

World Bank - Grant Reporting and Monitoring (GRM) Report

Report to Donor

Ref. TF0A4428/TF0A0104

Reporting Period: 05/15/2015 to 09/30/2022

Printed On: 5/15/2023

Report Type: Completion Report

Status: Approved

Assignment: TF0A4428/TF0A0104

Grant Agreement for Madagascar Readiness Preparation Support Readiness fund of the Forest Carbon Partnership Facility (FCPF)

FCPFR - Forest Carbon Partnership Facility

Task Team Leader: 00000260812 - Andrew Zakharenka
Approving Manager: 00000251917 - Africa Eshogba Olojoba

Summary Information	
TF Status	ACTV
Recipient Country	Madagascar
Executed By	Recipient
Managing Unit	9835 - SAFE3
Grant Start Date / End Date	05/15/2015 to 09/30/2022
Original Grant Amount	3,800,000.00
Grant Amount	8,800,000.00
Outstanding Commitments	0.00
Cumulative Disbursements	8,390,499. 7 as of 09/30/2022
Disbursed 05/15/2015 to 09/30/2022	8,390,499. 7
Donor	TF602001 - MULTIPLE DONORS

This GRM report includes the following sections: Overview, Components, Outcome, Execution, Program (FCPFR), Completion, Disbursements.

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OVERVIEW

Overall Assessments

Grant Objectives:

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

Overall progress from 05/15/2015 to 09/30/2022 with regard to Achieving Grant Objectives:

Comment:

Overall progress towards achieving the grant development objective has been satisfactory. The main objectives have been largely met in time for project closing based on indicators set out in the Assessment Note. In terms of the legal frameworks, a national REDD+ strategy has been prepared and adopted nationally in May 2018, and a decree on the regulation of access to the forest carbon market (DRMCF) was issued. Consultations' structures and platforms for coordination and implementation of REDD+ activities at the national (BNCCREDD+), regional (Regional Directorates of Environment and Sustainable Development) and municipal level were set up. The Strategic Environmental and Social Assessment (SESA) has been conducted, and the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Functional Framework (FF) have been prepared and approved by the Bank as well at the national level through consultative and participatory processes. Moreover, the MRV system and Trust Account (CAS) entitled "REDD+ Carbon Credit" have been set up, and the Atiala Atsinanana" Emission Reduction Programme is being operational. A specific Carbon Benefit Sharing (BSP) Plan was developed for each Emission Reduction Payment Contract REDD+ Business Planning Process at the level of each beneficiary, financed by REDD+ carbon benefits.

Institutions are operational and their capacity has been significantly improved. For example, the observatory for monitoring is one of the significant successes from the project. Inventories and reference levels have been conducted for all for ecoregions for the first time in the country's history and Reference levels established, with almost exclusively national capacity rather than having to resort to international experts. REDD+ Initiatives and Programmes Information System or SIIP, a secure IT system that aims to assist the management and monitoring of REDD+ Initiatives and Programmes has also been set up.

The implementation has been affected by several factors, including the uncertainties and delays cause by Covid-19 pandemic and related travel and operational constraints and national procedures that led to some delays. Despite these negative impacts, almost all project funds were disbursed (94 percent) and the project activities were completed.

Overall progress from 05/15/2015 to 09/30/2022 with regard to Implementation of Grant Financed Activities:

Comment:

The implementing unit, the National REDD+ Office, continues its core functions, providing operational support to the implementation of the ERPA. Turnover in Government (the hierarchical supervisors of the project coordinator for example) were the main cause of delays as they are unfamiliar with WB procedures. All of the planned activities and targeted deliverables of the grant were completed. There was extensive stakeholders' consultation and participation in the development of the REDD+ Strategy and throughout the grant implementation.

Grant follow-up and structure

Description and context of Grant:

The development objective is improved institutional capacity to design a national REDD+ strategy.

The key results of this preparation grant are related to key aspects of readiness for implementing REDD+ at a national level. The grant did not support direct investments and was more focused on technical assistance. Indicators were proposed by the FCPF to measure key results related to progress in achieving strategic areas of REDD+. These indicators align with different aspects outlined in Madagascar's R-PP and are used throughout the REDD+ Readiness process—corresponding to

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the implementation of the R-PP. The full list of 34 yes/no indicators is provided in Annex V of the Readiness Assessment Note, but this preparation grant was not be used to address all of the areas and indicators of REDD+ readiness. The result indicators for the PDO are related to the measures defined by the FCPF that are indicative of substantive progress towards REDD+ Readiness and are areas where the World Bank has a comparative advantage in providing support:

- REDD+ strategy validated in broad consultation process;
- REDD+ M&E system functional according to defined criteria;
- Mechanism for tracking REDD+ strategy interventions in place.

Expected follow up (if any):

Follow up project or grant (non-Bank funded). BNCC REDD is now providing an operational support to implementation of the \$50m ERPA, the Atiala Atsinanana" Emission Reduction Programme, building on its capacity, produced reference levels and other aspects like safeguards standards of the program.

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End Date of Last Site Visit: Nov 23, 2022

Restructuring of Grant:

No restructuring has been carried out, additional funding was approved and implemented.

OUTCOME

Comments on outcome achieved from 05/15/2015 to 09/30/2022

The original outcomes of the grant have all been achieved satisfactorily. Due to Covid and capacity constraints at the National REDD+ Office, the project had slowed down. Nonetheless, the project received additional financing, and the project closing date was extended which allowed for the successful completion of all activities that were envisioned. The team is now working to improve on the results in preparation for the implementation of the ER Program, thus refining details of the program and making them operational.

Grant Outcome Indicators

Grant outcome indicators are listed below.

National REDD+ strategy is prepared and validated by national stakeholders

Baseline No

Value:

Date: 03/02/2015

Progress Yes

to Date:

Date: 05/30/2018

Target Value: Yes

Date: 12/31/2018

MRV system for REDD+ is designed and operational

Baseline No

Value:

Date: 03/02/2015

Progress Yes

to Date:

Date: 06/30/2019

Target Value: Yes

Date: 12/31/2019

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Mechanism for tracking financial contributions to REDD+ Strategy implementation in Place

Baseline Value: No

Value:

Date: 03/02/2015

Progress to Date: Yes

to Date:

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Date: 06/30/2019

Target Value: Yes

Date: 12/31/2019

COMPONENTS

Output and Implementation by Component

Component 1: Institutional Arrangements for REDD+ Readiness Management

Status: Completed

Planned Output: National and Regional Implementation structures in place

Actual Output: National and Regional REDD+ Platforms active, National Coordination is Strong, Regional are being operationalized through agreements with Regional offices of Ministry of Environment moving towards structure of ER Program implementation

Component 2: Development of National REDD+ Strategy Including Consultations and SESA

Status: Completed

Planned Output: National Strategy adopted safeguards instruments completed

Actual Output: National strategy adopted with consultations, SESA completed and ESMF, RPF, PF prepared ER Program instruments finalized

Component 3: Development of a national Reference Level and Forest Monitoring System

Status: Completed

Planned Output: National Reference Level developed and Forest Monitoring System active

Actual Output: National Reference Level Prepared, Forest inventory and national grid implemented, Forest Monitoring System in Place

Comment on planned and actual Output

Planned outputs have generally been completed and are finalizing operationalization of the ER Program.

Comment on component implementation progress

Component 1: The national level structures are strong and active, leading policy development and ER Program development. The regional level activities need further strengthening and through agreements with the regional directorates for Environment and Sustainable Development will enable REDD+ to be fully inculcated into existing structures.

The REDD+ Platforms at national and regional levels were active and strong and played an important role in shaping and influencing the direction of the REDD+ program. Their mandates will not be modified to meet the needs of the ER Program implementation.

Component 2: The National REDD+ Strategy has been developed and SESA prepared through a highly consultative process. The ESMF, RPF and FF for the national strategy and for the ER Program have been completed and cleared by the Bank. As a part of moving towards implementation an Environmental and Social audit was completed for REDD+ initiatives, in and around protected areas, in the ER Program area to evaluate compliance with the safeguard instruments and identify any

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gaps. This will facilitate distribution of benefits of the ER Program.

Component 3: A national reference level has been prepared as has a reference level for the ER Program. An inventory for forests and other land uses has been undertaken for all ecoregions, and as a national grid was adopted, inventories of all four ecoregions have been completed and provide a consistent baseline for the entire country. This will serve for the ER Program but also for other potential programs that can seek to build on the baseline. The Forest Observatory is in place and serves as a national reference for forest monitoring.

EXECUTION

Bank project related to the grant

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

Implementing agency and contact details

Agency: Bureau National de coordination des Changements Climatiques, du Carbone et de la REDD+
Contact: Lovakanto Ravelomanana, Director of BNCCC REDD+
Address: Ministry of Environment and Sustainable Development Nanisana, Antananarivo
Phone: +261 34 86 793 38/+261 32 23 108 41 **Email:** lovakanto@gmx.com
Website: <https://www.bnc-redd.mg>

PROGRAM

Program Specific Questions

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

While there are no UN-REDD activities in Madagascar, the REDD+ coordination team is highly engaged with other initiatives. With the preparation of the ER Program there has been even more need to reach out to other initiatives including WB financed project teams, NGOs, national park managers, and private sector operators to identify collaborations and particularly to plan the distribution of benefits. The BNCCC REDD+ continues to be a reference for their work on national forest inventories and national REDD+ strategy and the development of a reference level.

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

The main difference since the beginning has been the evolution and preparation of the ER Program. This is a positive evolution in the sense of making the program more concrete and has been able to utilize the grant resources to complete tasks beyond the initial expectations of the project.

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

The additional funding grant built on the initial grant in building and strengthening capacity for technical and fiduciary

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management. The team is now more capable of handling multiple donors and project and is designing the national REDD+ financial mechanism. The main capacity issue has been related to the turnover in government staffing, as nearly all staff are civil servants, when the government changes the personnel have also changed. The team has worked diligently to bring new team members up to speed to make them more familiar with WB financing projects.

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

Robust national level consultations have been conducted to complete the SESA. There is no UNREDD+ money so there is no specific need for a common approach nevertheless the process has followed WB standards. The Cancun Safeguards have also been taken into account.

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

The ESMF for the national REDD+ strategy and for the ER Program have been prepared and cleared by the Bank. There is no UN REDD funding so there is no specific need for a common approach. The framework documents will be applied broadly to beneficiaries of the program.

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

An FGRM has been designed and defined in the ESMF which has been disclosed. And to ensure effective operationalization, the REDD+ complaint management committees were put in place and their technical capacity building in terms of REDD+ were carried out at the level of the initiatives, Regions, Commune and Fokontany.

COMPLETION

Overall Assessments and Lessons Learned

Main lessons learned:

The Overall assessment of the project has been Satisfactory. Despite of delays and challenges related to COVID-19 pandemic, the grant was able to meets its objectives and the Bank team provided systematic and intensive support and technical advice throughout the implementation of the grant-financed activities, including handling of the extension of the closing date to complete all of the activities.

In general, the REDD+ readiness phase has increased government capacity in REDD+ related sectors, which were previously dominated by NGOs. The carbon finance offers a potential opportunity for sustainable forest management in Madagascar but remains complicated and requires significant support in the distribution of benefits. The REDD+ readiness phase has enabled the establishment of the Madagascar Forest Observation Laboratory (LOFM). LOFM serves as an observatory for monitoring and has a strong capacity, especially on issues related to deforestation and forest inventories. However, this structure may need to improve its visibility to make data more accessible to the public as a national reference.

The grant has created the necessary capacity and enabled the Government of Madagascar to prepare and start implementation of the "Atiala Atsinanana" Emission Reduction Programme (ERPA). The grant has successfully managed to develop and set up the MRV system and the Carbon Benefit Sharing (BSP) Plan for each Emission Reduction Payment Contract REDD+ Business Planning Process at the beneficiary level. This would continue benefitting the Government stakeholders and communities. In terms of the legal frameworks, a national REDD+ strategy has been prepared and adopted nationally in May 2018, and a decree on the regulation of access to the forest carbon market (DRMCF) was issued. The team noted that there is a need for strengthening coordination and collaboration with the between Ministry of Finance and the Ministry

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of Environment and Sustainable Development through BNCCREDD+.

Overall outcome (and its Sustainability):

Comment:

The REDD+ Readiness support allowed for the establishment of the main REDD+ institutions and tools needed to move to the next phases including investments and the preparations for the potential results-based payments: a national REDD+ strategy has been prepared and adopted nationally in May 2018, and a decree on the regulation of access to the forest carbon market (DRMCF) was issued. Consultations' structures and platforms for coordination and implementation of REDD+ activities at the national (BNCCREDD+), regional (Regional Directorates of Environment and Sustainable Development) and municipal level were set up. The Strategic Environmental and Social Assessment (SESA) has been conducted, and the Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Functional Framework (FF) have been prepared and approved by the Bank as well at the national level through consultative and participatory processes. Moreover, the MRV system and Trust Account (CAS) entitled "REDD+ Carbon Credit" have been set up, and the Atiala Atsinanana" Emission Reduction Programme is now operational. A specific Carbon Benefit Sharing (BSP) Plan was developed for each Emission Reduction Payment Contract REDD+ Business Planning Process at the level of each beneficiary, financed by REDD+ carbon benefits.

The coordination and collaboration with the between Ministry of Finance and the Ministry of Environment and Sustainable Development through BNCCREDD+ needs to be strengthened and improved. Furthermore, the capacity building on REDD+ process needs to continue to be strengthened within the Ministry of Environment as a whole and not just within BNCCREDD+. This will greatly help reduce implementation friction. The effectiveness of the REDD+ governance will be key in sustaining the project long-term. Financially, the BNCCREDD+ is being supported through a "bridge" funding being provided through the WB financed operation (PADAP, P154698) with the ERPA's pre-payment being sought in FY23 as well. Longer term sustainability of created capacity (human, technical, institutional) will depend on success of the ERPA. Task Team also encouraged BNCCREDD+ to develop and submit to Ministry of Economy and Finance a longer-term budget and strategic plan for maintaining adequate capacity of the center to be able to service the growing agenda of carbon finance business in the country.

Ensuring community awareness of the REDD+ initiatives, and the Benefits Sharing Plan (BSP), access to the Carbon revenue is also crucial to safeguard the communities interest and buy-in as envisioned in the project. The complementary programs financed by FCPF focused on this area, such as ENABLE program (in pipeline) and CBP (ongoing) will be greatly beneficial to the communities.

The grant financed activities largely achieved their objectives. The REDD+ dialog enhanced attention to the drivers of deforestation and forest degradation and increased cooperation between the forestry sector and other sectors that are at the root of deforestation and forest degradation (agriculture, energy).

Bank Performance:

Comment:

The overall Bank Performance is Satisfactory, based on quality at entry, project supervision and additional resource mobilization. Regular supervision missions were organized and documented (Aide-Memoire), Non-Objections were provided to the client under reasonable timeframes, and regular reporting was done to the Bank and donors. The Bank team provided close support and technical advice throughout implementation of the grant financed activities.

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Additional Assessment

Development / strengthening of institutions:

Comment:

The capacity of BNCC REDD+ to implement REDD+ activities has increased immensely thanks to the grant support. They have a strengthened and better capacity for managing the national REDD+ process.

Mobilization of other resources:

Comment:

As part of REDD+ readiness, no other resources were mobilized other than FCPF Readiness Fund.

Knowledge exchange:

Comment:

The BNCCC REDD+ team has participated in various learning events on REDD+ supported by the FCPF.

Client's policy / program implementation:

Comment:

The REDD+ Readiness support allowed for the establishment of the main REDD+ institutions and tools needed to move to the next phases including investments and the preparations for the potential results-based payments: a national REDD+ strategy has been developed and a decree on the regulation of access to the forest carbon market (DRMCF) was issued. Theses strategic or/and legal documents will serve as reference for all REDD+ Programs in Madagascar, starting with the Atiala Atsinanana ER Program (pionner REDD Program in Madagascar).

Efficiency:

Comment:

Outcomes planned at the onset have been largely achieved, in a timely manner, thus efficiency is rated satisfactory.

Replicability:

Comment:

Structures and institutional arrangements put in place through this Readiness Fund can be used beyond REDD+. As in the case of the Madagascar Forest Observation Laboratory (LOFM) which has a strong capacity, especially on issues related to deforestation and forest inventories. This is expected to become a national reference on monitoring deforestation and degradation.

Main recommendations to stakeholders:

Comment:

REDD+ has been communicated globally as a mechanism which seeks to incentivize activities targeted at reducing emissions from the land-use sector. This line of communication has somewhat created high and often unrealistic expectations amongst some sections of stakeholder groups of huge financial inflow for REDD+. In order to ensure the effective management of these exaggerated and unrealistic expectations, deliberate efforts need to be made to emphasize the various co-benefits which will arise from REDD+ implementation, and that any payments for implementation of REDD+ will be performance-based and will consequently require continual support and commitment from all stakeholders.

Based on the achievements and lessons learned from implementation of this project, it is mainly recommended to stakeholders that awareness and sensitization for communities and policy makers is continued so as to consolidate gains made in nationally owning and championing of REDD+ implementation.

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Main recommendations to Bank Management:

The REDD+ Readiness Fund has enabled all the key elements to be put in place to implement the REDD+ programs, including institutional and consultative structures and the carbon performance monitoring system to share benefits according to the BSP.

The next step is now the actual implementation of the REDD+ programs, starting with the Atiala Atsinanana Emission Reductions Program (a pioneer REDD+ program in Madagascar) with a ERs purchase contract with up to \$50 million.

As a performance-based program, the implementation of REDD+ program relies on a highly technical/financial sensitive process which would require a strong coordination between the Ministry of the Economy of Finance and the Ministry of the Environment and Sustainable Development in order to make payments happen in a timely manner according to the Benefit Sharing Plan by reaching the local communities (ultimate beneficiary). In this purpose, strong follow up and support from the World Bank's team are needed by working closely with BNCCCREDD+ team.

DISBURSEMENTS

Disbursements Summary in USD

Fund	Fiscal year	Total Disbursements (\$)
TFOA0104	2015	
	2016	\$ 883,235.32
	2017	\$ 1,781,469.92
	2018	\$ 1,135,294.76
	2020	\$ -172,462.59
	Total	\$ 3,627,537.41
TFOA4428	2017	
	2018	\$ 500,000.00
	2019	\$ 725,415.47
	2020	\$ 982,564.72
	2021	\$ 1,100,698.51
	2022	\$ 1,027,209.93
	2023	\$ 359,560.65
Total	\$ 4,695,449.28	
Total		\$ 8,322,986.69