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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$3.80 MILLION

TO THE

REPUBLIC OF MADAGASCAR

FOR

REDD+ READINESS PREPARATION SUPPORT

FROM THE FOREST CARBON PARTNERSHIP FACILITY

MARCH 2, 2015

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## DATA SHEET

### REPUBLIC OF MADAGASCAR REDD+ READINESS PREPARATION SUPPORT

#### READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

*GENDR*

<b>Basic Information</b>					
Date: September 10, 2013		Sectors: ENV			
Country Director:	Mark Lundell	Themes:	Forests, Climate Change		
GP Manager / Senior Director:	Benoit Bosquet / Paula Caballero	EA Category:	B		
Project ID:	P124655				
Lending Instrument:	TF Grant				
Team Leader(s):	Giovanni Ruta				
Date of country selection into FCPF: July 10, 2008 Date of Participation Agreement signed by Country: August 12, 2008 Date of Participation Agreement signed by Bank: August 12, 2008 Date of R-PP Formulation Grant Agreement signature: N/A Expected date of Readiness Preparation Grant Agreement signature: March 5, 2015					
Joint IFC: N/A					
Project Implementation Period:	Start Date:	March 5, 2014	End Date:	December, 31, 2018	
<b>Project Financing Data</b>					
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other			
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee				
<b>For Loans/Credits/Others (US\$M):</b>					
Total Project Cost :	US\$3.8M		Total Bank Financing :	US\$3.8M	
Total Cofinancing : N/A			Financing Gap : N/A		
<b>Financing Source</b>			<b>Amount</b>		
BORROWER/RECIPIENT					
IBRD					
IDA: New					
IDA: Recommitted					

Others	Forest Carbon Partnership Facility (FCPF)	US\$3.8M	
Financing Gap			
Total	US\$ 3.8 Million		
Regional FCPF Trust Fund Number:		To be created	
FCPF Country Child Trust Fund Number:			
Recipient: Republic of Madagascar			
Responsible Agency: Ministry of Environment, Ecology, Sea and Forests			
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## PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD+ Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, discuss the technical quality of the R-PP, record the assistance it has provided to the REDD+ Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD+ Country Participant in the implementation of its R-PP.

## ABBREVIATIONS AND ACRONYMS

ANAE	National Agency for Environmental Actions/ <i>Agence nationale d'action environnementales</i>
BioCF	BioCarbon Fund
BNC-REDD+	REDD+ National Coordination Office/ <i>Bureau National de Coordination REDD+</i>
CAS	Country Assistance Strategy
CAZ	Corridor of Ankeniheny – Zahamena
CBNRM	Community Based Natural Resource Management
CI	Conservation International
CIME	Inter-ministerial Committee of the Environment/ <i>Comité Interministériel de l'Environnement</i>
CO <sub>2</sub> e	Carbon dioxide equivalent
COAP	Protected Area Management Code
CSO	Civil Society Organizations
CT-REDD	REDD Technical Committee/ <i>Comité Technique REDD</i>
DA	Dedicated Account
DGE	General Directorate of Environment
DGF	General Directorate of Forestry
DREEF	Regional Directorate for Environment, Ecology, Sea and Forestry
EP	Environmental Program
EP3 AF	Additional Financing of the Third Environmental Support Program
ER	Emission Reductions
ER-PIN	Emission Reduction Program Idea Note
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FM	Financial Management
GCF	Contractual Forest Management
GDP	Gross Domestic Product

GELOSE	Local Land Management/ <i>La Gestion Locale Sécurisée</i>
GIZ	<i>Deutsche Gesellschaft für Internationale Zusammenarbeit</i> (German Cooperation Agency)
GoM	Government of Madagascar
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFR	Interim unaudited Financial Report
ISN	Interim Strategy Note
MDG	Millennium Development Goals
M&E	Monitoring and Evaluation
MEESF	Ministry of Environment, Ecology, Sea and Forests
MNP	Madagascar National Parks
MRV	Measurement, Reporting and Verification
NAP	New Protected Areas
NEAP	National Environmental Action Plan
NGO	Non-governmental organization
NRM	Natural Resources Management
ONE	National Office of the Environment
PA	Protected Area
PC	Participants Committee (of the FCPF)
PF	Process Framework
PHCF	Holistic Forest Conservation Program
PPP	Purchasing Power Parity
PSAEP	Agriculture, Livestock and Fisheries policy
R-PP	Readiness Preparation Proposal
REDD+	Reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries
REL	National Reference Emission Level
R-PIN	Readiness Preparation Idea Note
RPF	Resettlement Policy Framework
SESA	Strategic Environmental and Social Assessment
SNAT	National Planning Scheme
UNFCCC	United Nations Framework Convention on Climate Change
WB	World Bank
WCS	Wildlife Conservation Society
WWF	World Wide Fund for Nature

Republic of Madagascar  
REDD+ READINESS PREPARATION SUPPORT  
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## **I. Introduction and Context**

### **A. Country Context**

**1. The purpose of this Readiness Preparation Proposal (R-PP) Assessment Note is to describe the technical and fiduciary aspects of World Bank assistance to the REDD+<sup>1</sup> readiness process in Madagascar.** In particular, the purpose of the note is to: (i) discuss the technical quality of the R-PP activities, assessed by the Forest Carbon Partnership Facility (FCPF) Participants Committee in July 2014; (ii) record the assistance the Bank has provided to Madagascar in the formulation of its R-PP; (iii) describe the assistance the Bank will provide to Madagascar in the implementation of its R-PP; and (iv) assess if and how the proposed REDD+ Readiness Support Activity complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management.

**2. Madagascar is endowed with many assets:** a great potential for agriculture, mineral resources, abundant labor, and unparalleled biodiversity. Natural capital, including forests, agricultural land, fisheries and minerals, account for over 50 percent of total wealth<sup>2</sup>. With adequate management of natural resources, complemented by investments in physical and human capital and effective governance, it would be a prosperous country.

**3. Since independence, economic potential has been hindered by cycles of political and institutional instability,** in the form of recurrent political crisis and revised constitutions that have accompanied every presidential change. In the past 15 years, the country has experienced two political crises. The most recent crisis began with the unconstitutional regime change in March 2009 and lasted five years, with devastating effects on the economy, poverty and social outcomes.

**4. Poverty has risen and is now among the highest in the world.** Recent estimates show that in 2010, about 82 percent of Madagascar's 22 million people were living on less than USD 1.25 a day (PPP) and approximately 93 percent of the population was living on less than USD 2.00 a day. When using the national poverty line, 75 percent of the Malagasy people lived in absolute poverty and as many as 60 percent lived in extreme poverty. The young tend to be poorer: 51 percent of the poor are less than 15 years of age, while populations over the age of 65 represent only 2 percent of the poor.<sup>3</sup> Preliminary estimates suggest that from 2008 to 2013, the proportion of the population living below the poverty line, already high before the crisis, may have increased by as much as 10 percent, with the most significant effects from 2011-13, as the crisis deepened. When population growth is factored in, it is estimated that some 4 million more Malagasy live below the poverty line now than in 2008.

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<sup>1</sup> REDD+ stands for "reducing emissions from deforestation and forest degradation", including the role of conservation, sustainable management of forests and enhancement of forest carbon stocks.

<sup>2</sup> World Bank, 2012. *The Changing Wealth of Nations: Measuring Sustainable Development in the New Millennium*, Washington DC.

<sup>3</sup> These data are part of a Poverty, Gender and Inequality Assessment undertaken in FY13. A short update based on the 2012 poverty household surveys is under preparation.



**5. Local, often isolated, rural populations depend heavily upon the country's natural resources to ensure basic livelihoods.** Poverty in rural areas, where approximately 80 percent of the population lives, is higher than in urban areas and generally the further away from urban centers the more precarious living conditions are. Livelihoods heavily depend on agriculture and other income generating activities that are rarely in connection to markets and often in direct or indirect relationship with forests (non-timber forest products, small-scale mining, charcoal, fisheries). Population growth, estimated at 2.8 percent p.a. by the World Bank has increased demand for agricultural land both for subsistence production and for cash crops and has consequently increased the pressure on forests. Poor soil management in areas outside of forests reinforces expansive land clearing and incursions into forest areas where the soil is more fertile.

**6. Focusing on strengthening Madagascar's institutions for forest landscapes management will promote more effective natural resource management as part of a means for ensuring livelihoods for the future.** REDD+ in Madagascar promotes a broad and dynamic approach to forest landscape management by focusing on strengthening institutions at the national level as well as regional levels. Conservation of natural resources has focused largely on defining a well-managed and financially sustainable Protected Area system; the REDD+ approach extends the approach to producing an integrated vision of natural resource management that is inclusive of local populations and their livelihoods.

## **B. Sectoral and Institutional Context**

### *Forest Sector and Drivers of Deforestation*

**7. Forests cover approximately 9.2 million hectares of the island of Madagascar, representing approximately 15.8 percent of the national territory.** Forest cover is generally categorized into five types: (i) dense humid forest (47 percent); (ii) dense dry forest (29 percent); (iii) spiny forest (18 percent); (iv) mangroves (3 percent)<sup>4</sup>; and (v) plantation forests such as pine and eucalyptus (3 percent). Calculations of deforestation rates vary due to differences in specificity of different studies over time and differing definitions of forest but have been indicatively estimated at a national scale at 0.83 percent between 1990 and 2000; 0.53 percent between 2000 and 2005; and 0.40 percent between 2005 and 2010<sup>5</sup>. More recent calculations of deforestation rates for the Eastern Humid Forest ecoregion are illustrative of increasing rates of deforestation<sup>6</sup>:

- 2005-2010: 22,771 ha/year (0.50 percent); and
- 2010-2013: 41,899 ha/year (0.94 percent).

**8. Developing an effective program for managing Madagascar's forests will depend on the ability to address underlying drivers of deforestation and forest degradation.** Years of experience with the development of an extensive network of protected areas has demonstrated that effective conservation must focus on the human and economic dimensions of development in order

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<sup>4</sup> There are also four corresponding eco-regions (Eastern Humid Forest, Dry Forest, Spiny Forest, and Coastal Mangroves).

<sup>5</sup> MEF - USAID et CI (2009) : *Évolution de la couverture des forêts naturelles 1990 – 2000 – 2005, Madagascar*. Analysis of Forest areas were carried out by Conservation International with support of USAID in 2007, while vegetation cover was taken from and National Forest Inventory carried out in 1996.

<sup>6</sup> Analysis carried out under the Additional Financing for the third Environment Program by a consortium including MEESF, WCS, ONE, EtcTerra and Madagascar National Parks. Results were presented on 5-6 August, 2014 and publication is anticipated for 2015.

to conserve natural resources. The principal cause of present-day anthropogenic deforestation in Madagascar is slash-and-burn, or swidden agriculture, known in Malagasy as ‘*tavy*’. Nationwide, it is estimated that 80 to 95 percent of deforestation occurs as a result of the use of fire to convert forest to agricultural land through *tavy*. Extraction of wood, predominantly for fuelwood or charcoal production, accounts for between 5 and 20 percent of deforestation and logging has effects both on forest cover and individual species viability. (See Annex IX for more information about the direct and indirect drivers of deforestation in Madagascar).

**9. Four strategic policy priorities for addressing the major drivers of deforestation and forest degradation will be developed as part of a national REDD+ strategy.** The national strategy will seek to address drivers through different activities related to the differentiated pressures in the different areas of the country. According to broad consultations and in depth analysis of the causes of deforestation in Madagascar there is a significant link between governance and deforestation. Hence, at least three of the four strategic options are governance-related. The four strategic priorities identified for REDD+ as defined in Madagascar’s R-PP are:

- Developing alternatives to deforestation and forest degradation, including sustainable agricultural development;
- Improving forest sector governance;
- Creating incentives for efficient and sustainable forest resource usage; and
- Reinforcing the monitoring and control of the forestry sector.

**10. Local communities are important stakeholders in natural resource management but links have not been adequately made between national objectives and implementation of natural resources management.** While communities living near forests and Protected Areas have been recognized as key actors in the management of the natural resources they have access to, the link has not been extensively realized in practice. The REDD+ program is seeking to consolidate the link between sustainable natural resources and the well-being of communities as part of a more integrated approach to improving livelihoods and sustainable natural resources management. The establishment of community based natural resource management (CBNRM) contracts in the buffer zone of protected areas and the establishment of different models of community co-management are tools that have been tested on a small level scale but have not been operationalized on a national level. The experiences, positive and negative, will serve a basis for building effective CBNRM strategies as part of the national REDD+ program in order to integrate rural development and natural resources management.

#### *Regulatory context and forest governance*

**11. Madagascar’s legal framework for forest and land management includes different aspects of forest governance, yet it remains fragmented and incoherent, both within and across legislative instruments.** The sociopolitical context of recent years and instability in the government led to lack of coherence and clarity over forest resource legislation. There is a lack of harmonization in the vertical hierarchy of Malagasy environmental legislation, with certain lower level instruments designed (intentionally or unintentionally) to override the provisions of higher-level instruments. There is also a high degree of horizontal inconsistency with ambiguity, conflict and duplication between different pieces of legislation, and in the responsibility for their enforcement. This situation leads to redundancy in the framework and general confusion in its

implementation (See Annex VII Annex VII. List of Legislation Relevant to Forest Resource Governance for a list of relevant legislation).

**12. Implementation and enforcement of the legislative framework in the forestry sector remains problematic.** Weak institutions and corruption plague the implementation and enforcement of environmental law in Madagascar. Regulators, particularly at the decentralized levels, have limited access to legislative instruments and low levels of capacity to understand their role and obligations in terms of enforcement. The requirement in the Constitution that management of public resources be decentralized poses tremendous challenges to already thinly spread capacity.

#### *Institutional Arrangements for REDD+ Implementation*

**13. The REDD+ National Coordinating Agency (Bureau National de Coordination REDD+, or BNC-REDD+) is the operational entity in charge of implementing REDD+ Readiness activities, as part of the Ministry of Environment, Ecology, Sea and Forests (MEESF).** The BNC-REDD+ is the proposed implementing agency for this grant under the strategic guidance of the Secretary General for the Environment, Ecology, Sea and Forests and daily supervision of the Directorate General of Forests (DGF). The BNC-REDD+ will include a secretariat as well as technical groups that will be responsible for the different components of the REDD+ Readiness process such as Monitoring and Evaluation, development of the National REDD+ Strategy and Strategic Environmental and Social Assessment (SESA), the legal framework, and reference emissions level among others. The BNC-REDD+ will be responsible for coordinating with other agencies as well organizing consultations. The BNC-REDD+ will undertake primary fiduciary management and will benefit from technical guidance from a multi-sector REDD+ Platform.

**14. Institutional challenges remain: in particular, the linkages between national and decentralized levels need strengthening.** Decentralized responsibility for forest management implementation lies predominantly within Regional Directorates of Environment and Forests (DREFs). The Government's focus on decentralization means that these authorities are mandated to carry out a range of environment related activities as well as facilitating public participation and access to information. However these authorities do not have the technical and financial resources or the capacity to fully carry out their responsibilities especially when related to a more integrated approach to forest landscape management that includes coordination amongst sectors and will require reinforcement. Efforts are needed to support regional and local authorities in their mandated roles in facilitating improved environmental governance, both in terms of institutional capacity and resources, and to support locally based civil society to play a role in this process. See Section VI for a detailed organigram of REDD+ institutions in Madagascar.

**15. Madagascar will use FCPF resources to reinforce institutional capacity, develop a national strategy, develop a national reference level for emissions from deforestation and forest degradation and other aspects necessary for implementing REDD+ at a national scale.** The strategic options mentioned above will be developed based on each one's effectiveness at addressing the drivers of deforestation as well as potential for modification and/or scaling up. Additionally, the grant will be used to build institutional capacity at the national level as well as in inter-sectoral planning and more integrated planning around forest landscape management at

the sub-national levels. Specific capacities related to forest and deforestation monitoring and the development of safeguards mechanisms for the national strategy will be addressed in the form of a SESA.

### **C. Relationship to CAS**

16. The last Country Assistance Strategy (CAS) was developed to cover the 2007-2011 fiscal years. However, following the change of leadership in March 2009 outside of constitutional standards, the World Bank decided to hold the process for preparing a new CAS. An Interim Strategy Note (ISN) came in force for the period January 2012 - June 2013. It focused on the most urgent problems short-term while maintaining a medium term based on three themes: governance and the ability of the public sector; vulnerability and resilience; and employment and competitiveness. A Systematic Country Diagnostic is under preparation and its completion is expected by July 2015. Following that, a new Country Partnership Framework will be developed.

17. The World Bank has a strong history of support to the forestry sector in Madagascar predominantly through support to protected area management. Since the early 1990s, the Bank has been a major partner in the implementation of the Environment Program (EP). The EP was structured into three phases labelled as the EP1, EP2 and EP3. The first phase, EP1, had the broad objectives of establishing institutions for environmental sector management – namely the National Environmental Office (ONE), Madagascar National Parks (MNP) and the *Agence nationale d'actions environnementales* (ANAE), and addressing the most urgent conservation priorities through creation of a small number of protected areas. EP2 aimed at enhancing the gains of EP1 and focused on the integration of biodiversity conservation with development and the decentralization of natural resources management. EP3 (approved in 2004) focused on embedding principles of sustainable development and the establishment of sustainable financing sources for environmental management.

## **II. Proposed PDO / Results**

### **A. Proposed Project Development Objective(s)**

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

### **B. Key Results**

19. **The key results of this preparation grant are specifically related to key aspects of readiness for implementing REDD+ at a national level.** The grant is not supporting direct investments and is more specifically focused on technical assistance. Indicators have been 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 the implementation of the R-PP. The full list of 34 yes/no indicators is provided in Annex V, but this preparation grant will not be used to address all of the areas and indicators of REDD+ readiness. The results 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.

### III. Project Context

#### A. Concept

##### 1. Description

**20. This REDD+ Readiness Preparation grant will provide financing for the six major components of the R-PP to ensure a basic level of REDD+ Readiness.** The R-PP approved by the FCPF in July 2014 is organized into six sections: 1) Organization and Consultation; 2) Development of the national REDD+ strategy; 3) Development of a baseline scenario; 4) Measurement, Reporting and Verification Systems; 5) Budget and Timeline, and; 6) Monitoring Plan and Productive Measurement Framework. **Error! Reference source not found.** presents a consolidated view of funding under this grant for activities across the six sections as outlined in the R-PP. Activities to be financed by the proposed grant are explained in more detail below.

**21. The evolution of REDD+ in Madagascar has been informed by and build on past experiences,** including development and conservation projects, the development of the Protected Areas network, the development of the R-PP, and the evolution of international dialogue about REDD+ over the past years. While the FCPF financing is not enough to cover all of the activities envisaged in the R-PP, it will be used to implement key components which represent strategic entry points to building capacity in certain areas. Other sources of funding from bilateral donors are being identified and will be used to enhance the ongoing activities. Particular attention will be given to the development of the institutional and governance framework for REDD+ readiness.

**22. Madagascar is aiming to be ready for an eventual REDD+ mechanism at the end of calendar year 2017 if not sooner.** The vision of being “ready” indicates that the country has made significant progress in the development a national REDD+ readiness strategy and the accompanying tools, institutions and methodologies, which will be in place and under implementation by that time. This timeline indicates that there is an interest and willingness to take the steps necessary to move ahead in the REDD+ Readiness process and eventually prepare of an R-Package<sup>7</sup>, and the further an ER Program—a program for Emissions Reductions. Madagascar presented Early Idea for an Emission Reductions Program Idea Note (ER-PIN) at the 10<sup>th</sup> Meeting of the Carbon Fund held in Bonn, Germany in June of 2014 that focused on the Humid Forest Ecoregion. The FCPF FMT has agreed to provide some resources to Madagascar to develop an ER-PIN for presentation to the Carbon Fund meeting (CF13) planned for late in calendar 2015. The ER-PIN is expected to exhibit a strong link with agriculture activities, demonstrating the

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<sup>7</sup> R-Package stands for Readiness Package, the content of which is summarized in the FCPF PC Resolution PC/14/2013/1 and includes: a summary of the readiness preparation process, report of the multi-stakeholder self-assessment process, assessment results of the national multi-stakeholder assessment, and references to documentation pertinent to the sub-components of the R-PP.

potential for more environmentally sustainable practices that also reduce pressures on forest resources.

<b>Table 1. REDD+ Readiness activities by R-PP component and estimated cost</b>			
<b>Component in the proposed grant</b>	<b>Corresponding component in the R-PP</b>	<b>Amount allocated (US\$)</b>	<b>Funding Gap (US\$)</b>
<b>Component 1: Institutional Arrangements for REDD+ Readiness Management</b>	<b>1a</b>	<b>950,000</b>	<b>400,000</b>
Set up and running costs of BNC-REDD+ including staff costs		950,000	400,000
<b>Component 2: Development of National REDD+ Strategy including Consultations and SESA</b>	<b>1b, 2a, 2b, 2c and 2d</b>	<b>1,500,000</b>	<b>800,000</b>
Activity 2.1: Enhancing the REDD+ Informational Base and Design and elaboration of National REDD+ Strategy	2a, 2b	400,000	500,000
Activity 2.2: Consultations	1b, 1c	650,000	300,000
Activity 2.3: Strategic Environmental and Social Assessment (SESA).	2d	150,000	
Component 2.4: Preparation of REDD+ Implementation Framework including Feedback and Grievance Mechanism.	2c	300,000	
<b>Component 3: Development of National Reference Scenario and Monitoring System for REDD+</b>	<b>3, 4a, 4b, and 6</b>	<b>1,350,000</b>	<b>900,000</b>
Activity 3.1: National Reference Emission Level (REL)	3	580,000	550,000
Activity 3.2: Development of a Monitoring System	4a, 4b	500,000	450,000
Activity 3.3: Assessment and monitoring of REDD+ readiness	6	270,000	
<b>Total</b>	<b>/</b>	<b>3,800,000</b>	<b>2,100,000</b>

### *Other development partners*

**23. Development Partners are beginning to define their re-engagement strategies for Madagascar, including in the environment sector.** Clear proposals for REDD+ Readiness activities will have to be developed by the BNC-REDD+ and presented to partners where there are strategic alignments. The opportunities will become more apparent as the engagement strategies are defined more concretely. Development partners that have in some way signaled interest in providing support to Madagascar include:

- GIZ (Germany) has indicated an interest in focusing on regional and local natural resources management, wherein a link to building regional capacity for REDD+ could be included. Additional support for other institutional aspects may also be available.
- The UN-REDD Programme has begun launching targeted support, particularly related to a needs assessment for legal dimensions of REDD+, land tenure, cross-sectoral dialogue, a national monitoring system for forests, and, a stakeholder assessment. There is potential to propose a national program that would enable Madagascar to benefit from an additional \$3 million for REDD+ Readiness.
- USAID (United States) is developing an environmental program focused on biodiversity conservation that will have significant overlaps with REDD+ and may provide an opportunity to reinforce monitoring and reporting capacities as well as local and regional capacities, directly related to REDD+ readiness.

- Transparency International is working on grievance mechanisms at the local and national levels, has a grievance methodology related to carbon finance that it is seeking to develop further in Madagascar.
- The Forest Investment Program, one of the Climate Investment Funds, has invited Madagascar to submit an expression of interest to participate in the next cycle of the Program's financing.

**24. World Bank has supported the Madagascar Environment Program for over 20 years and continued throughout the crisis years.** The third phase of the Environment Program began in 2004, and a US\$52 million, three-year extension of the EP3 was approved on an exceptional basis by the World Bank Board in June 2011 and supports a single component of the original project relating to protected area management. The extension was approved to address a short-term need to fill a critical financing gap to the protected area network and thus ensure ongoing protection of 2.7 million hectares of protected areas, and a medium to long term need to scale up activities to enhance sustainable management of the network, including sustainable financing mechanisms and support to the development of an ecoregional reference scenario for carbon emissions.

Table 2. Ongoing and future World Bank engagements with potential overlapping elements with REDD+ program	
Third Environmental Program Additional Financing aiming at Protected Areas financing	\$42M, ongoing and to be completed in 2014. The program has developed key insights, methodologies and technical analysis of deforestation rates and relevant reference levels for the Eastern Humid Forest that will be used to develop similar analysis for the other eco-regions as well as nationally.
WB Contribution to Protected Areas endowment fund	Now totaling \$17.5M the Madagascar's Protected Area Fund provides important lessons about distributing revenues and benefits to communities around PAs as well as about raising and managing revenues for conservation outside, but in complement to, government allocations.
Technical assistance on managing and disposing of precious woods stockpiles	Ongoing, this technical assistance is pertinent as it focuses on forest governance and forest resources.
Emergency agriculture and food security projects	A number of agriculture sector projects, likely totaling \$100M and projected for 2015-2016, will focus on agriculture value chains and on developing a landscape approach that will encourage better forest management and upgraded irrigation infrastructures in areas adjoining agricultural land. Increasing food security can reduce pressures on forest resources in some areas.
2 <sup>nd</sup> Integrated Growth Poles	\$50M projected for 2015, this project focuses on three regions and will promote, among other sectors, tourism, including ecotourism and protected area packages that will support targeted natural resources management.

Natural Capital Accounting-WAVES	\$2M, ongoing and to be completed in 2017, forest resources and the habitat they provide as well as the ecosystem services they provide are a key facet of the WAVES initiative.
SWIOFISH project targeting coastal mangroves	Projected for 2015, the rehabilitation of mangrove management will benefit from the ongoing work on REDD+ in mangroves and will provide resources for scaling up projections of reference levels for mangroves to a national level.
Madagascar Community Based NRM Analysis	This ESW provides systematic analysis of CBNRM practices in Madagascar and will inform the REDD+ process on how future REDD+ investments will be relevant to local circumstances more generally as part of the REDD+ process.
Agriculture and Rural Development NLTA	An extensive analysis of the agricultural sector in Madagascar, focusing on the links between commercial agriculture and poverty and including the links between agricultural development and natural resources management.
Public Sector Performance P4R	The Governance team, in close partnership with other Global Practices, including GENDR, is preparing the concept note for a Public Sector Performance P4R. With respect to forest management, key disbursement linked indicators will be identified and supported through TA in addition to the performance-based payments. Concept note due in June 2015.

### ***Readiness Preparation Activity Components***

**25. Component 1: Institutional Arrangements for REDD+ Readiness Management (US\$ 0.95 M).** This activity corresponds to activities in *section 1a* of the RPP. This component will support the structures that will lead the coordination and implementation of the REDD+ Readiness process in Madagascar most notably the operationalization and functioning of the REDD+ National Coordination Office (*Bureau National de Coordination REDD+, BNC-REDD+*), including the hiring of staff and technical specialists; operational and travel costs; personnel management tools and training; office supplies (including computers), furniture and maintenance; technical trainings and other capacity building; communications. Key tasks of the BNC-REDD+ will include fiduciary and accounting tasks; knowledge management; technical coordination of REDD+ activities; management and organization of national level collaborative bodies (such as the Inter-ministerial Committee of the Environment, or CIME, and others) as well as consultations with partners and collaborators (see section III.A.1 for more detail).<sup>8</sup>

**26.** This activity will also support the establishment and functioning of the REDD+ Platform. It is also intended to be used to establish effective dialogue and collaboration across sectors and at the regional levels with regards to REDD+ governance.

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<sup>8</sup> In accordance with section 3.01 of the Grant Agreement, the Grant can fund “salaries of contractual staff for the Readiness Preparation Activities (but excluding consultants’ services and salaries of officials of the Recipient’s civil service). Civil servants salaries will not be paid from the grant.



27. A *financing gap* of \$400,000 has been identified with regards to field level missions for institutional actors, and some communication activities at the sub-national and local levels.

28. **Component 2: Development of National REDD+ Strategy including Consultations and SESA (US\$ 1.50 M).** This component corresponds to activities in *sections 1b, 2a, 2b, 2c and 2d* of the RPP. Madagascar will develop a National REDD+ Strategy that will seek to address the complex dynamics that lead to deforestation and forest degradation. The focus of this component is to develop a national strategy that will guide future investments, including of course those directly linked to REDD+. To prepare the strategy, the readiness preparation activities will include various studies to address gaps in data regarding the impact and quantification of some direct and indirect drivers of deforestation, consultations as well as a strategic environmental and social assessment for the national REDD+ program including the design of relevant safeguards instruments. Each of the activities will inform and enrich the national strategy. The national REDD+ strategy will consolidate information from the four ecoregions to form a coherent national strategy.

29. **Activity 2.1: Enhancing the REDD+ Informational Base and Design and elaboration of National REDD+ Strategy.** Studies will be carried out to enhance the base of information related to drivers to ensure that strategic options are accurately and effectively targeted at reducing deforestation and forest degradation. Special care will be taken to capitalizing on the existing knowledge on the causes of deforestation so as to avoid duplication in efforts. Study areas will include:

- Stakeholder analysis of deforestation and forest degradation;
- Political economy analysis of deforestation and forest degradation to clarify and anticipate the major bottlenecks for the implementation of necessary reforms to a successful REDD+ program;
- Consolidation of knowledge on the causes and factors of stagnation in agricultural productivity along with targeted recommendations for relevant areas;
- Spatial analysis of causes of deforestation and forest degradation in Madagascar, with a breakdown by region and other zones, to facilitate targeted interventions;
- Development of community tools, or adaptation of existing community management tools, for the implementation of REDD+.

30. **Activity 2.2: Consultations.** Consultations will build upon the rich process that was followed for the development of R-PP since 2009 and will address the following key elements: REDD+ governance mechanisms, causes of deforestation and degradation, strategic options, the institutional framework and policy measures for the implementation of REDD+, the SESA process and additional safeguard measures, the baseline scenario, MRV and monitoring and evaluation. Inputs from different sectoral actors will be strongly integrated and the consultation process will reflect the evolution of REDD+ mechanisms as they become more refined.

31. **Activity 2.3: Strategic Environmental and Social Assessment (SESA).** This activity will support a SESA that will inform the national REDD+ strategy. The SESA will contribute to the

REDD+ readiness process in Madagascar by assessing how REDD+ strategy options address environmental and social priorities associated with current patterns of land use and forest management. Gaps identified through this assessment would lead to adjustments in the REDD+ strategy options to close the gaps. Also, the SESA will provide an Environmental and Social Management Framework (ESMF) that will outline the procedures to be followed for managing potential environmental and social impacts of specific policies, actions and projects during the implementation of the REDD+ strategy. Furthermore, a Resettlement Policy Framework (RPF) and a Process Framework (PF) will be prepared as a part of the ESMF to ensure compliance with the WBG's safeguards policies.

**32. Component 2.4: Preparation of REDD+ Implementation Framework including Feedback and Grievance Redress Mechanism.** The FCPF grant will be used to consolidate support and in-depth analyses of legal and institutional issues around REDD+, including: i) analysis of the existing national legislation on forests and other sectors pertaining to the REDD+ goals; ii) analysis of the governance for a national fund to manage REDD+ financing; iii) fiscal and economic incentives to promote REDD+ activities; iv) options for benefit sharing; v) analysis of the opportunity to prepare specific legislation or regulation for the REDD+ dealing also with the legal nature of emission reductions. The grant will also be used to assess the relevant existing feedback and grievance redress mechanisms and arrangements (FGRMs), and either strengthen the existing FGRMs or, as necessary and appropriate, establish a new FGRM, to address any relevant feedback and grievances during the REDD+ readiness process. An FGRM will be set up early in the process as part of good overall management, and good risk management in particular.

**33.** A *financing gap* of \$800,000 has been identified in this activity, particularly with regards to carrying out more in-depth consultations at sub-national and local levels and to carry out in-depth analysis of REDD+ strategy options. An evaluation of hotspots and deforestation threats in the Eastern Humid Forest financed by EP3 AF identified the primary drivers in different deforestation hotspots and highlighted how different strategies will be appropriate for different regions. In depth studies will be needed to develop these types of specific localized approaches and the costs do not yet figure in the activities of this component.

**34. Component 3: Development of a National Reference Scenario and Monitoring System for REDD+ (US\$ 1.35 M).** This component corresponds to activities in *sections 3, 4a, 4b, and 6* of the RPP and will support the consolidation of data to establish emissions reference levels at the national level as well as eco-regional levels as appropriate. Additionally the component will support the development of appropriate monitoring systems related to deforestation and carbon emissions but also for co-benefits of REDD+ programs such as biodiversity and other ecosystem services as well as socio-economic factors to be able to effectively measure the impacts of REDD+ in Madagascar.

**35. Activity 3.1: National Reference Emission Level (REL).** The determination of an REL will be based on the data and analysis of projections to be produced in each of four ecoregions. This eco-regional, or nested, approach has focused first on the Humid Eastern Forest and the process will be adapted appropriately for the dry western forests, spiny southern forests, and mangroves as part of the process for determining a national REL. While degradation is an important, if not critical, element of the threat to forest integrity, it is vastly complicated to measure it accurately. The REL will be established through several activities including: a projection of

activity data based on past observations and the corresponding explanatory factors; a consolidation and adjustment to specific regional circumstances; the combination of the projection of activity data with emission factors.

**36. Activity 3.2: Development of a Monitoring System.** The implementation of REDD+ will generate substantial positive impacts above the reduction of carbon sequestration. These impacts and benefits need to be monitored and evaluated to understand the added value and cost-effectiveness of REDD+. Special attention will be paid to monitoring governance in REDD+ and the roles of different institutions and actors involved, including their accountability, governance and transparency. This will be particularly important for the deployment of the Safeguards Information System (SIS). For Madagascar, the following areas are those that benefit most from the positive effects of REDD+ and for which monitoring systems will be used for: conservation of biodiversity; sustaining production of environmental goods and services provided by the forest and; improving the livelihoods and well-being of riparian forest populations.

**37. Activity 3.3: Assessment and monitoring of REDD+ readiness.** In compliance with the guidelines and the monitoring framework developed by the FCPF, this component will support the development of effective Monitoring and Reporting systems that can feed into eventual verification, in line with component 6 Monitoring Plan and Framework for Productivity Measurement of Madagascar's R-PP. The purpose is to monitor the progress toward REDD+ Readiness and to finance independent reviews and audits to update the relevant indicators of Readiness.

**38.** A *financing gap* of \$900,000 has been identified for these activities related to reference level activities for the dry and spiny forests as well as coastal mangrove eco-regions, modeling activities, studies on factors of deforestation, and capacity building for MRV, REL and SIS at the regional level.

**39.** In spite of the financing gaps identified above, REDD+ Readiness activities were developed with a staggered approach in mind to ensure a basic level of readiness with the available resources from the FCPF, while additional resources can be used for more comprehensive readiness development while not requiring parallel implementation. A more detailed description of the components is provided in Annex XII.

## 2. Key Risks and Issues (SORT Analysis)

<b>Risk Categories</b>	<b>Rating (H, S, M or L)</b>
1. Political and governance	S
2. Macroeconomic	M
3. Sector strategies and policies	S
4. Technical design of project or program	S
5. Institutional capacity for implementation and sustainability	H
6. Fiduciary	S
7. Environment and social	S
8. Stakeholders	S
9. Other (Inter-Sectoral Cooperation)	M

<b>Overall</b>	<b>S</b>
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40. More information about risks and mitigation measures can be found in Annex X.

## **B. Implementing Agency Assessment**

41. The BNC-REDD+ will be responsible for implementing REDD+ Readiness activities for FCPF financing in this grant as well as guiding the future development of REDD+ activities in the country. The BNC-REDD+ was established by decree in 2014 as a unit that will assume responsibility for the REDD+ activities that were previously assured by the General Directorate of Forests (Direction Générale des Forêts, DGF). Fiduciary management for the grant will also be managed by the BNC-REDD+. Financial management and procurement specialists from DGF have already been assigned to carry out the FM and Procurement functions for the BNC-REDD+, while remaining mapped institutionally to the DGF. The FM and Procurement capacities have been accordingly assessed by the World Bank (see FM and Procurement assessment sections below). After having benefited from World Bank financing through EP3 the DGF team is familiar with World Bank policies and procedures. Short term support will be provided to ensure a smooth start up for the fiduciary management of the grant.

42. BNC-REDD+ is part of the Ministry of Environment, Ecology, Sea and Forests and will be responsible for:

- Ensuring daily management of the national REDD+ coordination and monitoring activities;
- Ensuring overall coordination of the REDD+ Readiness process in Madagascar, including ties with other government and non-governmental agencies, organizations and stakeholders including donors;
- Establishing the REDD+ Platform and facilitating its operation in conjunction with the MEESF SG;
- Ensuring multi-stakeholder participation in the REDD+ Readiness process.

43. The BNC-REDD+ will become truly operational through the resources provided by this grant. A REDD+ coordinator has been appointed to lead the BNC-REDD+. The BNC-REDD+ is currently not well equipped with national and international expertise necessary for effectively coordinating the REDD+ Readiness process. While it is broadly acknowledged that it is important for the Government to take a leading role in the implementation of REDD+, most technical expertise today, and thus the capacity to design a solid strategy, still lies within the broader conservation community. A continued challenge will be to make sure that the BNC-REDD+ becomes a knowledge hub and the new knowledge being generated within the BNC-REDD+ is shared with other stakeholders. In addition, BNC-REDD+ will need to develop a process for working outside of a single ministry, so as to make forest management more effective.

## **C. Project Stakeholder Assessment**

44. REDD+ is a multi-stakeholder process, since it involves the interests of a multitude of actors. During the implementation of REDD+ Readiness activities, stakeholders shall continue to participate and provide inputs into Madagascar's REDD+ Strategy. The Government of Madagascar has acknowledged the important role that relevant stakeholders must play in ensuring the effective delivery of REDD+ readiness in an inclusive and participatory manner. The R-PP formulation process emphasized multi-stakeholder consultation and participation that aimed at sensitizing various stakeholders and promoting understanding of platforms. The views of the key stakeholders, especially forest-dependent communities and national level CSOs engaged in natural resource management and environmental governance, are of critical importance for the effectiveness of the REDD+ readiness process. Additionally, the private sector in agriculture, mining and forestry are key partners which should be involved in REDD+ planning.

#### IV. Overall Risk Rating

45. *The overall risk rating for the project is Substantial.* The REDD+ Readiness process presents a substantial level of risk, while it tackles issues that are sensitive in nature and will address inter-sectoral dynamics that can be challenging. For this reason, the financing is largely targeting technical assistance, capacity building and institutional support. For this reason, the activities do not carry some of the potentially higher risks associated with investments. In Madagascar many of the processes related to forest and natural resources management have been ongoing for many years, and while there are issues that are contentious such as land tenure and revenue sharing, they have largely been discussed in a participatory manner. The program maintains a relatively high degree of international visibility, due to the high stakes of REDD+ for various stakeholders including vulnerable forest-dependent communities, however ample attention is paid to appropriately and adequately deal with sensitive issues in the Readiness process. The lack of secured financing for fully implementing the full suite of Readiness activities also poses a risk to the achievement of overall readiness for a full REDD+ mechanism.

#### V. Proposed Team Composition

Name	Title	Unit
Giovanni Ruta	Sr. Environmental Economist-TTL	GENDR
Erik Reed	Natural Resources Mgmt Specialist (ETC)	GENDR
Lova Niaina Ravaorimino	Procurement Specialist	GGODR
Joseph Byamugisha	Financial Management Specialist	GGODR
Nathalie Munzberg	Senior Counsel	LEGAM
Paul-Jean Feno	Env. Safeguards Specialist	GENDR
Paivi Koskinen-Lewis	Social Safeguards Specialist	GURDR
Vohangitiana Josiane Rarivoson	Team Assistant	AFMMR
Olga Gavryliuk	Operations Analyst (STC)	GENDR
Maminiaina Rasamoelina	Operations Officer (STC)	GENDR

## VI. Assessment Summary

### A. Technical

**46. The REDD+ program is setting up an institutional context that is long lasting and the basis for future investments.** The organizational framework for REDD+ governance seeks to build dynamic structures that can be integrated into climate change, environmental or other multisectoral dialogues and planning processes. The institutional structure has some minor differences from the one proposed in the R-PP reflecting the evolution of the institutional landscape in the wake of emerging from the political crisis. The national system for managing REDD+ has several strategic responsibilities: (i) ensure the integration of REDD+ strategies in sectoral policies and strategies; (ii) implement REDD+ strategies in general, and (iii) manage the process and coordinate actions related to REDD+ in Madagascar.

#### Institutions

**47. Strategic and operational direction for the REDD+ is guided by the Ministry of Environment, Ecology, Sea and Forests (MEESF),** which will maintain the key role of validating and implementing REDD+ policies. The Secretary General (SG) of the MEESF will provide operational oversight for the REDD+ program and the operational body for delivering REDD+ Readiness, the National Coordination Office (BNC-REDD+). A direct link to the SG will allow for effective coordination with the various Directorate General offices (DG), for example the DG of environment, forestry, agriculture and others.

**48. To accomplish its multidimensional missions, the REDD+ Readiness management structure seeks to enhance several mechanisms for intersectoral engagement.** The REDD+ Platform will include representatives from various ministries as well as civil society, as described in the RPP. The body will provide technical and strategic guidance and recommendations to the BNC-REDD+ technical and operational outputs such as the National REDD+ Strategy and on annual work plans, and provide an overarching view of how REDD+ will be complementary and supportive of sectoral development plans. At the higher policy level the Inter-ministerial Committee of the Environment (CIME), or in its absence the Council of Government, will be responsible for deciding on higher level issues, including the validation of the National REDD+ Strategy, and for raising, and resolving if/when necessary, conflicting priorities.

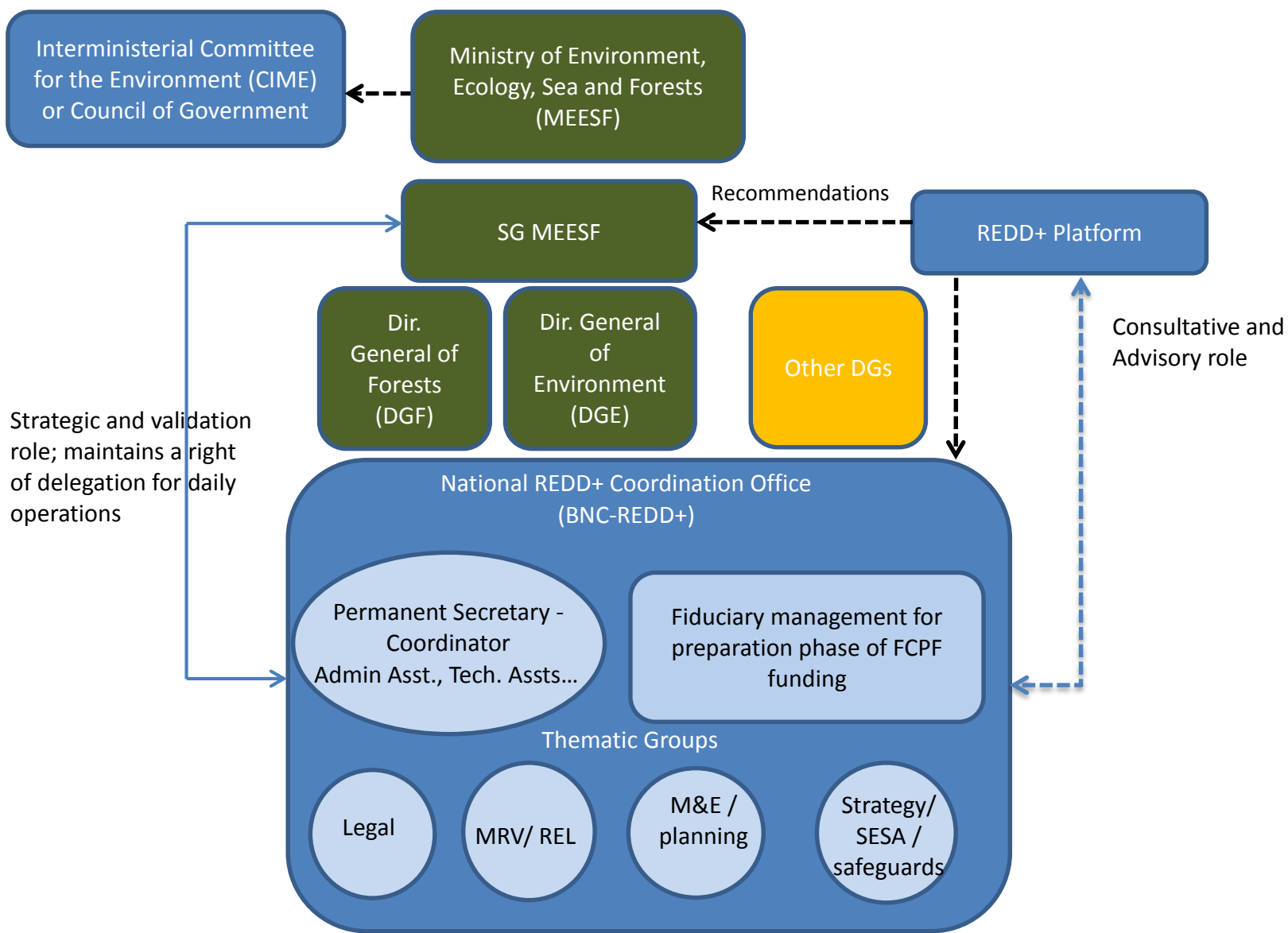
#### Operational implementation

**49. The BNC-REDD+ will be the lead operational agency responsible for delivering the REDD+ Readiness process nationally and administering the FCPF Grant.** The BNC-REDD+ will be led by a Coordinator who ensures the implementation of activities under the work plan and the preparation of technical aspects of REDD+. The BNC-REDD+ will consist of administrative staff and technical staff that will be part of technical working groups responsible for different aspects of REDD+ Readiness such as developing the national REDD+ Strategy, Monitoring and Evaluation systems, etc. These groups will be focal points at the national level for ensuring consistency with a national strategy among the various actors working on different elements of REDD+ throughout the country. The BNC-REDD+ will work collaboratively with other institutions, where efficiencies can be gained or where strategic competencies lie. The BNC-

REDD+ will report directly to the SG, however may receive support for daily operations from other agencies under the SG, such as the DGF to facilitate daily functioning and reduce the creation of parallel administrative systems.

**50. Fiduciary Management of the FCPF preparation grant will be assured by staff of the BNC-REDD+ and/or DGF in accordance with World Bank procedures and evaluations (see Sections B and C for details of the evaluation). The management of these funds does not preclude the use of other institutions for other REDD+ related funding such as payments for Emissions Reductions.**

Figure 1. REDD+ Readiness Institutional Structure





## **B. Financial Management**

**51.** A financial management (FM) assessment was undertaken in order to evaluate the adequacy of the FM arrangements in accordance with the World Bank Financial Management Practices Manual as issued by the Financial Management Sector Board and OP/BP 10.00 Investment Project Financing. The assessment covered the proposed implementing agency – BNC-REDD+ established within the MEESF.

**52.** Based on the appraisal, it was established that BNC-REDD+ has the financial management staff (Finance Manager and an Accountant) that possess the relevant qualifications and the appropriate experience with regard to the Bank FM procedures and requirements. The Finance Manager has specifically been involved in overseeing the financial management of funds disbursed to the Directorate of Forestry under the World Bank-funded Third Environmental Program. The overall financial management risk rating is assessed as *Moderate*.

**53. *Budgeting and planning:*** BNC-REDD+ will prepare the annual budget which will be approved by the Project Steering Committee. The BNC-REDD+ will be responsible for producing variance analysis reports comparing planned to actual expenditures on monthly and quarterly bases. The periodic variance analysis will enable the timely identification of deviations from the budget. These reports will be part of the interim unaudited financial reports (IFRs) that will be submitted to the Bank on a quarterly basis.

**54. *Internal controls/FM procedures manual:*** BNC-REDD+ will amend the FM procedures manual used for the Third Environmental Program in order to meet the requirements of this project. The manual will be periodically reviewed over the project life to ensure its continued adequacy. The Project Coordinator and the Finance Manager will ensure that internal controls function as intended and that project resources are used for the intended purpose.

**55. *Financial reporting:*** BNC-REDD+ will prepare quarterly un-audited IFRs for the project in form and content satisfactory to the Bank, which will be submitted to the Bank within 45 days after the end of the quarter to which they relate. The project will prepare and agree with the Bank on the format of the IFRs and the annual financial statements will be prepared using internationally accepted accounting standards. At the end of each fiscal year, the project will prepare annual financial statements which will be subjected to an external audit.

**56. *Accounting software:*** BNC-REDD+ will purchase accounting software for transaction processing and preparation of the quarterly interim financial reports and the annual financial statements.

**57. *External Audit:*** The project accounts will be audited annually and the audit report will be submitted to the World Bank no later than 6 months after the end of each financial year. At the time of this appraisal, there is no overdue audit report for the sector. The Project will comply with the Bank disclosure policy on audit reports, including making them publicly available promptly

after receipt of all final financial audit reports (including qualified audit reports) and place the information provided on the official website within one month of the report being accepted as final by the Bank.

**58. *Staffing:*** BNC-REDD+ has the financial management staff (a Finance Manager and an Accountant) that possess the relevant qualifications and the appropriate experience with regard to the Bank Financial Management (FM) procedures and requirements. The Finance Manager has specifically been involved in overseeing the financial management of funds disbursed to the Directorate of Forests under the World Bank-funded Third Environmental Program.

**59. *Disbursement arrangements.*** The BNC-REDD+ will open a Designated Account (DA) denominated in US Dollars to enable payment of eligible project expenditures. The BNC-REDD+ will also open a Project Account denominated in local currency to facilitate payment of eligible expenditure incurred in *Ariary*. Upon the effectiveness of the financing, transaction-based disbursements will be used. An initial advance up to the ceiling of the DA and representing four months forecasted project expenditures payable through the DA will be made into the designated accounts and subsequent disbursements will be made on a monthly basis against submission of Statements of Expenditure (SOEs) or other documents as specified in the Disbursement Letter (DL).

### **C. Procurement**

**60.** A procurement capacity assessment review of the DGF was undertaken by the Bank team, as staff institutionally mapped to the DGF have been designated to support the BNC-REDD+ in the implementation of the grant. The assessment of DGF, as the agency contributing the relevant expertise to the implementing agency of the proposed REDD project, has concluded that DGF generally has experience in Bank procedures having managed part of the financing of EP3 (2006-2011). The project coordinating unit put in place during EP3 within DGF is staffed among other civil servants with an experienced procurement person. It is concluded that DGF has the capacity to implement procurement activities for the proposed project and therefore, it is proposed that all procurement activities for the proposed project be carried-out by the existing procurement person.

**61.** The procurement person of DGF has experience in Bank procedures, nevertheless it is proposed that a strong procurement consultant be recruited to provide a short term technical assistance (2 months) to help start-up after 3 years of absence of financing. Also, additional training will be provided by the Bank procurement specialist to ensure that the procurement person and other DGF staff likely to be involved in the proposed project are entirely familiar with Bank new procurement guidelines and procedures. The proposed training shall be scheduled prior to the signature of the Grant Agreement.

**62.** It has been agreed with the DGF that the project implementation/operational manual will provide details on the procurement arrangement, methods and reviews in compliance with Bank guidelines.

63. An 18 months procurement plan for the REDD+ project is under preparation and will be formally submitted to the Bank for approval.

**D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)**

**1. Social (including Safeguards)**

64. The social dimensions of REDD+ in Madagascar include a number of complex and conflictive issues around natural resources access and management. Policies to reduce deforestation and forest degradation that lead to more stringent conservation without clearly promoting alternatives to forest-dependent communities may lead to loss of livelihood sources. Adding value to standing forests through REDD+ may lead to new pressures on forest lands from outside groups, which risks not respecting customary rights to forest resources by local communities. Sharing the benefits of REDD+ will face risks of elite capture, corruption, and lack of transparency.

65. The SESA will include an ESMF, which incorporates other relevant safeguards instruments such as RPF and PF, as a distinct output that will provide a framework for managing and mitigating social and environmental risks associated with REDD+ investments and transactions. The development of the ESMF and the other safeguards instruments will ensure compliance of proposed REDD+ activities with Bank Safeguard policies – RPF and PF on Operational Policy 4.12 on Involuntary Resettlement. The RPF and PF will address issues related to the restriction of access or use of resources or land acquisition and related involuntary resettlement. Overall, the safeguards instruments will identify ways to maximise benefits with regard to social, cultural and economic well-being of particularly forest dependent populations and other vulnerable and marginalised groups within these populations; and prevent or mitigate any negative impacts on the forest biodiversity and wider ecosystem. The ESMF will also pay particular attention to integrating the gender dimension of REDD+ in ensuring that any social mitigation actions will have gender differential positive impacts.

**2. Environmental (including Safeguards)**

66. No significant negative environmental impacts are expected from this project as the objective is to promote sound natural resources management and improve animal and vegetal biodiversity. The project will lead to significant positive impacts through increased tree cover and reduced deforestation and forest degradation. Nevertheless it is recognized that despite this virtuous intention it is necessary for the project to follow a structured assessment process to ensure that no activities will have unintended consequences on the environment.

67. The Grant will fund the preparation of a Strategic Environmental and Social Assessment (SESA) to ensure that the design of the REDD+ process adheres to the requirements of World Bank safeguard policies. In particular, the SESA will (i) develop an Environmental and Social Management Framework (ESMF), which will take into account the requirements of the Bank's policies on Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Physical Cultural Resources (OP 4.11), and Forests (OP 4.36); (ii) include a Resettlement Policy Framework (RPF),

and Process Framework (PF) to identify and mitigate any possible restriction of access to newly designated protected areas.

### **3. Consultation, Participation and Disclosure**

**68.** Consultation and participation for the development of the R-PP was conducted in two stages: at the central level (national policy) and decentralized (local, towns and regions). This process ensured that stakeholders implicated in the problem of deforestation and forest degradation at different levels were:

- notified of the REDD+ concept and development of the R-PP process;
- informed and invited to provide feedback on analyses and reflections related to a possible REDD + strategy, including the agents and drivers of deforestation and forest degradation and forest governance which is a particularly sensitive issue, particularly the illegal exploitation of timber rose;
- propose possible solutions and actions they deem appropriate to reduce deforestation and forest degradation, improving governance and community involvement as a basis for discussions and decisions;
- begin the process of taking ownership and responsibility on the fight against greenhouse gas greenhouse effects from deforestation and forest degradation.

#### *Consultations at the central level*

**69.** Consultations at the national level were carried out in four steps:

- (i) First, in 2010 a national workshop with the participation of the Ministries in charge of environment and forests, agriculture and livestock, land use, transportation and related agencies, national and international NGOs and the confederation producers Koloharena;
- (ii) Second, a series of specific consultations in 2010 on methodological and institutional issues;
- (iii) Third, 2010-2013, which was focused on active participation in finalizing the National Planning Scheme (SNAT) upon request from the Deputy Prime Minister in charge of decentralization and planning, two consultative workshops were held with over 12- people, and various rounds of consultation were solicited from partners;
- (iv) Finally a validation workshop in March of 2014.

#### *Consultations at decentralized levels*

**70.** In 2010, consultations were conducted in seven areas that were selected based on a system ecosystem related criteria. CT-REDD developed a methodological guide based on a participatory methodological approach with tools tailored to the capabilities of the target audience and according to the "Technical Guide for consultation and public participation in the REDD" from the FCPF. This includes tools in local languages. Movies, maps, drawings and diagrams helped to have a visual and schematic approach to themes.

71. Decentralized consultations were organized on the basis of the representativeness and included local official, grassroots organizations and natural resource managers, farmers' organizations, parents and students associations', water users associations, traditional and religious leaders. Unfortunately there was low female participation in the regional consultations (20 percent of all participants), which may be explained by the great distance between their places of residence and towns regions and consultation sites.

72. Moving forward a consultation plan has been developed for the development and finalization of the National REDD+ Strategy. The consultation process will be led and executed by the BNC-REDD+, in consultation with the REDD+ Platform. Consultations focus on the following key elements: REDD+ management mechanisms, causes of deforestation and degradation, strategic options, the institutional framework and policy measures for the implementation of REDD +, the process of Strategic Environmental and Social Assessment (SESA) and safeguard measures, the baseline scenario, MRV and monitoring and evaluation.

73. Measures will be taken to ensure that communities can take part and participate in the process, and will be in a position to express their views and to participate in decisions taken. Extra emphasis will be placed on facilitating women's participation in the consultations processes.

#### **4. Safeguards Policies Triggered**

74. The main safeguard instrument to be applied is the Strategic Environmental and Social Assessment (SESA). The SESA addresses the key environmental and social issues associated with the preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. In this manner SESA can ensure compliance with World Bank's environmental and social policies.

75. The SESA process requires that the selection of REDD+ strategy options should take into account the country's institutional and capacity constraints for managing environmental and social risks, as well as the potential environmental and social impacts associated with these strategy options. Any identified gaps to manage these risks and potential impacts in relation to applicable World Bank safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions, in the context of the future implementation of REDD+).

The project falls under safeguards category B – partial assessment.

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Environmental Assessment (OP/BP 4.01)</b>	<b>X</b>		
The Strategic Environmental and Social Assessment (SESA) to be carried out under the project will serve to identify, avoid, and mitigate the potential negative environmental and social impacts associated with			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<p>the final REDD+ Strategy. It will also serve to identify and promote potentially positive impacts and benefit sharing opportunities in connection with the Strategy. The SESA will influence the final national REDD+ Strategy, by ensuring that the consideration of social and environmental risks and potential impacts is a factor in its preparation. It will also provide guidance and key elements for the preparation of an Environmental and Social Management Framework (ESMF).</p> <p>Any future investments and carbon finance transactions will require specific environmental and social assessments (ESAs) but these will benefit from the strategy context created by the SESA and ESMF. The ESMF will include standing methods and procedures, along with appropriate institutional arrangements for screening, reviewing, implementing, and monitoring specific ESAs to prevent adverse impacts, as well as cumulative impacts.</p>			
<b>Natural Habitats (OP/BP 4.04)</b>	<b>X</b>		
<p>The application of this policy seeks to ensure that all options proposed in the National REDD+ Strategy take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the ESMF.</p>			
<b>Forests (OP/BP 4.36)</b>	<b>X</b>		
<p>Overall, REDD+ activities are expected to have significant positive impacts on forests, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to the establishment of plantations.</p>			
<b>Pest Management (OP 4.09)</b>			<b>X</b>
<p>This policy could be triggered depending on the final scope of the National REDD+ Strategy. Agricultural intensification and reforestation activities, for instance, could trigger the policy, depending on the methods employed by concrete activities on the ground to manage pests. The SESA will address critical issues related to pest management, as necessary, and these will also be included in the key elements for the ESMF.</p>			
<b>Physical Cultural Resources (OP/BP 4.11)</b>			<b>X</b>
<p>This policy could be triggered if REDD+ activities promote actions in areas containing sites deemed physical cultural resources (e.g. holy sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the project will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the National REDD+ Strategy is completed.</p>			
<b>Indigenous Peoples (OP/BP 4.10)</b>		<b>X</b>	
<p>There are no Indigenous Populations that fulfill the WB criteria in OP 4.10 and therefore the policy is not triggered. However, the Mikea population living in the forests, is considered a vulnerable group and their specific concerns and needs will be taken into account in the SESA process, including in the consultations.</p>			

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>	<b>TBD</b>
<b>Involuntary Resettlement (OP/BP 4.12)</b>	<b>X</b>		
REDD+ activities will trigger OP 4.12 on Involuntary Resettlement in situations involving involuntary land acquisition and/or involuntary restriction of access to legally designated parks, protected areas, or forest management / reforestation areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or restriction of access to resources will be identified, and a Resettlement Policy Framework (RPF) will be prepared as part of the ESMF. To help address and mitigate restriction of access to natural resources in protected areas, a Process Framework (PF) will also be prepared as part of the ESMF. To help identify and mitigate restriction of access to natural resources in protected areas, a Process Framework will be prepared as part of the ESMF.			
<b>Safety of Dams (OP/BP 4.37)</b>		<b>X</b>	
The REDD+ activities do not involve the construction of new or use of existing dams			
<b>Projects on International Waterways (OP/BP 7.50)</b>		<b>X</b>	
The REDD+ activities do not involve international waterways.			
<b>Projects in Disputed Areas (OP/BP 7.60)</b>		<b>X</b>	
The REDD+ activities under this project do not involve disputed areas.			

## **VII. ANNEXES**

- Annex I – Results Framework and Monitoring**
- Annex II – Preparation Schedule and Resources**
- Annex III – R-PP Submitted by Madagascar**
- Annex IV – Procurement Plan**
- Annex V – Key Results for measuring REDD+ Readiness as set out in the Readiness Package Assessment**
- Annex VI – SESA Terms of Reference**
- Annex VII - List of Legislation Relevant to Forest Resource Governance in Madagascar**
- Annex VIII - Ongoing REDD+ Related Pilot Project in Madagascar with map**
- Annex IX - Primary Direct and Indirect Drivers of Deforestation in Madagascar**
- Annex X - Key Risks and Mitigation Measures**
- Annex XI - History of REDD+ in Madagascar and institutions. Institutional information about REDD+**
- Annex XII - Detailed Description of Readiness Preparation Activities**



**Annex I. Results Framework and Monitoring**  
**Madagascar: REDD+ Readiness Preparation Support**

<b>Project Development Objective (PDO):</b> improved capacity to design a national REDD+ strategy in Madagascar											
PDO Level Results Indicators	Core	Unit of Measure	Baseline	Target Values				Frequency	Data Source/ Methodology	Responsibility for Data Collection	Description (indicator definition etc.)
				YR 1	YR 2	YR3	YR4				
<b>Indicator One:</b> REDD+ strategy validated in broad consultation process	<input type="checkbox"/>	Yes/No	No	No	No	No	Yes	Annual	Review of REDD+ strategy document and reports of consultation process including direct observation	DGF/ BNC- REDD+	
<b>Indicator Two:</b> REDD+ M&E system functional according to defined criteria	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annual	Review of REDD+ M&E system	DGF/ BNC-REDD+	Review of M&E system includes assessment of data quality (esp. timeliness, reliability, validity, precision, relevance)
<b>Indicator Three:</b> Mechanism for tracking financial contributions to REDD+ strategy implementation in place	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annual	Annual unaudited financial reports by BNC-REDD+	DGF/ BNC-REDD+	Tracking tool to record REDD+ strategy contribution from national and international sources
<b>Indicator Four:</b> Direct project beneficiaries (% of which female)	<input checked="" type="checkbox"/>	Number (percent )	None (none)	20 (20)	30 (20)	40 (20)	50 (20)	Annual	DGF/ BNC-REDD+	DGF/ BNC-REDD+	
INTERMEDIATE RESULTS											
Intermediate Result (Component One): Institutional Arrangements for REDD+ Readiness Management											
<i>Intermediate Result indicator One:</i> Inter-Sectoral Steering Committee for REDD+ established	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annual	Review of document establishing the National Committee	DGF/ BNC-REDD+	
<i>Intermediate Result indicator Two:</i> Government	<input checked="" type="checkbox"/>	Number	0	2	4	6	7	Annual	Review of training reports and attendants	DGF/ BNC-REDD+	Capacity building exercises related to more effective forest management

institutions provided with capacity building support to improve management of forests									list by service providers		practices, supporting co-benefits, SESA, carbon monitoring, and/or others will start with the most directly implicated institutions (DGF and DGE) and move progressively to other sectors such as Agriculture, Energy, Mining etc.
<b>Intermediate Result (Component Two): Development of the National REDD+ Strategy</b>											
<i>Intermediate Result indicator One:</i> Key studies conducted related to strategic options for addressing deforestation and degradation	<input type="checkbox"/>	Number	0	1	3	3	3	Annual	Review and count of study reports	DGF/ BNC-REDD+	Studies: (1) political economy analysis of D&D (2) study on agriculture and D&D (3) Spatial analysis of D&D;
<i>Intermediate Result indicator Two:</i> Reforms in forest policy, legislation or other regulations supported	<input checked="" type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annual	Review of forest policies supported	DGF/ BNC-REDD+	Activities will focus on mainstreaming forest related policies into other sectors.
<i>Intermediate Result indicator Three:</i> Strategic Environmental and Social Assessment mechanism established	<input type="checkbox"/>	Yes/No	No	No	No	Yes	Yes	Annual	Review of SESA document and validation workshops	DGF/ BNC-REDD+	SESA will also be subject to WB review
<b>Intermediate Result (Component Three): Development of a National Reference Scenario and Monitoring System for REDD+</b>											
<i>Intermediate Result indicator One:</i> Reference Emission Level (REL) for one eco-region developed	<input type="checkbox"/>	Number	1	1	1	2	2	Annual	Review of REL data and information for second eco-region	DGF/ BNC-REDD+	The REL for the Humid Forest has been established and an REL for at least one additional REL will be developed
<i>Intermediate Result indicator Two:</i> Feedback and grievance mechanism designed for REDD+	<input type="checkbox"/>	Yes/No	No	No	Yes	Yes	Yes	Annual	Review of FGR system	DGF/ BNC-REDD+	This will build on existing systems as much as possible

## Annex II. Preparation Schedule and Resources

**THIS WILL AUTOMATICALLY GENERATE FROM THE PORTAL**

Annex II Preparation Schedule and Resources			
Preparation Schedule			
Milestone	Basic	Forecast	Actual
AIS Release			
Concept Review			
Auth Appr/Negs (in principle)			
Bank Approval			12/11/2014
Sector Unit Estimate of Resources Required from Preparation through Approval			
Source of Funds	Preparation Expenses to Date (USD)	Estimate of Resource Requirements (USD)	
		Fixed	Variable
<b>Bank Budget</b>	0	0	0
<b>Trust Funds</b>		335,000	165,000
Team Composition			
Bank Staff			
Name	Title	Specialization	Unit
Giovanni Ruta	Sr. Environmental Economics	Sr. Environmental Economics	GENDR
Erik Reed	Natural Resources Mgmt Specialist (ETC)	Natural Resources Mgmt Specialist (ETC)	GENDR
Lova Niaina Ravaorimino	Procurement Specialist	Procurement Specialist	GGODR
Joseph Byamugisha	Financial Management Specialist	Financial Management Specialist	GGODR
Nathalie Munzberg	Senior Counsel	Senior Counsel	LEGAM
Paul-Jean Feno	Env. Safeguards Specialist	Env. Safeguards Specialist	GENDR

Paivi Koskinen-Lewis	Social Safeguards Specialist	Social Safeguards Specialist	GURDR
Vohangitiana Josiane Rarivoson	Team Assistant	Team Assistant	AFMMR
Olga Gavryliuk	Operations Analyst (STC)	Operations Analyst (STC)	GENDR
Maminiaina Rasamoelina	Operations Officer (STC)	Operations Officer (STC)	GENDR

### **Annex III. R-PP Submitted by the Republic of Madagascar**

Due to the large size of the [R-PP](#) and [Annexes](#), the links are provided to for the full copies in French on the FCPF website.

The [text of resolution to accept Madagascar's RPP](#) is found below as well

#### **FOREST CARBON PARTNERSHIP FACILITY (FCPF) SEVENTEENTH PARTICIPANTS COMMITTEE MEETING**

**July 2-4, 2014**

**Lima, Peru**

**Resolution PC/17/2014/4**

#### **Madagascar's Readiness Preparation Proposal**

##### **Whereas:**

1. Madagascar submitted a Readiness Preparation Proposal (R-PP) to the Facility Management Team (FMT) in March 2014 and subsequently in June 2014, which was reviewed by a Technical Advisory Panel (TAP), a working group consisting of Participants Committee (PC) members established for this purpose, and the World Bank;
2. The PC reviewed the R-PP in accordance with Section 11.1 (b) of the Charter Establishing the FCPF (Charter) at its seventeenth meeting; and
3. The PC acknowledged the extensive efforts made by Madagascar, and the high quality of the R-PP.

##### **The Participants Committee,**

1. Decides to allocate funding to Madagascar to enable it to move ahead with the preparation for readiness, subject to availability of funds in the Readiness Fund.
2. For this purpose, requests:
  - (i) The World Bank, as the Delivery Partner, to complete its due diligence, in particular with regard to the World Bank's Operational Policies and Procedures, working closely with Madagascar, in order to provide a grant of up to US\$3.8 million, in accordance with Resolutions PC/3/2009/4 and PC/Electronic/2012/1;
  - (ii) Madagascar to consider the issues identified in the TAP's R-PP assessment as well as those raised by the PC at this meeting during readiness preparation; and
  - (iii) Madagascar to report to the PC on progress made in accordance with Section 6.3 (b) of the Charter and to carry out its responsibilities in accordance with the Grant Agreement.

## Annex IV. Procurement Plan

### PLAN DE PASSATION DES MARCHES POUR LE DON DE PREPARATION DU PROJET FCPF P149827- TFXXXXX

#### Général

1. **Date d'approbation par la Banque du Plan de Passation des marchés Initial** ;
2. **Date de l'Avis Général de Passation des marchés:** .....
3. **Période couverte par ce Plan** : Novembre 2014 à Décembre 2015

#### Biens et Travaux et services autres que ceux de consultants.

1. **Seuil de revue préalable:** au-dessus duquel les décisions de sélections sont surjetés à une revue préalable de la Banque mondiale tel que décrit dans l'annexe 1 des Directives pour l'acquisition de biens et de services autres que ceux de consultants.

Nature des dépenses	Méthode de passation de marchés	Valeur seuil du marché \$EU	Contrats soumis à examen préalable de l'IDA
<b>1. Travaux</b>	AOI	≥ 5.000.000	Tous
	AON	< 5.000.000	
	Demande de cotation – au moins 3 offres	< 200.000	
	Entente Directe	Pas de seuil	Tous
<b>2. Fournitures et services assimilés</b>	AOI	≥ 1 000.000	Tous
	AON	< 1000.000	
	Consultation de Fournisseurs à l'échelle Nationale - Au moins 3 offres	< 100.000	
	Consultation de Fournisseurs à l'échelle Nationale - Au moins 3 offres pour les véhicules et le carburant	< 500.000	
	Entente directe	Pas de seuil	Tous

2. **Liste globale des contrats d'équipement devant être financés sur le don de préparation**

CF : Consultations de Fournisseurs

## Sélection de Consultants

**1. Seuil de revue préalable:** au-dessus duquel les décisions de sélections sont sujettes à une revue préalable de la Banque mondiale tel que décrit dans l'annexe 1 des Directives pour la sélection et l'emploi de consultants.

Nature de dépenses	Méthode de passation de marchés	Valeur seuil du contrat	Contrats soumis à examen préalable
		\$EU	
<b>Consultants/Firmes</b>	SBQC <sup>9</sup> ; SBQ <sup>10</sup> ; SCM <sup>11</sup> ; SBF <sup>12</sup> ,		Tous contrats de 200.000 \$EU ou plus
	QC <sup>5</sup>	< 200 000	Aucun
	Entente directe	Pas de seuil	Tous
<b>Consultants Individuels.</b>	Consultant individuel (AMI)	≥ 100.000	Tous contrats de <b>100.000 \$ EU</b> ou plus
	Consultant individuel (3CV)	< 100.000	
	Entente directe (ED)	Pas de seuil	Tous
<b>Tous les TDRs, quel que soit la valeur du contrat, sont soumis à examen préalable.</b>			

**2. Listes restreintes comprenant uniquement des candidats nationaux:** Les listes restreintes pour les contrats de consultants estimées à un coût inférieur à \$200,000 équivalent par contrat peuvent être entièrement composées de consultants nationaux, suivant les dispositions du Paragraphe 2.7 des Directives pour l'emploi des Consultants.

CI : Consultant Individuel ; SQT : sélection basée sur la qualité technique; SMC = Sélection au moindre coût.

CI : Consultant Individuel : AMI : Avis à Manifestation d'Intérêt

5 Sélection basée sur les qualifications du consultant

9 Sélection Fondée sur la Qualité et le Coût

10 Sélection fondée sur la qualité du Consultant

11 Sélection au moindre coût

12 Sélection à Budget fixe

## Annex V. Key Results for measuring REDD+ Readiness as set out in the Readiness Package Assessment

All of the indicators refer to criteria (chosen among 34) set out in the Readiness Package Assessment Framework developed by the Forest Carbon Partnership Facility (FCPF) of which Madagascar is a Participant Country.<sup>13</sup> The yes/no criteria allows for the national definition of these mechanisms, without being overly prescriptive, while still providing a means for measuring their progress. A [Guide to the FCPF Readiness Assessment Framework](#) is available for more information.

Key Result: Institutions strengthened at national, regional, and departmental levels effectively coordinating and implementing REDD+ readiness with a grievance and redress mechanism operational	
Criteria of the Readiness Package Assessment Framework	Indicators
National REDD+ Management Arrangements	Accountability and transparency Yes/No
	Operating mandate and budget Yes/No
	Multi-sector coordination mechanisms and cross-sector collaboration Yes/No
	Technical supervision capacity Yes/No
	Funds management capacity Yes/No
	Feedback and grievance redress mechanism Yes/No
Consultation, participation and outreach	Participation and engagement of key stakeholders Yes/No
	Consultation processes Yes/No
	Information sharing and accessibility of information Yes/No
	Implementation and public disclosure of consultation outcomes Yes/No
Key Result: A National draft REDD+ Strategy (including its implementation framework) incorporating SESA outcomes and recommendations is prepared in consultative manner and validated by national stakeholders. A draft framework for managing potential social and environmental risks of agreed REDD+ strategy options is prepared and validated	

<sup>13</sup> The Readiness Package (R-Package) is completed at the end of the readiness preparation phase, at a stage when activities proposed in the readiness preparation proposal (R-PP) are well-advanced or completed. The R-Package consists of a national multi-stakeholder self-assessment by the country, using the Readiness Package Assessment Framework as guidelines. The Readiness Package Assessment Framework was formally endorsed (resolution PC/14/2013/1) by the Participants Committee (PC) of the FCPF at the fourteenth PC Meeting, March 19-21, 2013, Washington, DC.



Criteria of the Readiness Package Assessment Framework	Indicators
Assessment of land use, land-use change drivers, forest law, policy and governance	Assessment and analysis Yes/No
	Prioritization of direct and indirect drivers/barriers to forest enhancement Yes/No
	Links between drivers/barriers and REDD+ activities Yes/No
	Action plans to address natural resources rights, land tenure, governance Yes/No
	Implications for forest law and policy Yes/No
REDD+ Strategy options	Selection and prioritization of REDD+ strategy options Yes/No
	Feasibility assessment Yes/No
	Implications of strategy options on existing sectoral policies Yes/No
Social and Environmental impacts	Analysis of social and environmental safeguards issues Yes/No
	REDD+ strategy design with respect to impacts Yes/No
	Environmental and Social Management Framework Yes/No
Key Result: A preliminary national/sub national forest emissions reference level, based on updated and quantified information of forest resources and national circumstances is established	
Criteria of the Readiness Package Assessment Framework	Indicators
Reference Emissions Level / Reference Levels	Demonstration of methodology Yes/No
	Use of historical data, and adjustment for national circumstances Yes/No
	Technical feasibility of the methodological approach, and consistency with UNFCCC/IPCC guidance and guidelines Yes/No

## **Annex VI. SESA Terms of Reference**

### **OBJECTIFS**

- Etablir les aspects pertinents des situations environnementales et sociales, et l'évolution probable en absence de la stratégie REDD+. Les résultats de cette démarche peuvent compléter les facteurs à prendre en compte dans l'établissement des bases et scénario de référence (composante 3) et réciproquement.
- Identifier, décrire et évaluer les incidences sur l'environnement y compris les aspects sociaux pouvant résulter de la stratégie REDD+ et qui devraient être prises en compte dans sa préparation, et dans sa mise en œuvre.
- Proposer des mesures réalistes destinées à gérer et/ou atténuer ces impacts.
- Appuyer le Ministère chargé des forêts à effectuer l'intégration de ces mesures dans la stratégie REDD+ du Gouvernement de Madagascar.

### **PORTEE DES SERVICES**

- Etablir une situation de référence (en vue d'établir les changements futurs apportés par la REDD+) par la description de l'environnement et des aspects sociaux touchés par la REDD+ (incluant les futures activités et projets) en se basant sur les axes d'intervention et les autres études et analyses réalisées dans les composantes 2a, 2b et 2c, ainsi que le scénario de référence volet 3, en vue de présenter toutes les données de base relatives à la qualité actuelle de l'environnement et du statut socio-économique de la zone d'influence avant la mise en œuvre de la stratégie REDD+. Présenter l'évolution probable en absence de la REDD+ et mettre en exergue les caractéristiques environnementales et sociales des zones susceptibles d'être touchées d'une manière significative.
- Etablir une analyse du cadre législatif et réglementaire (volets environnement y compris les conventions internationales telle que la CDB, etc.), institutionnel et politique de développement socio-économique et environnemental en relation ou influant les causes racines de la déforestation et la dégradation des forêts ou des axes d'intervention REDD+.
- Confirmer l'adéquation des outils (politiques, législatifs, techniques, structurels et organisationnels) de gestion durable des forêts et de l'environnement incluant l'aspect social en vigueur avec les procédures de sauvegarde de la Banque Mondiale, notamment dans les domaines de l'évaluation environnementale, des habitats naturels et de la biodiversité, des populations autochtones, des déplacements ou délocalisation des personnes et des forêts.
- Initier une identification et une évaluation des opportunités et contraintes environnementales et sociales. Les ressources et facteurs environnementaux et sociaux qui peuvent affecter (positivement ou négativement) l'efficacité, l'efficience et la durabilité de la stratégie REDD+, pour chaque axe d'intervention proposée.
- Initier une analyse des importances des effets environnementaux et sociaux possibles (incluant les effets secondaires, à court, à moyen et à long terme, permanents et temporaires, tant positifs que négatifs) pour chaque scénario. Prendre en considération, la possibilité des effets cumulatifs, l'aspect intersectorialité de l'initiative REDD+, la capacité de l'environnement ou des institutions à réagir vis-à-vis des effets découlant directement ou indirectement de cette initiative.

- Réaliser une analyse de la compatibilité de chacune des activités et initiatives proposées dans la REDD+ avec l'utilisation des terres.
- Mettre en exergue les conséquences environnementales attendues par rapport aux différentes politiques sectorielles, les changements souhaitables et les conséquences économiques et sociales
- Identifier et évaluer les effets notables et les risques et influences environnementaux et sociaux potentiels qui peuvent résulter de la mise en œuvre de la stratégie REDD+ pour chaque scénario identifié (aussi bien au niveau national que dans les zones REDD+ (actuelles et futures). De même, identifier et évaluer les facteurs environnementaux qui affectent les objectifs du REDD+ et les autres priorités cadres (OMD, stratégie pour la réduction de la pauvreté...). Les impacts significatifs devraient tenir compte en particulier des points de vue et intérêts des concernés, des conséquences socio-économiques (spécifiquement pour la population tributaire des forêts, populations autochtones, populations vulnérables et minoritaires) et des implications pour le développement durable. Cette évaluation s'appliquera aussi sur les structures de gestion et/ou de mise en œuvre de la REDD+ (incluant l'aspect mise en œuvre et suivi des mesures d'atténuation et de mitigation identifiées dans l'EESS).
- Evaluer les causes de déforestation et de dégradation, dont les feux de forêt, en se référant à la composante 2a sur l'utilisation des terres, de la politique forestière et de la gouvernance
- Evaluer les co-bénéfices de la REDD+ et celles induites par les options stratégiques proposées.
- Etablir le cadre de gestion environnementale et sociale (CGES) de la stratégie REDD+ en vue de définir le processus d'évaluation environnementale et sociale pour les initiatives, projets et activités ultérieures de la REDD+. Ce processus devra (i) tenir compte aussi bien de la législation malgache plus précisément le décret MECIE, les aspects environnementaux, sociaux et forestiers, ainsi que des politiques de sauvegarde de la Banque Mondiale, (ii) proposer une catégorisation des types d'évaluation environnementale nécessaires et applicables pour chacun(e) des projets / activités de la stratégie et (iii) identifier les chartes de responsabilités des différentes parties prenantes pour rendre effective ce processus d'évaluation environnementale. Les consultants pourront développer éventuellement des prescriptions environnementales, pour certains types projets / activités spécifiques de la stratégie REDD+. De même, ils mettront en exergue le processus de mise en œuvre des politiques de sauvegardes (tout en tenant compte de l'aspect faisabilité économique).
- Proposer des mesures envisagées pour éviter, réduire et dans la mesure du possible compenser toute incidence négative significative pour l'environnement et les domaines sociaux. Ces mesures devront être réalistes et économiquement efficaces et toucheront aussi bien l'aspect de coordination et de mise en œuvre de la REDD+ que la mise en œuvre de chacune des initiatives, des projets ou activités envisagés dans la REDD+. Développer un plan de mise en œuvre de ces mesures ainsi qu'une description des mesures de suivis et indicateurs de suivi envisagés. Ces mesures devront être conformes à la législation nationale et en adéquation avec les procédures de la Banque Mondiale. Mettre en exergue quels sont les effets environnementaux potentiels globaux de la stratégie REDD+ qui subsistent après avoir intégré les mesures possibles d'atténuation.
- Conclusions et recommandations : Cette partie résumera les principaux enjeux environnementaux et sociaux, les contraintes (politiques, institutionnelles...), les défis à relever et les principales recommandations. Mettre en exergue le scénario, activités et

mesures (incluant les mesures préventives et d'atténuation mentionnées ci-dessus) qui ont été sélectionnées et une description de la manière dont le choix a été effectué, y compris toutes les difficultés rencontrées. De même, mettre en exergue les mesures et plan d'action pour l'optimisation de la stratégie et les renforcements de capacités institutionnelles nécessaires.

- Comme l'EESS fait partie intégrante du processus de développement de la stratégie REDD+, durant les Consultants devraient tenir compte de toutes les approches, méthodologies et résultats des analyses et études enclenchées par les autres volets du R-PP et spécifiquement volets 2a, 2b et 2c suivant le schéma synoptique, durant leur mandat. Ils conduiront aussi des concertations et des échanges avec le promoteur de l'Etude, ainsi qu'avec tous les autres prestataires de services impliqués dans les études et analyses mentionnés ci-dessus.
- Mettre en exergue les incidences environnementales possibles des autres secteurs directement ou indirectement dépendants de la REDD+ : (i) Conséquences environnementales attendues par rapport à ces autres politiques sectorielles, (ii) Changements souhaitables, (iii) Conséquences économiques et sociales.
- Mettre en exergue : (i) Les implications environnementales spécifiques de la REDD+, (ii) Les capacités institutionnelles et le cadre légal permettant de gérer adéquatement les relations entre la REDD+ et les autres secteurs, (iii) La pertinence « environnementale » des indicateurs REDD+.

## **LIVRABLES**

- Des mesures concrètes avec des responsabilités institutionnelles claires qui seront intégrées dans la stratégie REDD+ ou dans d'autres politiques en relation avec la REDD+.
- Un dossier d'évaluation environnementale et sociale stratégique préliminaire à valider par l'ONE et incluant un résumé non technique.

## **TDR DE LA FINALISATION DE L'EESS**

A la suite de l'évaluation de l'EESS préliminaire par l'ONE, les Consultants doivent intégrer les recommandations issues de cette évaluation dans le rapport final. Ce rapport mettra en exergue :

- Les impacts clés de chacun des axes d'intervention ;
- Les préoccupations et questionnements des parties prenantes / groupe d'acteurs, ainsi que les moyens d'informer les parties prenantes de la mise en œuvre des recommandations ;
- Une note synthétique sur la démarche, les enjeux, les principales préoccupations des parties prenantes. Les facteurs qui privilégient l'un des axes d'intervention seront indiqués et soumis à la Plateforme REDD+.

## **MISE EN ADEQUATION DE LA STRATEGIE REDD+**

La finalité de l'EESS est d'aligner, dans la mesure du possible, la stratégie REDD+ et les meilleures pratiques actuelles en matière de lutte contre la déforestation et la dégradation, avec un minimum d'impacts négatifs, et une optimisation des effets positifs, y compris les co-bénéfices.

Cet ajustement de la stratégie ne relève pas du processus EESS, mais du processus général de formulation de la stratégie. Pour mettre en harmonie l'EESS et la stratégie REDD+, cette

dernière fera l'objet d'une démarche d'adéquation en fonction des recommandations validées lors de l'étude préliminaire et la finalisation de l'étude portant d'une part, sur les recommandations et prescriptions environnementales et sociales, et d'une autre part, sur la démarche de consultation tout au long du processus REDD+, en fonction des recommandations et prescriptions environnementales et sociales relevées dans l'EESS. Aussi, des ajustements devront aussi être portés aux axes d'intervention REDD+.

## **Annex VII. List of Legislation Relevant to Forest Resource Governance in Madagascar**

**Madagascar's legal framework for forest and land management includes different aspects of forest governance.** Relevant legal texts related to forest governance include:

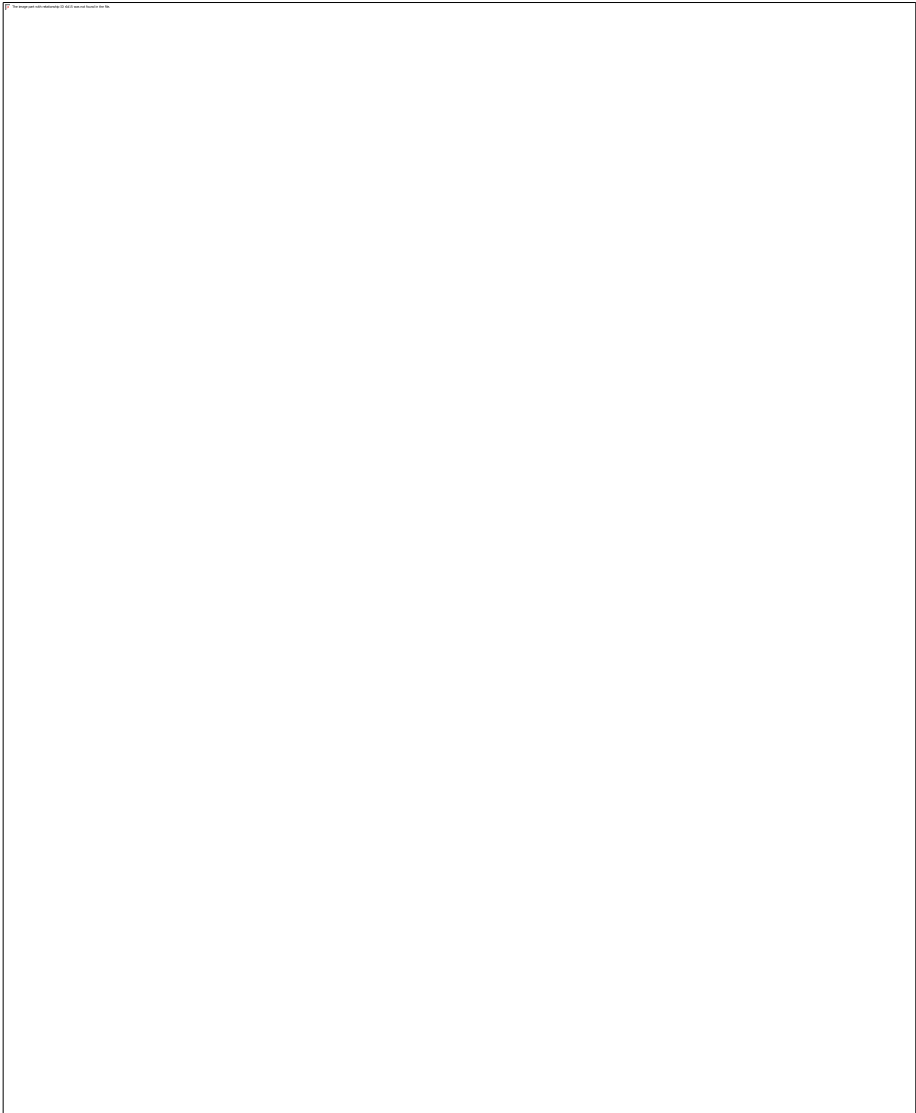
- Forest Law No. 97-017 of 8 August 1997, and the implementing decree No. 98-781 of 16 September 1998, orders for the implementation of Decree No. 98-782 relating to the logging system;
- The Decree related to reforestation to "increase forest areas" (No. 2000/383 of 7 June 2000);
- Decree No. 2001-122 establishing the conditions for implementation of the contractual management of state forests (*Gestion Contractualisée des Forêts* – “GCF” – or “management transfer” decree);
- Law No. 96-025 on the Secure Local Management (GELOSE by the acronym in French) and its implementing regulations;
- Law on 2001-005 protected area management code (COAP) and its implementing regulations. A new version of the COAP has been approved by Parliament in January 2015.

## **Annex VIII. Ongoing REDD+ Related Pilot Project in Madagascar with map**

**The R-PP draws on knowledge and experience of several REDD+ pilot projects that are already underway in Madagascar.** The *Makira carbon project*, the most advanced of the projects, is located in the Eastern humid forests in the northeast of Madagascar. The Project is managed by the Wildlife Conservation Society (WCS), and has a 30-year life span with an estimated 38,000 tons of avoided carbon emissions during this period. The *Ankeniheny Zahamena Corridor (CAZ) carbon project* is also located in the country's Eastern humid forest and is being managed by Conservation International (CI). The CAZ project has certified over 3 million Emission Reductions (ER), of which the BioCarbon Fund (BioCF) has agreed to purchase 430,000. The government and the project entity are finalizing arrangements that will allow the payment to be completed. The *Holistic Forest Conservation Program (PHCF)* REDD+ initiative is being managed by the non-governmental organizations (NGO) EtcTerra and the World Wide Fund for nature (WWF) and is distributed over five sites from the northeast to the southeast of Madagascar.

**Other projects have provided support in building capacity for REDD+.** The *MRV development project*, which is being implemented with the National Environment Office (ONE), aims to develop the capacities of national institutions to develop a national Measurement, Reporting and Verification (MRV) system for Madagascar and a national emissions reference scenario (REL). The *Foreca REDD+ Initiative* closed in 2011 but represented an important methodological effort for Madagascar and supported national institutions in dialogue on REDD+ issues. The *Additional Financing of the Third Environmental Support Program Project (EP3 AF)* is financing the development of an ecoregional emissions reference scenario for the Eastern humid forests of Madagascar. **Error! Reference source not found.** shows the location of the various ongoing REDD+ projects.

Figure 2. REDD+ pilot project sites in Madagascar





## **Annex IX. Deforestation and forest degradation including Primary Direct and Indirect Drivers of Deforestation in Madagascar**

**Deforestation has deleterious effects on Madagascar's unique biodiversity and on the provision of essential ecosystem services to poor, rural households.** The island is characterized by high levels of species diversity in some groups; over 90 percent of terrestrial species are endemic. One analysis concludes that 9.1 percent of Malagasy species were lost due to deforestation between 1950 and 2000.<sup>14</sup> The vast majority of the Malagasy population lives in households whose income is highly dependent on agriculture, and the agricultural sector contributes approximately one third of GDP. Upstream forest areas provide critical ecosystem services for downstream agricultural production, such as watershed services. Deforestation affects the ability of areas to provide regular water supply, water regulation and flood protection, and erosion control services.

**In 2015, a study on forest carbon reference levels for the Eastern Humid Ecoregion showed a near doubling of the deforestation rate for the period 2010-2013, compared to 2005-2010, highlighting the urgency of the need and relevance of the REDD+ program.** Calculations carried out for the Eastern Humid Ecoregion demonstrate a significant uptick in deforestation rates.<sup>15</sup> It was demonstrated that for the Eastern Humid ecoregion alone, deforestation rates increased from 0.5 percent per year during 2005-2010 to 0.94 percent per year during 2010-2013. This equates to approximately 22,671 ha per year from 2005-2010 and 41,889 ha per year from 2010-2013. The drivers of deforestation differed across the eco-region but clear hotspots were identified. More in-depth analysis of the drivers and the most effective responses and actions to address the varied drivers are needed to concentrate efforts on the best strategies for different areas.

**It can be said that direct drivers of deforestation in Madagascar correspond essentially to different types of sectoral pressures:**

- Agricultural expansion: mostly for subsistence food production (often in tandem with bush fires) and commercial agriculture;
- Mining exploitation: large scale mining often leads to deforestation, whereas small scale mining, which is more widespread, is largely linked to forest degradation rather than land use change;
- Timber harvesting and illegal logging: while the timber sector in and of itself may be considered more as a driver of degradation rather than land use change, zones of unregulated forestry often leads to agricultural expansion and thus contributes to deforestation.

**The principal cause of present-day anthropogenic deforestation in Madagascar is slash-and-burn, or swidden agriculture, known in Malagasy as 'tavy'. Nationwide, it is estimated that 80**

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<sup>14</sup>Allnutt et al. *A method for quantifying biodiversity loss and its application to a 50-year record of deforestation across Madagascar*, Conservation Letters 1 (2008) 173–18; 2008 Wiley Periodicals, Inc.

<sup>15</sup> Calculations of deforestation were carried out for the Eastern Humid Forest as part of the EP3 AF project, to pilot methodologies that could be used for an eco-regional approach to conservation or scaled up for the national REDD+ reference level. The calculations were carried out in 2014 by a consortium including the Ministry of Environment, Water and Forests, EtcTerra, National Environment Office, and Madagascar National Parks. The data will be made publicly available through procedures set out by the Third Environmental Program (EP3).

to 95 percent of deforestation occurs as a result of the use of fire to convert forest to agricultural land through *tavy*. Extraction of wood, predominantly for fuelwood or charcoal production, accounts for between 5 and 20 percent of deforestation and logging has effects both on forest cover and individual species viability.

**Mining activities are both large scale and small scale in Madagascar**, and while large scale mining represents a greater deforestation threat, the aggregated impacts of small scale artisanal mining has been a significant source of forest degradation—one that is harder to quantify.

**Precious woods are being illegally harvested inside and outside of protected areas thus threatening the ecological balance in sensitive ecosystems.** Masoala and Marojejy National Parks are two areas that have been particularly affected by the upsurge in illegal logging. While both of these parks are part of the “Atsinanana Rainforest”, which are World Heritage sites, loopholes in the legal framework, the issuing of “exceptional” and often nominative export permits by the Government, and weak law enforcement have facilitated the establishment of an extremely well-organized network of illicit trade. It is estimated that over the period between 2000 and 2012, up to half a million rosewood trees have been felled and 750,000 logs exported (mainly to China)<sup>16</sup>. This longstanding issue was exacerbated by the 2009 political crisis. It is estimated that illicit export levels tripled in that year alone.

**Indirect drivers of deforestation and forest degradation result from a complex interplay between socio-economic, political, technological, and cultural factors.** This leads to an environment conducive to the emergence of one or more direct drivers. Indirect drivers can be grouped into the following conceptual categories:

- Economic and demographic factors: growth of impoverished rural populations who depend on forest products for survival;
- Land management: delays in implementing land tenure reforms, insufficient tools for sustainable land use planning and management, insufficient enforcement;
- Technical capacities and knowledge: lack of implementation of effective forestry and sustainable land management practices, weak control, lack of resource knowledge;
- Governance: difficulties in enforcing laws and regulations in the forestry sector; and
- Weak access to markets which makes it difficult for farmers to intensify production and pushes them to clear forest areas for cultivation as well as for fuelwood.

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<sup>16</sup> Randriamalala and Liu. *Rosewood of Madagascar: Between democracy and conservation*, Madagascar Conservation & Development, Vol. 5, No.1 (2010); Shuurman and Lowry. *The Madagascar Rosewood Massacre in Madagascar* Conservation & Development, Vol.4, No. 2 (2009).

## Annex X. Key Risks and Mitigation Measures

**Political.** Overall there is a risk of continued political instability. In the environment sector a lack of clear mandates and legislation with regards to environmental governance and climate change is a risk to clear oversight and decision making channels. Slow decision making with regards to governance mechanisms, benefit sharing and project implementation continues to be a risk to project implementation.

Mitigation measures. Collaboration among sectors is built into project guidance through the REDD+ platform as well as at the higher levels of government through the CIME to ensure that competing interests can be addressed and resolved. The project design seeks to clarify conflicting mandates as well as establish areas of collaboration that build upon the comparative advantages of different institutions. Clear reporting lines and decision making processes are defined for the project and the definition of REDD+ program lines are incorporated into project design.

**Stakeholders.** The REDD+ program is intended to bring benefits to various stakeholders however the possibility remains that conflicts will emerge with regards to different land use options and that economic development, if not well coordinated, may come at the detriment of forests. Additionally, many people are directly dependent on forest resources for the provision of their basic livelihood needs, thus any alteration of access to forest resources could prove to be contentious. There is a risk that the readiness process could erode if benefits are not apparent in the short term, or if expectations are unrealistic.

*Mitigation measures* include the following: resources will be made available to ensure inclusive participation, and a SESA will be conducted, which will identify social and environmental risks arising from the national REDD+ Strategy, and which should also support the identification of mechanisms to ensure transparent benefit sharing; a grievance redress mechanism will be established to ensure complaints can be handled effectively and efficiently; consultations and communication will be carried out related to the REDD+ program and explained in terms that are applicable at the local level rather than the international funding mechanism.

**Sector/multi-sector coordination.** The innovative nature of REDD+ means that strong multi-sectoral coordination is necessary to address the trade-offs between sectoral developments and REDD+. There is a risk of insufficient inter-ministerial coordination for REDD+ activities or ambiguity about the role of different sectors. Coordination by the Ministry in charge of Forests may be insufficient to secure the participation of other sectors.

*Mitigation measures:* The REDD+ approach emphasizes the need to work across sectors and find opportunities to engage in strategies that seek broader approaches to forest resources management. The CIME, which will be supported through BNC-REDD+, is a platform for decision making and for resolving inter-sectoral conflicts at a high political level. The strategic options for the national strategy will elaborate how a multisectoral approach can be implemented. Additionally the REDD+ Platform will include representatives from multiple agencies and stakeholders to ensure that there is coherence among the REDD+ approach and the broader development strategy of the country.

**Fraud and Corruption.** The allocation of resource for natural resources and forest management activities at the sub-regional and/or local levels opens up the potential for diverting funds. Mismanagement of REDD+ funds is a risk for a national REDD+ system, which could lead the process to fail.

*Mitigation measures* include: (i) recruitment of a strong fiduciary team (Financial and Procurement management) who will work closely with the WB fiduciary team; (ii) carry out regular audits; (iii) disclose regularly any case of mismanagement; (iv) work closely with other donors; and (v) support civil society organizations to closely follow the REDD+ process, including funds management.

**Safeguards.** REDD+ implementation may present social and environmental risks. Policies that promote conservation without due regard to local populations' rights to natural resources may lead to restrictions of sources of livelihood. Current in-country capacity for addressing safeguards is limited, and therefore there is a risk that not all social and environmental issues might be properly addressed.

*Mitigation measures* include: (i) conduct a Strategic Environmental and Social Assessment (SESA) to identify social and environmental risks and potential impacts (both negative and positive) from the national REDD+ strategy, and ensure that these risks are considered in the final strategy; (ii) close supervision of the preparation of the SESA, including technical assistance to the Government team; (iii) continued capacity building on SESA for national stakeholders; (iv) to ensure proper mitigation measures are in place in case of restrictions of access, involuntary taking of land and/or presence of vulnerable populations in project areas, various specific safeguards instruments will be prepared (ESMF, RPF, and PF).

**Sustainability.** There is a degree of uncertainty about the REDD+ process, both at international level and within Madagascar. While there is widespread support for the establishment of an international REDD+ mechanism that would reward countries for reducing emissions from deforestation and forest degradation, various concerns have been raised about how a REDD+ mechanism would work at the country level. Such concerns represent a risk of eroding support for the Readiness process in Madagascar.

The lack of a guaranteed source of financing for all of the Readiness activities is a risk to the ability of the Government to fully develop the country's ability to benefit from a fully operational REDD+ mechanism.

*Mitigation measures:* Madagascar will focus the REDD+ approach on developing stronger linkages to the sustainable development agenda and not just to supporting the Protected Area System. This approach will include an emphasis on the benefit of people and not just the environment.

The GOM as well as WB continues to explore financing opportunities to fully fund REDD+ readiness activities. Activities supported by this activity are no-regrets actions that will support the development of sustainable resources management irrespective of whether additional financing is secured or not. Additionally, a tracking tool for REDD+ strategy development that is part of this grant will enable the Government to identify costs of REDD+ activities, gaps and coordinate more effectively with the various ongoing initiatives and programs that will be related to REDD+ development.

## **Annex XI. REDD+ in Madagascar**

**Madagascar has substantial experience with REDD+ projects and is seeking to strengthen institutions, processes, and technical capacities as part of a national strategy that will integrate REDD+ more cohesively into conservation and development.** Madagascar's Readiness<sup>17</sup> Preparation Idea Note (R-PIN) was assessed by the FCPF<sup>18</sup> Participants' Committee (PC) in 2008, and the R-PP was submitted for a first review in December 2010, and subsequently in 2013. The PC could not officially assess the R-PP until July 2014, after Madagascar emerged from political crisis. On July 4, 2014 Madagascar's R-PP was selected to receive funding. In spite of delays in approval of the R-PP, Madagascar has made significant progress in REDD+ Readiness, primarily through WB funding of the Third Environmental Program (EP3). The funding from the FCPF will be used to consolidate experiences and focus on the strategic areas of REDD+ Readiness that will allow the country to move ahead more swiftly with REDD+ development (See Annex VIII for a list and map of REDD+ related pilot projects).

**Civil society and local populations are ongoing partners in the REDD+ planning process carried out as part of the R-PP development.** REDD+ planning, through the R-PP development, has been based on a participatory process at the national, sub-national and local levels. Consultations have included stakeholders that operate in key sectors that affect forest resources (agriculture, livestock, energy, mining, transportation, land use planning, fisheries and others). The consultations were carried out in eight regions that demonstrate high rates of deforestation and local communities, those with primary responsibility for land management at the local level, have provided input and feedback throughout the process. Local populations and civil society made up a majority of over 350 participants in local consultations and will continue to feature prominently in the REDD+ readiness planning. Representatives from the private sector, universities and research institutions as well as donor partner activities in areas related to natural resources management were also consulted and will continue to be included in local as well as national REDD+ readiness activities.

**The Ministry of Environment, Ecology, Sea and Forests (MEESF) is the lead Government agency for environment and renewable natural resources management and the lead actor for implementing REDD+.** The Ministry is organized in two general directorates: (i) the General Directorate of Forests (DGF), responsible for the creation and management of the protected area network, forest resources management, biodiversity conservation, community-based natural resource management and monitoring of renewable natural resource activities; and (ii) the General Directorate of Environment (DGE), responsible for issues related to education and awareness building, pollution control, and data collection and dissemination, integration of environmental

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<sup>17</sup> REDD+ readiness typically includes the proposed means of developing a reference scenario, adopting a national REDD+ strategy, designing monitoring systems, and setting up national management arrangements for REDD+ in ways that are inclusive of key national stakeholders.

<sup>18</sup> The Forest Carbon Partnership Facility (FCPF) is a global partnership that assists developing countries in their efforts to reduce emissions from deforestation and forest degradation, sustainably manage forests, and conserve and enhance forest stocks (REDD+). The FCPF has created a framework and processes to assist countries in preparing for entry into future systems of financial incentives for REDD+. Each of the participant countries of the FCPF follows a process of preparing a Readiness Preparation Idea Note (R-PIN) and a Readiness Preparation Proposal (R-PP) which maps out the activities required for a country to be REDD+ ready.

aspects across sectors, and the implementation of international environmental conventions ratified by Madagascar. There has been some question about the overlapping of mandates between the two ministries with regards to REDD+ but there has been a clear effort to develop more coherence among institutions in the MEESF including for REDD+.

**The REDD+ technical committee (CT-REDD) comprised of multiple actors, will evolve into the “REDD+ Platform”, providing technical guidance from multiple sectors.** The CT-REDD was established in 2008 to oversee the development of a REDD+ Readiness Preparation Proposal and coordinate REDD+ readiness activities. CT-REDD included actors from many sectors that were often key stakeholders in REDD+ projects and instrumental to advancing the RPP over many years. In order to maintain the strategic guidance and vision the CT-REDD will evolve into a consultative body, the “REDD+ Platform”, to guide the implementation of the REDD+ Readiness activities providing strategic and technical guidance to the BNC-REDD+. Another multi-sectoral body, the Inter-Ministerial Committee for the Environment (CIME) will be responsible for higher level decisions and discussions, including the approval of the national REDD+ strategy. The CIME is a body primarily for Ministerial level discussions and decisions.

## **Annex XII. Detailed Description of Readiness Preparation Activities**

**REDD+ Readiness activities were developed with a staggered approach in mind to ensure a basic level of readiness with the available resources from the FCPF, while additional resources can be used for more comprehensive readiness development.** The lack of development partner engagement during the past five years has made it difficult to anticipate a significant level of additional funding. More recently, development partners have shown a willingness to re-engage in the environment sector in Madagascar and are expected to provide additional opportunities for more robust financing for the REDD+ readiness process. At the end of the section on Readiness Preparation Activity Components is a description of some of the remaining gaps in activities that will be the focus of efforts to secure additional financing.

**FCPF financing will be used to implement key components of the R-PP to ensure a basic level of REDD+ readiness,** other sources of funding from bilateral donors are being identified and will be used to enhance the ongoing activities. The USD3.8M grant from the FCPF will be used to carry out activities that will enable Madagascar to develop fundamental capacities as well as key understanding for reducing emissions from deforestation and forest degradation. The activities listed below reflect those areas of the R-PP that are needed to achieve a minimum level of Readiness for an eventual REDD+ mechanism. Support is limited to technical assistance, analytical studies, capacity building, goods, operating costs, and consultation processes and does not include the implementation of site-specific REDD+ programs. Ongoing activities in Madagascar, including those being funded by the World Bank, are supporting activities that will inform the national REDD+ strategy, however the FCPF funding will be used to strategically consolidate the lessons and experiences and plan strategically for future initiatives. The activities have been prioritized based on the relevance from an institutional standpoint, comparative advantages of the FCPF, on-going work supported by other development partners, and the likelihood of follow up work by other actors active in the REDD+ space in Madagascar.

**Particular attention will be given to the development of the institutional and governance framework for REDD+ readiness.** The evolution of REDD+ in Madagascar has been informed by the development of projects, the development of the Protected Areas network, the development of the RPP, and the evolution of international dialogue about REDD+ over the past years. These related processes have highlighted the high level of technical capacity existent within Madagascar and also the limited institutional and governance framework for a dynamic approach to forest landscape management, embodied in a REDD+ approach. It has become increasingly clear that effective forest and natural resources management will have to be more strongly coordinated with multiple sectors and between national and sub-national levels in order to begin reducing the pressures on forest resources. The REDD+ readiness process will focus on developing national Government capacity and policies that allow for more effective coordination between sectors and between national and sub-national levels to more effectively manage forest resources and reduce deforestation and forest degradation.

## ***Readiness Preparation Activity Components***

### **Component 1: Institutional Arrangements for REDD+ Readiness Management (US\$ 0.95 M).**

This activity corresponds to activities in *section 1a* of the RPP. This component will support the structures that will lead the coordination and implementation of the REDD+ Readiness process in Madagascar most notably the operationalization and functioning of the REDD+ National Coordination Office (*Bureau National de Coordination REDD+, BNC-REDD+*), including the hiring of staff and/or technical assistants (not to include government salaries); operational and travel costs; personnel management tools and training; office supplies (including a computer), furniture and maintenance; technical trainings and other capacity building; communications. Key tasks of the BNC-REDD+ will include: fiduciary and accounting tasks; knowledge management; technical coordination of REDD+ activities; management and organization of national level collaborative bodies (CIME and others) as well as consultations with partners and collaborators.

This activity will also support the establishment and functioning of the REDD+ Platform. It is also intended to be used to establish effective dialogue and collaboration across sectors and at the regional levels with regards to REDD+ governance.

The grant will finance staff for the BNC-REDD+ that are not government civil servants with salaries paid by the government. Technical staff will be hired on an ad hoc basis to support the different thematic units that correspond to different aspects of REDD+ Readiness that will be technical specialists to lead the different work programs that will ensure REDD+ Readiness (MRV, REDD+ Strategy, Planning, Monitoring and Evaluation and Communications, and Legal and Safeguards). The thematic units will include full-time specialists as well as consultants as needed and will also be financed by the grant.

Operational budget will be provided to pay for travel costs associated with BNC-REDD+ business such as workshops, field visits and reporting. BNC-REDD+ will ensure that REDD+ is integrated with national and sectoral policies and strategies, as well as other development and planned initiatives. To succeed, this will require close cooperation with a large number of governmental and non-governmental entities. Such cooperation will consist of frequent international and nationwide meetings and workshops, including field trips. Support will be provided for procurement of office supplies including computers and software, as well as support for annual financial audits and purchase of financial management software if needed. Annual workplans will be developed with feedback from the REDD+ Platform and validated by the SG of the MEESF.

A *financing gap* of \$400,000 has been identified with regards to field level missions for institutional actors, and some communication activities at the sub-national and local levels.

**Component 2: Development of National REDD+ Strategy including Consultations and SESA (US\$ 1.50 M).** This component corresponds to activities in *sections 1b, 2a, 2b, 2c and 2d* of the RPP. Madagascar will develop a National REDD+ Strategy that will seek to address the complex dynamics that lead to deforestation and forest degradation. The focus of this component is to develop a national the strategy that will guide future investments, including of course those directly linked to REDD+. To prepare the strategy, the Readiness Preparation activities will include various studies to address gaps in data regarding the impact and quantification of some direct and indirect



drivers of deforestation, consultations as well as a strategic environmental and social assessment for the national REDD+ program including the design of relevant safeguards instruments. Each of the activities will inform and enrich the national strategy. The national REDD+ strategy will consolidate information from the four ecoregions to form a coherent national strategy.

**Activity 2.1: Enhancing the REDD+ Informational Base and Design and elaboration of National REDD+ Strategy.** Studies will be carried out to enhance the base of information related to drivers to ensure that strategic options are accurately and effectively targeted at reducing deforestation and forest degradation. Special care will be taken to capitalizing on the existing knowledge on the causes of deforestation so as to avoid duplication in efforts. Study areas will include:

- Stakeholder analysis of deforestation and forest degradation;
- Political economy analysis of deforestation and forest degradation to clarify and anticipate the major bottlenecks for the implementation of necessary reforms to a successful REDD+ program;
- Consolidation of knowledge on the causes and factors of stagnation in agricultural productivity along with targeted recommendations for relevant areas;
- Spatial analysis of causes of deforestation and forest degradation in Madagascar, with a breakdown by region and other zones, to facilitate targeted interventions;
- Development of community tools, or adaptation of existing community management tools, for the implementation of REDD+.

The development of a national REDD+ strategy will be led by the BNC-REDD+ through the appropriate thematic groups with guidance from the REDD+ Platform. Consultants will be hired as necessary to complete the document or to provide inputs. The strategy will incorporate information from the various studies, information as well as from the consultations carried out as part of overall REDD+ Readiness activities. The national strategy will require validation at the highest political levels, such as the CIME, in order to ensure collaboration among sectors.

The National REDD+ Strategy will hinge upon the effectiveness and potential of four strategic options detailed in the R-PP: 1) the improvement of the overall policy framework of the forest sector and other sectors related to REDD +; 2) the creation of incentives for the sustainable management and efficient use of forest resources; 3) strengthening law enforcement and forest monitoring at all levels and; 4) developing and promoting alternatives to deforestation and forest degradation with an emphasis on agriculture and mining sectors. A detailed evaluation and analysis of each strategic option will be prepared, evaluated and prioritized by the REDD+ implementing institutions. Specific studies for implementation of the strategic options will be carried out will feed into the finalization of the National REDD+ Strategy.

**Activity 2.2: Consultations.** Consultations will build upon the rich process that was followed for the development of R-PP since 2009 and will address the following key elements: REDD+ governance mechanisms, causes of deforestation and degradation, strategic options, the institutional framework and policy measures for the implementation of REDD +, the SESA process and additional safeguard measures, the baseline scenario, MRV and monitoring and evaluation. Inputs from different sectoral actors will be strongly integrated and the consultation process will reflect the evolution of REDD+ mechanisms as they become more refined.

Communities, particularly those in key REDD+ program areas have been, and will continue to be, included in the consultative process. Engagement will be based on a participative process to ensure that the input of vulnerable and marginalized groups (women, forest dependent populations etc.) can participate in the SESA process, express their views and participate in decisions that may influence their surroundings.

**Activity 2.3: Strategic Environmental and Social Assessment (SESA).** This activity will support a SESA that will inform the national REDD+ strategy. The SESA will contribute to the REDD+ readiness process in Madagascar by assessing how REDD+ strategy options address environmental and social priorities associated with current patterns of land use and forest management. Gaps identified through this assessment would lead to adjustments in the REDD+ strategy options to close the gaps. Also, the SESA will provide an Environmental and Social Management Framework (ESMF) that will outline the procedures to be followed for managing potential environmental and social impacts of specific policies, actions and projects during the implementation of the REDD+ strategy. Furthermore, a Resettlement Policy Framework (RPF) and a Process Framework (PF) will be prepared as a part of the ESMF to ensure compliance with the WBG's safeguards policies.

**Component 2.4: Preparation of REDD+ Implementation Framework.** The FCPF grant will be used to consolidate support and in-depth analyses of legal and institutional issues around REDD+, including: i) analysis of the existing national legislation on forests and other sectors pertaining to the REDD+ goals; ii) analysis of the governance for a national fund to manage REDD+ financing; iii) fiscal and economic incentives to promote REDD+ activities; iv) options for benefit sharing; v) analysis of the opportunity to prepare specific legal text for the REDD+ dealing also with the legal nature of emission reductions.<sup>19</sup>

The implementation framework will, based on analysis of sectoral policies and drivers of deforestation, address three main levels of forest resource governance: first, at the level of policy, legal and institutional frameworks; second, at the level of sectoral planning and decision-making; and third, at the level of implementation and enforcement. The implementation framework will focus particularly on how the REDD+ National Strategy will be integrated with sectors outside of the forest sector, notably agricultural and livestock, mining and land use planning.

The rich experiences and data from the Eastern Humid Forest ecoregion will serve as an example for other ecoregions (dry and spiny forests and coastal mangroves). With the densest forests and most potential for carbon sequestration the Eastern Humid forest ecoregion has been the focus of more conservation activities, including REDD+ projects, and has included a more detailed base of analysis over the years. As a result reference levels and methodologies have been piloted for this region that can serve as the basis for developing similar scenarios and baselines in the other ecoregions of Madagascar and eventually to a national baseline. The focus on detailed information about the eco-region is also consistent with the Nested Jurisdictional Approach (nested approach) as a jurisdictional area for a potential Emissions Reduction Program that could be proposed for a performance based payment for GHG emissions reductions. Experiences from the moist Eastern Ecoregion, considered high potential for REDD+ and home to the majority of REDD+ projects in Madagascar, to define the framework for implementing REDD+ at the national level.

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<sup>19</sup> Legal or other specialists will be recruited as appropriate.

Key principles for implementation will include the development of incentives for performance, transparency, optimizing the use of existing structures, effectiveness and efficiency, as well as mainstreaming. This activity will also be used to define certain elements of governance related to carbon financing such as dealing with property rights of carbon, benefit sharing arrangements, resolution of institutional conflicts, sharing of responsibilities, institutional reforms, implementation costs as well as a grievance and redress mechanism.

A *financing gap* of \$800,000 has been identified in this activity, particularly with regards to carry out more in-depth consultations at sub-national and local levels as well as more detailed exploration of REDD+ strategy options. For example, an evaluation of hotspots and deforestation threats in the Eastern Humid Forest financed by EP3 AF identified the primary drivers in different deforestation hotspots and highlighted how different strategies will be appropriate for different regions. In depth studies will be needed to develop these types of specific localized approaches and the costs do not yet figure in the activities of this component. As an example, in the region of Sambirano agricultural production of cannabis and coffee were noted as a significant driver of deforestation. In-depth studies of the potential for more sustainable coffee growth, rather than in protected areas or natural forests would be an important option for decreasing deforestation.

**Component 3: Development of a National Reference Scenario and Monitoring System for REDD+ (US\$ 1.35 M).** This component corresponds to activities in *sections 3, 4a, 4b, and 6* of the RPP and will support the consolidation of data to establish emissions reference levels at the national level as well as eco-regional levels as appropriate. Additionally the component will support the development of appropriate monitoring systems related to deforestation and carbon emissions but also for co-benefits of REDD+ programs such as biodiversity and other ecosystem services as well as socio-economic factors to be able to effectively measure the impacts of REDD+ in Madagascar.

**Activity 3.1: National Reference Emission Level (REL).** The determination of an REL will be dedicated solely to deforestation at the national level by aggregating the different projections to be produced at each of four ecoregions. This eco-regional, or nested, approach will focus first on the Humid Eastern Forest and move on to the dry western forests, spiny southern forests, and mangroves as part of the national REL. While degradation is an important, if not critical element of the threat to forest integrity, it is vastly complicated to measure it accurately. The REL will be established through several activities including: a projection of activity data based on past observations and the corresponding explanatory factors; a consolidation and adjustment to specific regional circumstances; the combination of the projection of activity data with emission factors.

Specific activities will include operationalizing relevant structures for the REL/MRV/SIS working group, developing national historic baselines, determining the data from historical activities for all ecoregions combined, acquiring, processing and analyzing satellite images, determining the emission factors (aboveground biomass and soil carbon), conducting forest inventories, producing national maps of aboveground biomass, develop models of soil carbon losses, (including international expertise), establishing models of deforestation by ecoregion (quantification and location), estimating the projection of future emissions, and performing the adjustment of regional eco REL via consultation in administrative areas including holding regional workshops.

**Activity 3.2: Development of a Monitoring System.** The implementation of REDD will generate substantial positive impacts above the reduction of carbon sequestration. These impacts and benefits need to be monitored and evaluated to understand the added value and cost-effectiveness of REDD+. Special attention will be paid to monitoring governance in REDD+ and the roles of different institutions and actors involved, including their accountability, governance and transparency. This will be particularly important for the deployment of the Safeguards Information System (SIS). For Madagascar the following areas are those that benefit most from the positive effects of REDD+ and for which monitoring systems will be used for: conservation of biodiversity; sustaining production of environmental goods and services provided by the forest and; improving the livelihoods and well-being of riparian forest populations.

Activities to be financed include: revitalizing and updating existing monitoring systems, conducting participatory rural appraisal in connection with the SIS, integrating policy options REDD+ into sectoral policies, tracking areas of potential leakage, undertaking studies and verification of methodologies for national /ecoregional approaches as part of the JNR and FCPF frameworks, design and operation of verification databases (BDD), maintain the database (national and regional), communication of information internationally (e.g. to UNFCCC or other partners), as well as nationally (regional workshops and communication materials), developing and distributing maps, capacity building (nationally, regionally and locally for MRV implementation), development of protocols, procedures and implementation manuals.

**Activity 3.3: Assessment and monitoring of REDD+ readiness.** In compliance with the guidelines and the monitoring framework developed by the FCPF, this component will support the development of effective Monitoring and Reporting systems that can feed into eventual verification, in line with component 6 Monitoring Plan and Framework for Productivity Measurement of Madagascar's R-PP. The purpose is to monitor the progress toward REDD+ Readiness and to finance independent reviews and audits to update the relevant indicators of Readiness.

A *financing gap* of \$900,000 has been identified for these activities related to reference level activities for the dry and spiny forests as well as coastal mangrove eco-regions, modeling activities, studies on factors of deforestation, and capacity building for MRV, REL and SIS at the regional level.

<b>REDD+ Readiness activities by R-PP component and estimated cost</b>							
<b>RPP Component (FCPF Grant component)</b>	<b>Estimated cost (US\$)</b>				<b>Financing Source</b>		
	Year 1	Year 2	Year 3	Total	GoM	FCPF	Gap
1a) National Readiness Management Arrangements (Component 1)	800,000	500,000	400,000	1,700,000	350,000	950,000	400,000
1b) Info Sharing and Early Dialogue with Key Stakeholders (Component 2)	450,000	350,000	150,000	950,000		650,000	300,000
2a) Assessment of Land Use, Land Use Change Drivers, Forest Law,	200,000			200,000		200,000	

Policy and Governance (Component 2)							
2b) REDD+ Strategy Options (Component 2)	60,000	130,000	10,000	200,000		200,000	500,000
2c) REDD+ Implementation Framework including FGRM (Component 2)	100,000	60,000	20,000	180,000		200,000	
2d) Social and Environmental Impacts (Component 2)	100,000	50,000		150,000		150,000	
3) Emissions Reference Level (Component 3)	1,000,000	950,000	150,000	2,100,000	950,000	580,000	550,000
4a) National Forest Monitoring System (Component 3) and 4b) Monitoring System for co-benefits, Governance and safeguards (Component 3)	850,000	400,000	50,000	1,300,000	350,000	500,000	450,000
6) Monitoring and Evaluation Framework (Component 3)	70,000	100,000	100,000	270,000		270,000	
<b>Total Cost of RPP</b>	<b>3,630,000</b>	<b>2,540,000</b>	<b>880,000</b>	<b>7,050,000</b>	<b>1,650,000</b>	<b>3,800,000</b>	<b>2,100,000</b>