

WORLD BANK SUPPORT TO MADAGASCAR ER-PROGRAM DEVELOPMENT

ATIALA – AT SINANANA ER PROGRAM



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WORLD BANK GROUP
Environment & Natural Resources



Task Team: Erik Reed, Tracy Johns, Mampionona Amboaraso, Maminiana Rasamoelina

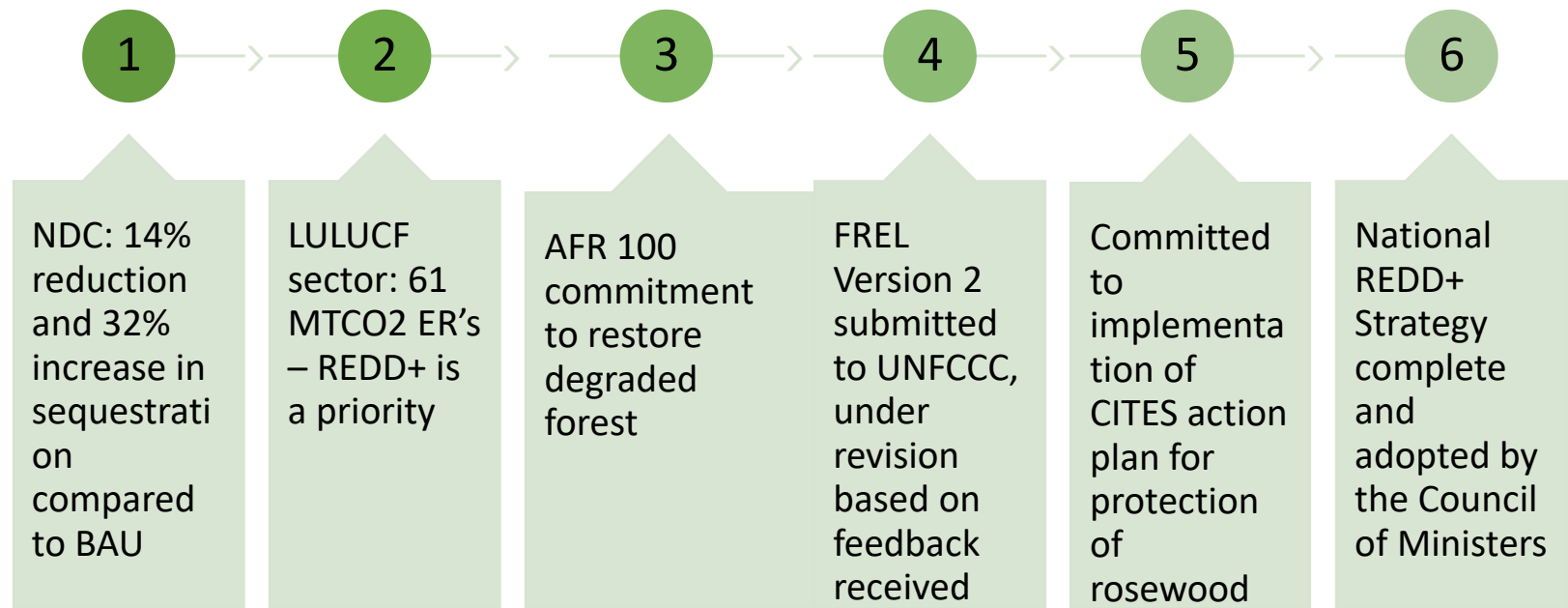


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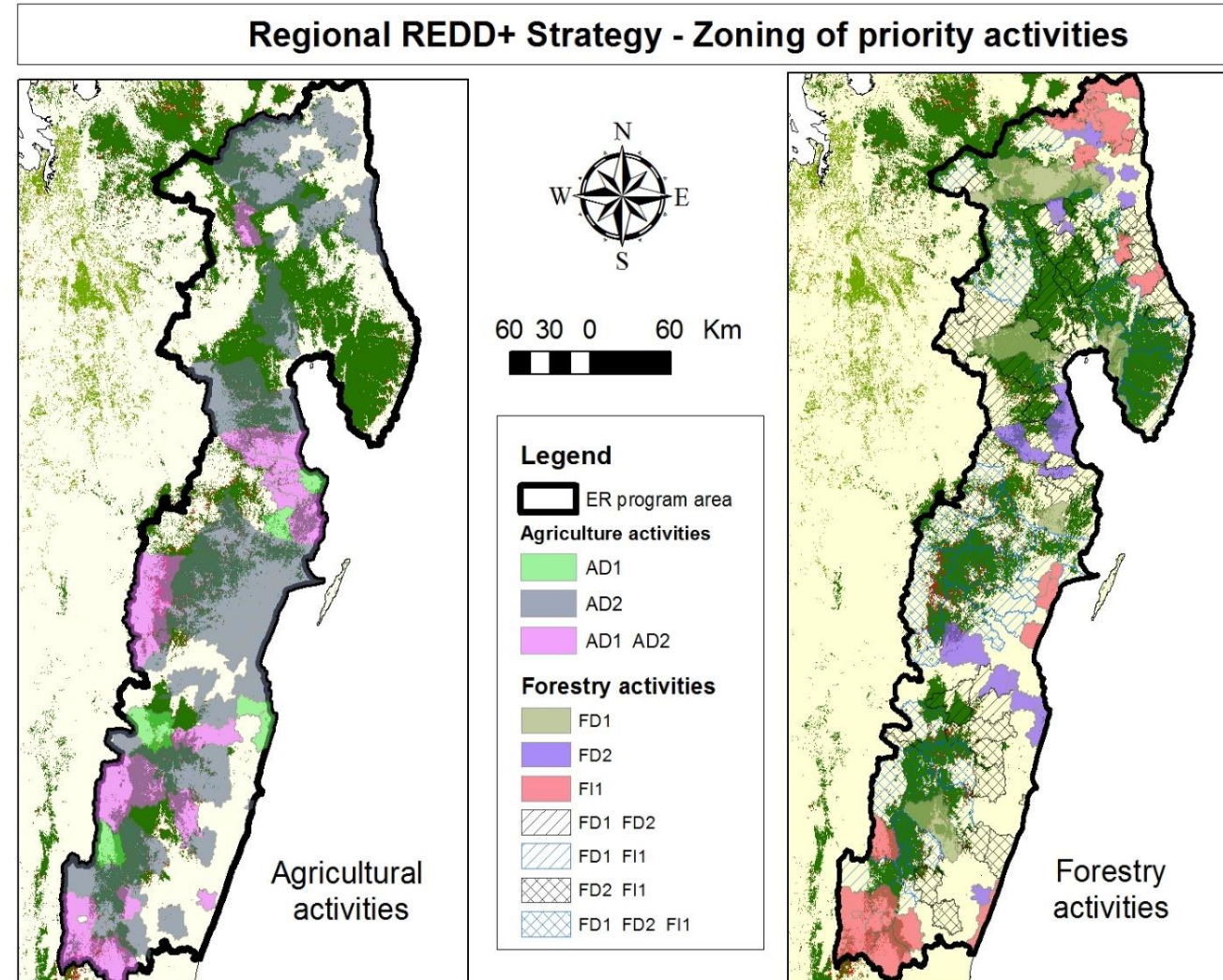
Madagascar's Commitment to Global Goals



World Bank Support to Forest Sector in Madagascar

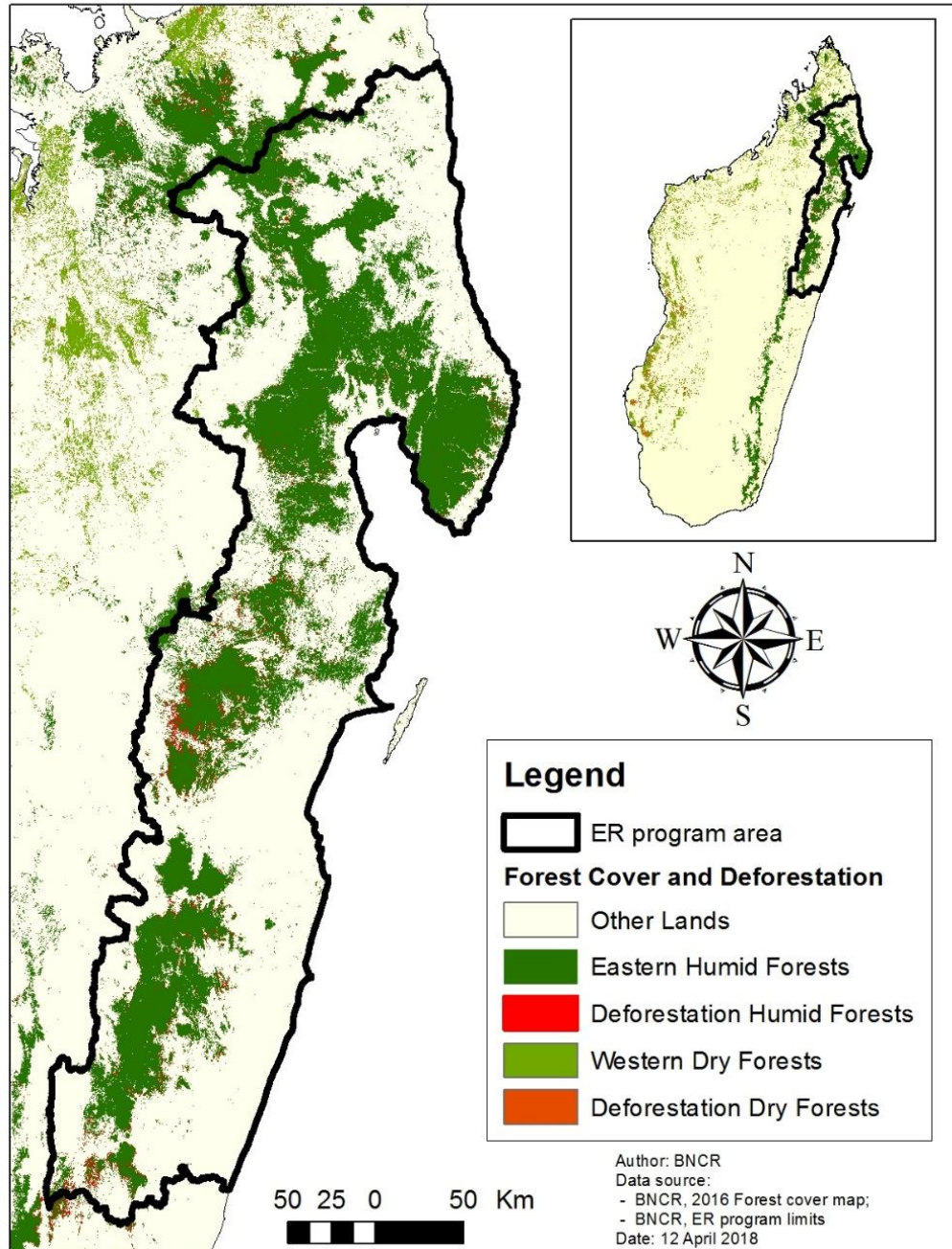
FCPF support builds on a strong partnership in forests and sustainable agriculture:

- Sustainable Agriculture Through a Landscape Approach (PADAP) project: \$107 million
 - 3 Ministries (Agriculture, Environment, and Water)
 - Development Partners: World Bank, GEF, AFD
 - Supporting GoM agriculture goals through land-use planning, support to communes
- WB support to GoM for the implementation of their rosewood/CITES action plan
- WB has supported GoM for two decades through Environmental Programs 1, 2 and 3, supporting Madagascar's Protected Areas, management institutions, and surrounding communities
- Aligns with engagement of the Bank defined in the Country Partnership Framework



Madagascar's Atiala Atsinanana Emission Reduction Program

- Remaining forest and biodiversity facing critical threat
 - High number of endemic species facing extinction (88% of lemur species)
- Extreme poverty at high level – 76% of population lives on \$1.90/day
- ER-P makes clear link between forest conservation and poverty reduction
 - Includes more than 50% of the remaining rainforest of the country
 - Watershed approach links agricultural support and improvement to forest protection
- Intensive multi-stakeholder approach
 - National and regional platforms utilized to design program and prioritize actions
- Commune-centered administration
 - Reflects the government's focus on decentralized land-use planning and implementation
- Reinforces GoM commitment to Protected Areas and Communities





| Milestones | Date |
|---|-----------------------------------|
| ER-PIN accepted by Carbon Fund | CF 13, Oct 2015 |
| LOI signature | Nov 2015; amended Nov 2017 |
| Readiness Package endorsed by PC | PA/PC 24, Sept 2017 |
| Concept approved by World Bank | June 15, 2018 |
| World Bank Quality Enhancement Review | |
| First TAP Review and results | May 2018, 16 indicators “not met” |
| Second TAP review and results | June 2018, 5 indicators “not met” |
| ERPA pre-negotiations start | September 2018 |
| World Bank Decision Review meeting expected | Feb 2019 |
| World Bank Appraisal expected | March 2019 |
| ERPA signature expected | July 2019 |

| Source of Support | Type/amount of support | Status |
|---|--|---|
| FCPF Readiness Fund | Total \$8.6 million in grants | Additional Finance ongoing |
| PADAP Sustainable Agriculture Project (GoM with WB/AFG GEF) | \$107 million in grants and loans | Ongoing |
| Sustainable Landscapes in Eastern Madagascar Project (GoM with CI, EIB, Althelia) | \$68.5 million in grants and co-investment finance | Nearing project start |
| GCF Private Sector Facility (GoM with WB, IFC, several companies in coffee, cocoa, clove sectors) | \$10 million in private finance | Concept note under development based on Private Sector Investment Strategy for the ER-P |
| UNFCCC NAMA Facility (GoM with WB, WWF) | \$20 million in grant funding | Proposal under revision |



Status of World Bank Due Diligence

***Development Objective:** to incentivize reduced deforestation, forest degradation and enhancement of forest carbon stocks (REDD+) in the Atiala-Atsinanana area of Madagascar through payment of verified emission reductions (ER) and to ensure that paid amounts are distributed according to an agreed benefit sharing plan.*

Key feedback received from Project Concept Note (PCN) meeting (June 15):

- Clear and thorough project concept – approved to go forward
- More elaboration on how the results-based payments can be utilized to incentivize communities
- Elaborate more on the institutional work needed to enable stakeholders to plan and act effectively, especially at the regional level
- Consider regular payments to communities as opposed to only up-front finance
- Consider the risk of finance gap, especially as some funds included in budget are not guaranteed



Status of World Bank Due Diligence: Key risks

| Risk Rating | Status |
|---|--------|
| 1. Political and Governance | H |
| 2. Macroeconomic | M |
| 3. Sector Strategies and Policies | M |
| 4. Technical Design of Project or Program | S |
| 5. Institutional Capacity for Implementation and Sustainability | S |
| 6. Fiduciary | S |
| 7. Environment and Social | S |
| 8. Stakeholders | S |
| 9. Overall | S |

Status of World Bank Due Diligence: Safeguards

- Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework (ESMF) were prepared for REDD+ Strategy through a highly consultative process
 - They are submitted to the World Bank for review and approval, and will be disclosed once finalized
- Resettlement Policy Framework (RPF) and Process Framework (PF) have been prepared and are undergoing a further round of consultations
 - Anticipated to be submitted, reviewed and cleared by World Bank by the end of July 2018
- Integrated Pest Management Plan was prepared and disclosed for WB funded a project within the ER Program area and addressed as part of the ESMF



Next steps

1

Develop and validate advanced draft benefit-sharing plan including arrangements with PA management entities of CAZ and Makira

2

Approval of REDD+ Decree – by September 2018.

3

Coordinate project pipeline with Althelia/EIB for private investment in ER-P area

4

Finalize and submit concept note for GCF Private Sector Facility for sustainable supply chain development in ER-P area

5

Capacity building in communes in preparation for implementation

6

Launch SIS and REDD projects and programs data management system

A truly multi-sector, multi-stakeholder partnership



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Thank You!