

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

**Report No.:** ISDSC1019

**Date ISDS Prepared/Updated:** 01-Jun-2015

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## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Madagascar	<b>Project ID:</b>	P124655
<b>Project Name:</b>	FCPF Readiness Fund Grant (P124655)		
<b>Task Team Leader(s):</b>	Giovanni Ruta		
<b>Estimated Board Date:</b>	31-Dec-2020		
<b>Managing Unit:</b>	GENDR		
<b>Sector(s):</b>	Forestry (100%)		
<b>Theme(s):</b>	Climate change (100%)		
<b>Financing (In USD Million)</b>			
Total Project Cost:	0.20	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>		<b>Amount</b>	
Borrower		0.00	
Readiness Fund of the Forest Carbon Partnership Facility		0.20	
Total		0.20	
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

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

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 of the Readiness Assessment Note, but this preparation grant will not be used to address all of the areas and indicators of REDD+ readiness. The result indicators for the PDO are related to the measures defined by the FCPF that are indicative of substantive progress towards REDD+ Readiness and are areas where the World Bank has a comparative advantage in providing support:

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

### C. Project Description

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. Activities to be financed by the proposed grant are explained in more detail below.

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. 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 , 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 10th 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 potential for more environmentally sustainable practices that also reduce pressures on forest resources.

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). 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. 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 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+.

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.

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 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.

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.

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 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.

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.

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 \$1,000,000 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.

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 of the Readiness Assessment Note.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The Strategic Environmental and Social Assessment (SESA) is the safeguards instrument used in FCPF-supported REDD+ Readiness operations to ensure that environmental and social sustainability concerns are integrated into national-level REDD+ strategy development, and to ensure compliance with applicable safeguard policies at the national level. SESA addresses the key environmental and social issues that are associated with the preparation of the REDD+ strategy options. SESA can be considered as a process for REDD+ and it is oriented to REDD+ Readiness, whereas the Environmental and Social Management Framework, ESMF, is the key output of the SESA process and focused on the REDD+ implementation. The ESMF describes the overall principles, rules and guidelines that are necessary for managing and mitigating any environmental and social impacts and risks from the activities associated with the country's REDD+ strategy.

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

Capacity for safeguards implementation in Madagascar has increased through the implementation of various Bank-funded projects, such as the Environmental Program (EP), which received additional financing for its third phase EP3 in 2012. The first phase, EP1, focused on establishing institutions for the management of the environmental sector, such as the National Environmental Office (NEO), the Madagascar National Parks (MNP) and the Agence Nationale d'Actions Environnementales (ANAE). There is also a project where the specific concerns of the the Mikea population were addressed in the creation of a designated protected area. Further strengthening of the capacity to adequately implement safeguard policies across REDD+ activities will be necessary.

The Malagasy Environmental laws are available and will be reinforced by the world bank safeguard policies for this proposed Grant. The project is implemented by the Technical Secretariat under the National REDD+ Coordination Unit. The REDD+ Coordination is under the Ministry of

Environment which disposes an existing experienced team that deals with the national environmental issues in their daily work. This staff will be responsible for the SESA process. Furthermore, the World Bank team will also work closely with the Whole SESA Unit team.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Paivi Koskinen-Lewis (GSURR)

Paul-Jean Feno (GENDR)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	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 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). 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.
Natural Habitats OP/BP 4.04	Yes	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.
Forests OP/BP 4.36	Yes	Overall, REDD+ activities are expected to have

		<p>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.</p> <p>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>
Pest Management OP 4.09	TBD	<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>
Physical Cultural Resources OP/BP 4.11	TBD	<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>
Indigenous Peoples OP/BP 4.10	No	<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>
Involuntary Resettlement OP/BP 4.12	Yes	<p>Future REDD+ activities are likely to 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.</p>

		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 the exact activities or their locations have not yet been identified. To help address and mitigate restriction of access to natural resources in protected areas, a Process Framework (PF) will also be prepared.
Safety of Dams OP/BP 4.37	No	The REDD+ activities do not involve the construction of new or use of existing dams.
Projects on International Waterways OP/BP 7.50	No	The REDD+ activities do not involve international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The REDD+ activities under this project do not involve disputed areas.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS: 30-Jun-2018**

**B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS:**

- The SESA should be launched four months after Grant Signature.
- The Project will not finance at this stage any concrete investment activities on the ground and is thus not expected to have any direct environmental and social impact on the ground. However, it is considered that the Project might have indirect impacts in the sense that the findings from analytical work carried out under the Project may influence the design of the national REDD + Strategy. Draft Terms of Reference of the SESA have been prepared by the National Coordination. The SESA will address the key environmental and social issues associated with the analysis and 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 safeguards.
- 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 and the potential environmental and social impacts associated with these strategy options. Any identified gaps to manage these risks and potential negative impacts in relation to relevant World Bank's safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. 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 ESMF will be complemented by a Resettlement Policy Framework and a Process Framework.

### IV. APPROVALS

Task Team Leader(s):	Name: Giovanni Ruta	
<b>Approved By:</b>		
Safeguards Advisor:	Name: Johanna van Tilburg (SA)	Date: 01-Jun-2015

<sup>1</sup> Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.



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Practice Manager/ Manager:	Name: Benoit Bosquet (PMGR)	Date: 04-Jun-2015
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