Tranche in accordance with their respective pro rata financial contribution to either of the Tranches. **To date, 5% of the funds in the Carbon Fund have been contributed by Tranche A participants and 95% by Tranche B participants.**

In this context, **it is important to clarify that the Carbon Fund participation agreements for Tranche B participants have the following provisions: (a) the Tranche B participants represent and warrant that the ERs they acquire are not intended for sale nor for compliance with International Rules or any relevant regional or domestic regime; and (b) the Tranche B participants agree that they will cancel the ERs they acquire and instruct the Trustee to cancel them in the reporting system maintained by the Trustee or any other ER registry under International Rules, regional or domestic regimes. There are no such provisions in the Carbon Fund participation agreements for Tranche A participants.**

**In other words, 95% of the ERs to be generated, verified and transferred to the Trustee under each ER program will be canceled by the Trustee on behalf of Tranche B participants (and therefore will not be used by Tranche B participants for**

“sale” or for “compliance” purposes, including offsetting purposes). 5% of the ERs to be generated, verified and transferred to the Trustee under each ER program will be transferred to the Tranche A participants, but the Trustee will work with the REDD Country and the registry system so that these (Tranche A) ERs will be generated from activities that were not funded through the GCF project “Climate Smart Landscape in the Eastern part of Madagascar” (GCF Project).

This approach was developed following discussions between CI, The GCF Secretariat, the FCPF Facility Management Team, and the Government of Madagascar. In our view, this approach is **consistent with the GCF board decision regarding the GCF project, which requires that any greenhouse gas emission reductions achieved by the Funded Activity shall not be converted into any offset credits or units generated thereby, or if so converted, will be retired without allowing any other emissions of greenhouse gases to be offset.** As mentioned above, the ERs that will be generated, verified and transferred to the Trustee on behalf of Tranche B Participants, including those ERs generated from the GCF Project, will be canceled; those ERs to be generated, verified and transferred to the Trustee on behalf of Tranche A Participants will be closely monitored to confirm that they were not generated from the GCF Project.

Main comments and conclusions by the TAP legal expert, May 2018:

Referring to the ER-PD, we now have only an indicative percentage of ER distribution. This doesn't mean that 95% and 5% will be the applicable % under any circumstances. This will be only decided at the end in the final negotiations of the ERPA. Thus, all will depend on the specific future negotiation. It could be 100% of Tranche B or a different % of Tranche A depending on the negotiation. But nevertheless, the country needs to maintain the ability to transfer those ERs to the FCPF in accordance with the Methodological Framework. The TAP is not aware that the current guidelines make specific reference to the different tranches in this regard.

Also, this arrangement doesn't address the main contractual question raised and related to the contractual clauses that established the exclusive rights to negotiate the ERs to CI and WCS.

With this statement the TAP does not conclude that the host country could not negotiate and address that issue together with the partner parties CI and WCS, but simply stating that is not enough from a legal point of view and to conclude affirmatively if there is not presented (neither celebrated until this moment) a formal contractual addendum to the initial contract stipulating the new regime and reintegrating the rights to negotiate to the host country.