Report Number : ICRR0020355

1. Project Data

Project ID	Project Name	
P074235	MG-Env Prgm 3	
Country	**Practice Area(Lead)**	**Additional Financing**
Madagascar	Environment & Natural Resources	P107484,P107484,P107484,P126281,P126281,P126281

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-49650,IDA-H0870,TF-93177	31-Dec-2009	258,400,000.00
Bank Approval Date	**Closing Date (Actual)**	
11-May-2004	31-Dec-2015	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	82,000,000.00	1,875,650.00
Revised Commitment	81,443,845.37	1,875,650.00
Actual	78,585,522.27	1,586,061.64

Sector(s)
General agriculture, fishing and forestry sector(45%):Central government administration(25%):Sub-national government administration(20%):Other Renewable Energy(10%)

Theme(s)
Biodiversity(25%):Environmental policies and institutions(25%):Other environment and natural resources management(24%):Climate change(13%):Participation and civic engagement(13%)

Prepared by	Reviewed by	ICR Review Coordinator	Group
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Project ID	Project Name	
P074236	MG-GEF Env Prgm 3 (FY04) (P074236)	
Country	**Practice Area(Lead)**	**Additional Financing**
Madagascar	Environment & Natural Resources	

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-53226	01-Jan-2079	9,000,000.00

Bank Approval Date	Closing Date (Actual)
11-May-2004	31-Dec-2011

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	9,000,000.00
Revised Commitment	0.00	8,827,724.47
Actual	0.00	8,827,724.47

Sector(s)
Forestry(100%)

Theme(s)
Biodiversity(50%):Environmental policies and institutions(50%)

Project ID	Project Name
P113976	MG-Additional Financing Financing to EP3 (P113976)

Country	Practice Area(Lead)	Additional Financing
Madagascar	Environment & Natural Resources	

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-53226		57,500,000.00

Bank Approval Date	Closing Date (Actual)
21-Jun-2011	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	0.00	10,000,000.00
Revised Commitment	0.00	10,000,000.00
Actual	0.00	10,000,000.00

Sector(s)
Forestry(100%)

Theme(s)
Biodiversity(40%):Environmental policies and institutions(20%):Land administration and management(40%)

2. Project Objectives and Components

a. Objectives

Financial Agreement Development Objectives (original IDA Grant Agreement):
To: (i) improve the protection and sustainable management of critical biodiversity resources at the field level; (ii) mainstream conservation into macroeconomic management and sectoral programs; (iii) facilitate the establishment of sustainable financial mechanisms for the environment, and thus (iv) contribute to the quality of life of the population. While (iv) was perhaps not intended as a separate objective by the preparation/appraisal team, it is assessed separately in the ICR (paras. 87-91, pp. 23-24), so it will also be so considered here.
Global Environmental Objective (GEO):
To contribute to the preservation of the quality of regional and global commons through improved natural resources management and biodiversity protection in critical ecological regions, defined as national protected areas, and their corresponding buffer zones and corridors.
Additional Financing Agreement (approved on October 12, 2011):
To enhance the protection and sustainable management of selected protected areas (PAs).

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

Yes

Date of Board Approval

12-Oct-2011

c. Components

Original Components:
1. Forest Ecosystems Management (Appraisal cost: IDA US$ 18.0 million; Actual cost: IDA US$ 9.44 million) -- Subcomponents:

1 ***Governance*** (Appraisal cost: IDA US$ 6.0 million) -- formulation and implementation of: (I) forest zoning; (ii) forest control; and (iii) setting up an information system to strengthen the concession rights allocation process and fee collection system as well as institutional arrangements for regulatory enforcement, including support to the Forest Observatory.
2 ***Conservation sites*** (Appraisal cost: IDA US$ 4.0 million) -- creation and management of conservation sites, setting up economic and regulatory management and other economic and regulatory tools to allow for both the preservation of biodiversity outside the network of protected areas and the maintenance of watersheds.
3 ***Management transfer*** (Appraisal cost: IDA US$ 4.5 million) - transfer of forestry management rights to local communities under GRLOSE/GCF (*Gestion Locale Securisee)* contracts and maximizing financial benefits for the communities under these contracts guided by sustainable management plans.
4 ***Reforestation*** (Appraisal cost: IDA US$ 1.0 million) -- provision of funding for creation of land reserves for reforestation (RFRs) at the level of communes through the DEGF (Directorate General of Environment and Forests) and eventually through a newly created Support Fund for Communal Environmental Management.
5 ***Household energy*** (Appraisal cost: IDA US$ 2.5 million) -- to improve the efficiency of energy production (charcoal from biomass) by supporting an improvement in the technical output of carbonization, decrease in charcoal consumption through scaling-up the use of efficient stoves that are eco-labeled and, producing and promoting substitution fuels.

After the mid-term review (MTR) in June 2007, the original first component was split into two and simplified through a restructuring approved by the Regional Vice President on April 1, 2008, which also provided the needed resources for implementation of environmental and social mitigation measures leading to the preparation of eleven social safeguard plans, as follows:
1. Forest Ecosystem Management and Mitigation of Natural Resource Degradation with the following subcomponents:

1 ***Sustainable use of forests*** including adjudication of concession areas and management transfers to communities.
2 ***Fire control*** (also referred to as "Forest and Bush Fires Monitoring").
3 ***Reforestation***.
4 ***Alternative household energy production***.

2. Strengthening Governance and Effectiveness of the Environmental and Forestry Administration with the following subcomponents:

1 ***Improved Governance*** focusing on setting in place regional control units and a new traceability, wood labeling and competitive adjudication system.
2 ***Reform of the Environmental and Forestry Administration*** -- this new subcomponent would fund severance packages for departing staff, training for new recruits, refurbishing and rebuilding of new facilities and equipment, and gradual strengthening of new financial and procurement systems within the Ministry of Environment, Water, Forestry, and Tourism.
3 ***Project management***

2. Protected Areas Management (Appraisal cost: IDA US$ 13.5 million; GEF US$ 9 million; Actual cost: IDA US$ 16.77 million; GEF -- US$ 8.83) Subcomponents

1 ***Reducing pressures, capacity building, awareness and civil society involvement around selected Protected Areas*** (PAs) (Appraisal cost: IDA US$ 0.79 million, GEF US$ 0.46 million) -- to increase the participation of local communes in the management of PAs by strengthening and expanding the mandate of the Regional Orientation Committees (CROs), setting up COGES/CODEAP (village associations) and their capacity building and partnerships with NGOs.
2 ***Enhance complementarity value; alignment and eco-regional representativeness of the PA system*** (Appraisal cost: IDA US$ 0.90 million, GEF US$ 1.1 million) -- to finance implementation of the COAP (Codes des Aires Proteges) and the Plan GRAP (five-year action plan for management and expansion of the existing PA system) aimed at ensuring the representativeness of ecosystems under the national protected area system.
3 ***Conservation management programs to consolidate the PA system*** (Appraisal cost: IDA US$ 3.17 million, GEF US$ 4.58 million) -- to finance: (i) ecological monitoring and application of measures for conservation of terrestrial and marine ecosystems; (ii) surveillance and control; (iii) setup of conservation infrastructure and operationalization of zoning; and (iv) targeted research programs aimed at developing a better understanding of practices for biodiversity conservation and management.
4 ***Sustainable use of PA system and improved governance of ANGAP (National Agency for Protected Area Management)*** (Appraisal cost: IDA US$ 1.60 million, GEF US$ 2.40 million) -- support to improve recreational facilities including visitor infrastructure and services, revise tourism fees to capture the consumer surplus and increase revenues from park entrance fees to stimulate the local eco-tourist industry and strengthen guiding services.
5 ***Endowment of the new Malagasy Protected Areas and Biodiversity Foundation for long-term funding*** (Appraisal cost: IDA US$ 7.5 million) -- to strengthen national financial capacity to support the PA system and biodiversity conservation over the long term.

The original second component was renamed ***Protected Area System Management and Biodiversity Valorization***, and was given a new subcomponent:

1 ***Safeguard program for, participation of, and partnership with communities*** -- this would involve provision of advisory services and training and subgrants for (i) the carrying out of activities designed to reduce, mitigate, or otherwise offset the impacts of the project on the population, including restriction of access to natural resources, of the realignment and/or expansion of the protected area network managed by ANGAP or the establishment of new PAs outside that network; (ii) assistance to PAPs (project affected people) and implementation of subprojects; (iii) monitoring of subprojects implementation by PAPs; (iv) implementation of a program of activities to facilitate community participation in protected area management by COSAPs (Park Support Committees) and other community-based organizations; and (v) strengthening the capacity

of COSAPs and PAPs, and development and implementation of partnerships with NGOs.

3. Environmental Mainstreaming (Appraisal cost --IDA US$ 8.5 million; Actual cost - US$ 5.4 million) Subcomponents;

1 ***Environmental Information, Education, and Communication*** (Appraisal cost -- IDA US$ 1.5 million) -- to support ONE (National Environment Office) in the operationalization of an Environmental MIS (Management Information System), particularly at the regional level, and selective environmental education and communication activities, including: (i) preparation of educational materials; (ii) providing relevant environmental information on-line and developing environmental information packages and training materials for opinion makers; and (iii) support the DGE (Directorate General of Environment) in carrying out environmental training and dissemination activities.
2 ***Environmental Legislation, Policy-making, and Regulations*** (Appraisal cost -- IDA US$ 2 million) -- to enable DGE to carry out 15 SEAs (Strategic Environmental Assessments) and to help it ensure the coherence of sector legislation with the environmental legal framework as reflected in both national legislation and Madagascar's participation in international conventions and treaties.
3 ***Environmental Compliance*** (Appraisal cost -- IDA US$ 3.0 million) -- to improve application of MECIE (National Environmental Impact Legislation) by supporting efforts that would accelerate the EIA process and reduce costs, while ensuring minimally acceptable quality.
4 ***Environmental Management and Coordination*** (Appraisal cost -- IDA US$ 2.0 million) -- to support the Ministry of Environment, Water, and Forests to: (i) put in place a financial management system that would enable it to position itself for budget support programs after the present project; (ii) establish a Monitoring and Evaluation (M&E) system that would enable tracking of project results and impacts; and (iii) implement agreed institutional reforms that would strengthen its presence on the ground and reinforce its coordination mechanism with other public sector programs and the donor community.

Another restructuring at the time of the civil conflict in December 2009 authorized implementation of an Environmental and Social Safeguards Action Plan and allowed continuation of a limited number of activities linked to PA management, but the other three original project components were dropped.
Additional Financing Components:
The project was subsequently revised again at the time of a later restructuring when an Additional Financing was approved on October 12, 2011. The revised project had the following components (as summarized in the ICR) and subcomponents/activities (as described in greater detail in the Financing Agreement):
1. Protected Area and Landscape Management (Appraisal cost: IDA US$ 16.00 million; Actual cost: IDA US$ 19.76 million) -- across 2.7 million hectares including three forestry corridors and one pilot landscape, as well as four additional PAs to those covered in the original project, entailing surveillance, conservation infrastructure investment and piloting of integrated management approaches in one landscape and support to the institutional reform of Madagascar National Parks (MNP), with the following subcomponents/ activities:

1 provision of technical advisory services, goods and equipment and other forms of material support (including provision of radar satellite information) to strengthen biodiversity conservation and facilitate park surveillance of selected PAs, as well as civilian (non-military) coastal surveillance and Permitted Law Enforcement Activities, including patrol of protected areas and coastal areas, monitoring of the state of ecosystem health and priority species, maintenance of conservation and ecotourism infrastructure and equipment, updating and strengthening of surveillance plans, community surveillance activities, annual aerial surveillance, equipment purchase and maintenance, and liaison and awareness raising activities with local communities, as well as assistance to strengthen procedures for dealing with infractions.
2 Implementation of a program of construction and maintenance of infrastructure, including; (i) updating of technical manuals for the construction and maintenance of conservation infrastructure; (ii) based on a review of the specific needs of each PA, construction and periodic maintenance of required construction infrastructure, including guard stations, control barrier, transect creation, boundary markers and firebreaks; and (iii) where appropriate, establishment of maintenance contracts with local community surveillance committees.
3 Implementation of a program of renewal of conservation and management equipment of eligible MNP-PAs (Madagascar National Park -- Protected Areas).
4 Implementation of strategic landscape management activities in the MaMaBay pilot landscape, including: (i) creation of a database and mapping of ecosystem and natural resource baselines; (ii) consolidation and operationalization of a landscape-wide stakeholder platform to guide strategic activities; (iii) creation of civil society natural resource watchdog groups with capacity to undertake ecological monitoring, using a simple monitoring and reporting framework to facilitate transmission and dissemination of monitoring results to wide audience; and (iv) evaluation of the climate change effect on the marine and terrestrial environment of the landscape, with recommendations for PA network and landscape management and training for national climate scientists and ecologists to enable them to carry out monitoring and updates of such evaluation.
5 Provision of technical advisory services and material assistance as needed to conduct an evaluation of the organization of MNP and propose an action plan for organization reform.

2. Local Community Support and Development (Appraisal cost: IDA US$ 14.0 million; Actual cost: IDA US$ 8.92 million) -- benefiting approximately 90,000 households and over 1,000 grassroots organizations, including monitoring of safeguards implemented under the project, implementation of compensation for communities surrounding two new forest corridors, mitigation of conflicts around established PAs, and support to community-based organizations to increase involvement in PA management notably through community-based forest management contracts with the following subcomponents/activities:

1 Provision of technical advisory services and other forms of material support for: (i) monitoring and evaluation of pre-existing Safeguard Instruments developed and adopted under the original project; (ii) development and implementation of PFAPs (Process Framework Action Plans) for Makira and Caz, respectively; and (iii) development of national standards for social safeguard development and implementation, using a participatory and collaborative process to maximize stakeholder ownership of outcomes.
2 Provision of technical advisory services and training, goods and equipment, and other forms of material support for: (i) improvement of local community involvement in eligible MNP-PA management and associated economic and social development through development of a site-specific strategy for each PA, taking into account the local characteristics and community/PA relations, and creation or strengthening of CLPs (Local Park Committees); (ii) strengthening of the role and capacities of COSAPs in each eligible MNP=PA to advise MNP in the field of management decisions and annual work plans, liaise with the administration and the local population, and serve as a federating body of CLPs; (iii) development of a management transfer strategy for eligible N-PAs and establishment and implementation of management transfer contracts in both eligible N-PAs and eligible MNP-PAs, including management and contract renewal, consolidation of existing transfers, capacity building and strengthening, and financing of income-generating subprojects; (iv) retrospective social evaluations of some 19 mature PAs whose creation predates the adoption of modern social safeguards requirements in order to assess what, if any, social mitigation measures were put in place at the time of their creation and determine whether and, if so, what additional measures are required to support local communities, promote sustainable park management, dispose of pre-existing community complaints and improve relations with local communities; and (v) development of community-based tourism activities in the selected PAs, including establishment and reinforcement of the community-based management organizations, participatory establishment of work plans, training of participants, subsidization of infrastructure construction and equipment, preparation of financial business plans, creation of local ecotourism circuits, and marketing and promotion of the community lodges.

3. Sustainable Financing Mechanisms for Protected Areas (Appraisal costs: IDA US$ 8.90 million, GEF US$ 10.0 million; Actual costs: IDA US$ 8.9 million; GEF US$ 10.0 million) -- including a US$ 10 million endowment to the Madagascar Foundation for Protected Areas and Biodiversity (FAPBM) from GEF, ecotourism infrastructure development/public-private partnership (PPP) investments to optimize the generation and use of tourism revenue to support the PA network, and development of market mechanisms (carbon finance and other payments for environmental services) with the following subcomponents/activities:

1 Implementation of a program of activities to support and strengthen the Foundation FAPBM through: (i) a capital contribution to the endowment fund of the Foundation to be used to generate revenues to contribute to the recurrent costs of selected PAs; and (ii) provision of technical advisory services and other forms of material assistance to support: (a) strengthening the Foundation's capacity for secured capital placement in order to facilitate secured, high performance and transparent capital placement and ensure that capital value is conserved and that reasonable revenues are generated for PA management; (b) development of detailed utilization guidelines and procedures governing the use of revenues generated by contributions to the endowment fund by IDA under the Original Financing and GEF under the GEF Grant Agreement; (c) strengthening of the management capacities of the Foundation through implementation of the integrated management system, purchase of office materials and equipment, and extension of the Foundation's office; and (d) development of options to secure additional capital through a further request for funds for the endowment fund of the Foundation from GEF under the biodiversity focal area.
2 Provision of technical advisory services and other forms of material assistance to support: (i) (a) elaboration of ecotourism development business plans for selected PAs with high or emerging potential for ecotourism development, giving details of measures to optimize generation and use of ecotourism revenues and create sustainable financing sources and clarify the improvements needed on the legal framework; (b) carrying out of upgrading or construction works in relevant sites and areas; (c) establishment of maintenance contracts with community park committees, where appropriate; (d) provision of training; and (e) development and distribution of promotional and marketing materials; and (ii) design and implementation of pilot PPP (public-private partnership) approaches, including (a) development of an appropriate legal, regulatory, contractual and institutional framework for eco-tourism PPPs; (b) investment facilitation activities in selected pilot projects; (c) resumption of processing of high-end concessions for international investors; and (d) capacity building and monitoring activities.
3 Provision of technical advisory services and other forms of material assistance for: (i) a program of activities designed to enhance the Recipient's readiness to access the international carbon market with particular attention to its readiness to benefit from future avoided deforestation performance payment mechanisms, including an external -- but inclusive and participatory -- evaluation of the existing framework and

development of options for future consideration and adoption, technical studies on historical and future causes and trends in deforestation and degradation, carbon governance and sharing of associated revenues, and generation of carbon stock baselines in pilot sites; and (ii) implementation of pilot activities under Wealth Accounting and Valuation of Ecosystem Services (WAVES) global partnership, including collection and evaluation of existing data on ecosystem services provided by selected PAs, development and application of methodologies to improve valuation of such ecosystem services, evaluation of the capacity of PA ecosystem services to contribute to sustainable financing of the PA network, inclusion of ecosystem service and protected area values into the system of national accounts as part of a process to develop "green" national accounts, identification of potential policy entry points for improved consideration of PA ecosystem services and values in decision making, and capacity building activities with stakeholders in the environment, statistical, and economic sectors.

4. Project Management, Implementation, Monitoring and Evaluation (Appraisal cost -- IDA US$ 3.10 million; Actual costs IDA US$ 3.95 million) with the following subcomponents/activities:

1 Provision of technical advisory services and financing of operating costs to support and strengthen the capacity of the PCU (Project Coordination Unit) to coordinate the implementation and monitoring and evaluation of the project and ensure compliance with fiduciary and safeguard requirements.
2 Carrying out of studies on the legal status of precious wood stocks, inventory and disposal options and preparation and implementation of an action plan for the securing and disposal of seized stockpiles, including the organization of sales.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost

Total project cost at the time of appraisal was estimated to be US$ 148.9 million. Actual project cost at the time of completion according to the ICR was US$ 99.37 million, although this does not include any costs financed directly by the Borrower or by other sources identified in the PAD (see the next item below). Nor does it include the US$ 1.87 million grant from the Japanese Social Development Fund (JSDF) to the Wildlife Conservation Society (WCS), approved on June 13, 2012 to pilot environmentally sustainable cotton production in areas adjacent to the Mikea National Park in southern Madagascar, also identified in the financing table (Annex 1 (b)) in the ICR.

Financing

Total estimated project financing at the time of appraisal was also US$ 148.9 million, comprised of an IDA grant of US$ 40.0 million, a Global Environmental Facility (GEF) grant of US$ 9.0 million, a United Nations Development Program (UNDP) grant of US$ 6.3 million, and bilateral funding from the United States Agency for International Development (USAID) of US$ 27.7 million, from the Government of France of US$ 8.10 million, from the Government of Switzerland of US$ 5.10 million, from the German development bank KfW of US$ 12.4 million, and from a non-government organization (NGO) of the borrowing country of US$ 11.1 million. Subsequent funding included Additional Financing of nearly US$ 52 million, of which US$ 41.85 was in the form of an IDA credit and US$ 10 million as a second grant from GEF, both approved on October 12, 2011. As noted above a grant of US$ 1.87 million from JSDF was also approved for project-related activities in June 2012. No figures are presented in the ICR, however, with respect to actual funding from any of the other sources anticipated at appraisal, so the actual amounts that may have been disbursed from the sources prior to the political crisis of 2009 (see below) is unknown. The ICR team subsequently clarified to IEG that it was not possible to obtain this information from the various organizations involved at the time the ICR was drafted.

Borrower Contribution

The expected Borrower's contribution to project financing at the time of appraisal was US$ 29.2 million. The ICR does not indicate any amount for the actual Borrower contribution (apparently this information was not available to the ICR team) although it observes (para 35, pg. 10) that the AF was "structured to be implemented without the direct involvement of the central government, which had not been recognized by the African Union (AU) and the international community," suggesting that there was no expected Borrower contribution to this additional IDA and GEF support approved in October 2011.

Dates

The original closing date (June 30, 2009) was extended four times. The first extension, which occurred in December 2009, was for 18 months until June 2011, the second occurred in June 2011 for six months until December 2011, the third occurred at the time the restructuring and Additional Financing (AF) were approved in October 2011 for three years until December 2014, and the fourth took place in November 2014 for one year until December 2015.

The extended project implementation period was due in good measures to the political crisis which affected the country in 2009 and continued through 2011. This led the Bank to apply OP 7.30 (Dealings with De Facto Governments), which resulted in the suspension of implementation of all projects. However, the assessment associated with application of this OP concluded that the reputational risk to the Bank that would result from the suspension of all project activities was, in the words of the ICR (paras. 33-34, pg. 9) "unacceptably high," leading to the December 2009 restructuring that reduced the project scope by dropping all components except selected support to

PAs and implementation of the aforementioned Environmental and Social Safeguards Action Plan. The subsequent AF and three year project extension in October 2011 were justified under "the assumption that ending the project result in immediate suspension of surveillance measures across 1.9 million hectares of PAs, including 28 established national parks and one newly created forest corridor, as well as the termination of social safeguard activities for 26,000 households." The ICR also affirmed that "this posed a particularly grave risk to the country's environmental assets, given the increased pressures from illegal logging and poaching that had resulted from the political instability" and that the government was unable to cover the financing gap and other donors were unlikely to commit funds "given the prevailing political uncertainty."

3. Relevance of Objectives & Design

a. Relevance of Objectives

The project objectives were relevant both at the time of appraisal in 2004 and when the Additional Financing (AF) was approved in 2011. Madagascar possesses unique biodiversity, which was highly threatened by rural poverty and ongoing deforestation. The present project represented the third phase of a significant multi-donor support program, the need for which was first identified in the country's National Environmental Action Plan (NEAP), issued in 1989, and whose two earlier phases had been implemented with IDA and other donor support between 1990-1995 and 1996-2004, respectively. According to the PAD (pg. 4), this project was "folded" into the new CAS for Madagascar at the time it was appraised, which observed (pg. 23) *inter alia* that the country's "biodiversity resources offer interesting revenue generating potential, which, if realized, could contribute to the reduction of poverty as well as the conservation of these resources." However, in retrospect, these objectives were too ambitious and ultimately had to be significantly revised.
The revised PDO at the time of the 2011 restructuring was much simpler and straightforward, although appropriately under the circumstances also more specific and much less ambitious. It was also of High relevance. The Bank's Interim Strategy Note(ISN) for FY12-13, issued in December 2011 (i.e., soon after the AF was approved, the previous country strategy having expired in June 2011), was based in part on a set of policy notes undertaken in 2010, including one on environmental diversity. As summarized in the ISN (Box 2, pg. 19), this policy note concluded that "representing 10 percent of the world's biodiversity, this asset represents both a challenge for conservation and a formidable asset for high value development activities such as tourism. Madagascar can and should become a prize destination for tourists as well as for potential investors." Continued protection of 32 national parks, US$ 2.5 million generated from Park entrance fees and carbon finance, and 26,000 households benefitted from social safeguards activities by mid-2013, were included among the project-specific outcomes sought under the ISN's third pillar entitled "Vulnerability and Resilience."

Rating	Revised Rating
Substantial	High

b. Relevance of Design

Project design was relevant but overly ambitious as it sought to strengthen environmental management more generally (original Component 3) as well as to improve forest governance and management of Madagascar's protected areas. At the date of the PAD (April 20, 2004), no Results Framework *per se* was required. However, there was a "Project Design Summary" annex which indicated a :hierarchy of objectives: and associated key performance indicators (KPIs) starting with a "sector-related CAS goal" (poverty reduction in rural areas through broad-based economic growth, sustainable natural resources management, and improved governance" and outcome/impact indicators, including for the GEF operational program (e.g, "priority habitats and species in Madagascar are brought under effective conservation: during the project, "indicator species are maintained at baseline levels") as well as for the project development objective (PDO), which, however, is stated differently than in the main text (i.e., "natural resources are conserved and wisely utilized in support of sustainable economic development and a better quality of life"). There are also output indicators for each of the three original project components, which also had specifically identified "outputs" which, in fact, read more like objectives (i.e., "forest ecosystems are effectively managed in accordance with sound environmental principles;" "sensitive ecosystems are effectively protected as part of Madagascar's national protected areas system"; and "mainstreaming of the environment is achieved through better integration of sustainable financing mechanisms, improved governance and availability of more reliable environmental information"). Numerous critical risks were identified in the PAD and the overall risk rating was appropriately High, but the risk of a severe national political crisis which later resulted in a significant restructuring of the project was not -- and probably could not have been -- anticipated, nor was the need for substantial additional social safeguards support. As a result, three of the, by then, four project components (a fourth one having been added in 2007) needed to be dropped.

The much simplified revised project design in October 2011 was appropriate given the strained circumstances under which it took place, resulting in a substantially different and considerably narrower operation than initially proposed at the time of appraisal. Given the significant potential reputational risk to the Bank and environmental and social risks to the country, the three-year extension of the closing date and the Additional IDA and GEF financing for a much simplified project was justified even during a period of political turmoil when other Bank support activities were sharply curtailed. However, a number of the results indicators that were adopted at the time of the project's fifth (and in this case Board-approved) restructuring when the Additional Financing (AF) was also approved in October 2011 were also subsequently revised during the eighth and ninth restructurings in February and November 2014, respectively.

Rating	Revised Rating
Modest	Substantial

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
To improve the protection and sustainable management of critical biodiversity resources at the field level.

Rationale
Outputs:
Surface reforested -- 128% achieved (10,167 ha compared with a target if 7,968 ha) by December 31, 2009, but monitoring stopped in 2009 when the project was given an exception to OP 7.30 and forest governance component was dropped.
Number of Dinas (traditional agreements) operational for fire control -- 72% achieved (361 vs. a target of 500) by December 31, 2009 , but monitoring stopped in 2009.
Households adopting alternative energy -- 0% achieved by December 31, 2009; this activity never started and monitoring was stopped in 2009 when subcomponent was dropped.
Number of Park Support Committees (COSAP) -- 95% achieved (21 of 22) by December 31, 2009, but monitoring stopped in 2009.
Number of squares surveyed and controlled -- 105% achieved (589,586 vs. 559,090 target) by December 31, 2011, but this indicator was dropped during the 2011 restructuring and AF.
Circuits managed and maintained -- 180% achieved (2,367 km vs. 1,312 km target) by June 30, 2011, but this indicator was dropped during the 2011 restructuring and AF.
Additional surface of PA (ANGAP and outside ANGAP) created -- 68% achieved (336,136 ha vs. 491,500 ha target) by June 30, 2011, but this indicator was dropped during 2011 restructuring and AF.
Outcomes:
Rate of degradation of the forest and wetland cover declining from 0.88% a year to 0.44% a year by December 31, 2009 -- the actual value achieved (0.53% a year) was 83% of the target; revised indicator following restructuring in 2008, but monitoring was stopped when the project was given an exception to OP 7.30 and 3 out of 4 components were dropped in 2009.
Protected area management efficiency index increases from 45% (baseline) to 70% by end of project -- the value achieved on December 31, 2009 was 68%,or 97% of the target for that date; revised indicator following 2008 restructuring, but monitoring stopped, as above, in 2009.
Threat index in the ANGAP PA network reduced from 107 to 20 -- the value achieved on December 31, 2009 was 31, or 88% of the target for that date; revised indicator following 2008 restructuring (replacing two others), but monitoring stopped in 2009.
Percentage of revenues from PA entry fees redistributed to community projects surrounding the parks from 22.5% to 50% -- target 44% achieved (22%) by December 31, 2009; revised indicator following 2008 restructuring, but monitoring was stopped in 2009.
Reduction of burned areas to 50% of baseline (650,000 ha per year) -- target 93% achieved (46% reduction) on December 31, 2009; indicator added at time of 2008 restructuring, but monitoring stopped in 2009.
PA surface under provisional or definite status increased to 5 million ha -- 103% achieved (5,155,632 ha) by December 31, 2009; revised indicator following 2008 restructuring.
Representation rate of habitats in PA system increased from 87% to 96% -- partially achieved (91%) by December 31, 2009; revised indicator during 2008 restructuring.
Outcomes (Summary)
The project succeeded in increasing the surface of protected areas from 1.6 million ha to over 5 million ha between 2004 and 2009, but did less well in terms of improving the representativeness of ecosystems and forest governance. According to the ICR (para. 82, pg. 22),

moreover, the PAs "continued to be threatened by slash-and-burn practices and by illegal exploitation of timber and other natural resources," while the progress made in relation to forest management and reduction of natural resource degradation was "disappointing." More specifically, "the efforts made to promote sound forest management, reforestation, and combatting forest fires were ineffective in reducing or stabilizing the deforestation rate, or in discouraging the use of wood for fuel or charcoal production."

Rating
Modest

Revised Objective
To enhance the protection and sustainable management of selected protected areas (PAs).

Revised Rationale
Outputs (performance indicators):
A precious woods stockpile use plan was submitted to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) -- indicator introduced at 2014 restructuring.
All illegal precious woods stockpiles seized by Government have been audited and secured -- 97% of stockpiles secured and 60 percent marked by SGS -- indicator introduced at 2014 restructuring.
Aggregated Management Effectiveness Tracking Tool (METT) scores for targeted PAs -- 90% achieved (72 vs. target of 80) by December 31, 2015; indicator introduced at time of AF (2011)
Number of surveillance grids monitored in 30 national parks and 3 corridors -- 87% achieved (424,540 vs. 489,291 target) by December 31, 2015; indicator introduced in 2011.
Number of paid patrolling days of local surveillance committees -- 126% achieved (160,382 vs. target of 126,861) by December 31, 2015; indicator introduced in 2011.
Km of PA boundaries materialized and maintained -- 91% achieved (6,552 km vs. target of 7,224 km) by December 31, 2015; indicator introduced in 2011.
Km of tourism circuits established and maintained to operational standards = 163% achieved (98 vs. target of 60) by December 31, 2014; indicator introduced in 2011.
Index of management efficiency of PCU in implementation and monitoring of project -- 94% achieved (85 vs. target of 90) by December 31, 2015.
In addition to the above, nine other output indicators were also introduced at the time of the restructuring and AF in 2011 and specific quantitative targets were set, but no results were presented in the ICR, suggesting that they were not monitored.
Outcomes (performance indicators);
Level of threat in project PAs (number of fires declared) -- target achieved 101% by December 31, 2015; revised indicator at the time of 2011 restructuring was again revised in February 2014 as, according to the ICR, the original (i.e., 2011) target was "too obscure" and the new one was "set at a realistic level."
Surface of PA network with recurrent costs supported with revenue from the combined project endowment and previous project endowment to the Foundation -- 100% achieved (1,050,000 hectares) by December 31, 2014; indicator introduced at the time of the 2011 restructuring and AF, but monitoring was stopped in 2014.
Number of households adjacent to the PAs that benefitted from off park natural resource livelihood activities (social safeguards, local community organizations, and mature PA micro projects and community ecotourism projects -- 42% achieved (36,310 households out of a target of 86,000)as of December 31, 2015 -- this indicator was revised during the February 2014 restructuring.
Number of households adjacent to the PAs that benefitted from off park natural resource livelihood activities, of which are female beneficiaries -- 28% achieved (67,955 out of a target of 240,000) as of December 31, 2015.
Outcomes (Summary):
The Additional Financing supported the definitive establishment of 1.7 million hectares of Protected Areas, and the extent to which this area was representative of the ecosystems in the general area reportedly increased to 100 percent by 2015. However, threats to biodiversity continued to be "high" according to the ICR (para. 92, pg. 24) and the political crisis of 2009 "effected the pace of progress and conservation efforts significantly, while poaching. gold and precious stones, and illegal logging of precious wood continue to challenge the biodiversity of the PAs." The second GEF grant of US$ 10 million approved in parallel to the AF in October 2011 added substantially to the capitalization of the Foundation for Protected Areas and Biodiversity (FAPBM), which totaled US$ 50 million at the time the project closed, and has reportedly allowed the Foundation to finance 40 percent of the recurrent costs of the 10 PAs managed by Madagascar National Parks (MNP). The number of ecotourists has apparently also rebounded to about 150,000 a year compared to the significant decline between 2009 and 2011, although, in the words of the ICR (para. 97, pg. 25), in 2012-2013, the political environment was still "very tense." In addition, the project

helped to support preparation of several REDD+ (Reduced Emissions from Deforestation and Forest Degradation) and other carbon finance operations, including from the Bank-managed Biocarbon Fund. However, it failed to bring about any of the public-private partnerships (PPPs) for ecotourism development that had initially been sought due to the political crisis and MNP's low capacity. As indicated above, it also fell short in relation to several of the outcome indicators for the AF, particularly with respect to support for the development of alternative livelihoods to help protect the parks from encroachment and illegal use of their natural resources, while a large number of the output indicators introduced at that time were not monitored at all.

Revised Rating
Modest

Objective 2

Objective
To mainstream conservation into macroeconomic management and sectoral programs.

Rationale
Outputs (performance indicators):
Number of Environmental Boards operational -- 127% achieved (24 compared with a target of 20) as of December 31, 2009, but monitoring stopped in 2009 when environmental management component was dropped.
Number of sectors with Environmental Units in place and operational -- 147% achieved (22 compared with a target of 15) by December 31, 2009, but monitoring stopped when component was dropped in 2009.
Number of Environmental Impact Assessment permits delivered through a unified system -- 107% achieved (65 vs 61) as of December 31, 2009, but monitoring stopped when component was dropped in 2009.
Number of Autonomous Control Units in place and operational -- 50% achieved (11 vs. 22) by December 31, 2009, but monitoring stopped in 2009.
New staff recruited, integrated, and trained by the Ministry -- 32% achieved (139 vs. 435) by December 31, 2009, but monitoring stopped in 2009.
Quarterly planning carried out with involvement of regional stakeholders and disbursements implemented according to the agreed norms -- 41% achieved (31 vs. 75) by December 31, 2009, but monitoring stopped in 2009.
Rate of implementation of safeguard measures -- 0% achieved by December 31, 2011 as only safeguard measures for Sahamalaza and Mikea PAs were under implementation at the time.
Outcomes (performance indicators):
70% of public and private investment comply with MECIE (environmental impact assessment) legislation -- 99% achieved (69%) on December 31, 2009, but monitoring stopped in 2009 when environmental mainstreaming component was dropped. Three other indicators were added during the 2008 restructuring, but were not monitored, so results are unknown.
Volume of wood traded following a traceability system (in % amount of nationally harvested timber) from 0 % to 30% -- actual share (70%) reportedly overachieved target by 133% on December 31, 2009; revised indicator during 2008 restructuring, but, according to the Bank supervision team, this figure reported by the PCU was unlikely due to "the collapse in forest governance."
Several other indicators were revised or added at the restructuring in 2008 but were not monitored.
Outcomes (Summary):
While a substantial number of projects conformed to the environmental impact assessment law, the ICR (para. 84, pg. 23) affirmed that sector laws and policies had not adopted environmental sustainability as an objective, while training of Ministry of Environment staff "progressed slowly." More importantly, the environmental mainstreaming component was dropped altogether in 2009.

Rating
Negligible

Revised Objective

N/A

Revised Rationale

Revised Rating

Objective 3

Objective
To facilitate the establishment of sustainable financial mechanisms for the environment.

Rationale
Outputs:
Outcomes:
Capital mobilized by Foundation for Protected Areas and Biodiversity (FAPBM) -- achieved 103% by December 31, 2009; revised indicator following 2008 restructuring, but was dropped in 2009. However, according to the ICR, the current capitalization of the Foundation had reached US$ 50 million, compared with the December 31, 2009 value of US$ 34 million.
Number of tourists visiting PAs increasing from 88,000 to 134,000 -- 51% achieved (actual number of tourists in December 31, 2009) -- this indicator replaced three others in the 2008 restructuring; according to the ICR, the target was attained in 2008 but the number of tourists was halved in 2009 due to the political unrest; monitoring stopped in 2009 when the project was given an exception to OP 7.30 and 3 out of 4 components were dropped.
Outcomes (Summary):
FAPBM was created under the project and partially capitalized with the initial US$ 7.5 million GEF grant, which was reinforced with a second GEF grant for US$ 10 million approved in parallel to the Additional Financing in October 2011. The project also supported the promotion of ecotourism activities, which were intended in part to increase park revenues as a contribution to the sustainable financing of the national PA network. However, due to the political crisis in 2009-2011, the number of tourists fell off sharply, thereby substantially diminishing the revenues from this source. Furthermore, the original component in this regard was formally dropped at the time the exception to OP 7.30 was granted in 2009.

Rating
Modest

Revised Objective
N/A

Revised Rationale

Revised Rating

Objective 4

Objective
To contribute to the quality of life of the population

Rationale
Outcomes (Performance Indicators):
Direct project beneficiaries -- 36% achieved (9,261 against a target of 26,000) by June 30, 2011.
Female beneficiaries -- 33% (4,000 vs. 12,000) by June 30, 2011
Outcomes (Summary):
There was no specific output indicator for this objective, but according to the ICR (para. 88, pg. 23), "households located adjacent to the PAs supported by the project benefited directly from technical and financial support to improve their livelihoods." However, it also observed that the project "did not contribute in any substantive way" to livelihood activities between 2004 and 2011, and, as noted above, the actual number of direct and female beneficiaries by June 30, 2011 was significantly less than the initial targets. While the AF reportedly was "key" in terms of covering a financial gap for community development and social safeguards, this objective was dropped at the time the AF was approved.

Rating
Negligible

Revised Objective

Revised Rationale

Revised Rating
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5. Efficiency

Cost-benefit analysis was used in the PAD (pg. 31 and Annex 4) in order to determine the economic feasibility of the original project. An economic rate of return (ERR) of 25% and a net present value (NPV) of US$ 16.7 million were estimated. The benefit estimate was based on the anticipated reduction in deforestation and compared with the costs associated with the preservation of natural forests based on the expected benefits and costs of the three forest management modalities (protected areas, conservation sites, and forests transferred to community management) to be supported by the project over a 15 year period, using a 10% discount rate. Project benefits were expected to derive from biodiversity conservation, eco-tourism, watershed protection, sustainable fuelwood collection, and sustainable non-timber forest product (NTFP) collection, while costs were the result of management and forgone revenues from natural forest conversion through slash and burn agriculture and non-sustainable fuelwood and NTFP collection.
The ICR (Annex 3) used a methodology similar to that in the PAD, but did not attempt to separately assess the original and revised (i.e., with AF) projects. The resulting NPV for the revised project was -US$ 4.6 million due to a negative figure (-US$ 20.6 million) for conservation sites, compared with positive ones for protected areas and sites transferred to community forest management (US$ 8.1 million and US$ 7.9 million, respectively). The negative figure for conservation sites, in turn, was attributed to use of a "conservative" value for biodiversity at US$ 3 per hectare, which was also the value assumed at appraisal. Total project costs were estimated at US$ 305 million, including those for conservation management and foregone revenues for farmers and communities due to access (to natural resource) restrictions, while total project benefits were estimated at US$ 300 million. Unlike in the PAD, however, an ex-post ERR and an NPV, which would have been negative, was not calculated. The ICR also estimated a global biodiversity value benefit of the project of US$ 70 million, which it argues "compares very well" to

the total GEF financing of US$ 19 million.

Efficiency Rating
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	25.00	83.00 ☐Not Applicable
ICR Estimate	✓	0	0 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

When the project was restructured for the fifth time and the PDO changed and Additional Financing were approved by the Board on October 12, 2011, 99.5% of the original IDA credit and 95.7% of the first GEF grant had been disbursed, representing a weighted average of 98.8%. When the AF and second GEF grant are included, these shares corresponded to 48.5% and 45.3% of the respective totals (i.e., US$ 82 million and US$ 19 million), or a weighted average of 47.9%, which can be rounded up to 48%. Thus, the outcome ratings for the original and restructured projects will be weighted 48% and 52%, respectively:

Project/Criterion	**Relevance of Objectives**	**Relevance of Design**	**Efficacy**	**Efficiency**
Original Project (48%)	Substantial	Modest	Modest (2)Negligible (2)	Modest
Restructured Project with AF (52%)	High	Substantial	Modest	Modest

Despite some higher ratings for Relevance, Modest ones predominate for both Efficacy (and ratings for two of the four original objectives were Negligible) and Efficiency for both the original and the restrutured project, resulting in an overall project outcome rating of Moderately Unsatisfactory.

a. Outcome Rating
Moderately Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

The project was successful in increasing the area under protection and establishing the Madagascar Foundation for Protected Areas and Biodiversity (FAPBM). However, as a result of the restrictions associated with the exception to OP 7.30 granted after the political crisis in 2009, during the period after the major restructuring and approval of the Additional Financing in October 2011, the Government, which was "non-recognized" by the international community fro 2009-2013, was removed as an actor in the project, thereby also eliminating its ownership of the operation. This means that continued operation and maintenance of the national PA network will depend largely on revenues generated by eco-tourism and the financial capacity of FAPBM, neither of which are assured to be sufficiently high for this purpose. In this regard, the ICR (para. 132, pg. 32) affirms, for example, that the sustainability of Madagascar National Parks (MNP) remained "uncertain" because it can only survive "if revenues from ecotourism and other sources can cover research costs and other expenses," and, while the "operational sustainability" of

FAPBM would be guaranteed as a result of the endowment Trust Fund financed partially by the GEF, this needed to be reflected in "the real impacts of actions on sustainable development, and therefore on the integrity of the PA system." In addition, continued political uncertainties and the effective end of the three-phase multi-donor financed Environmental Support Program also contribute to the high future risks for the positive outcomes of the project. In a subsequent discussion with the ICR team, IEG was informed that, even though preparation for a major follow-on operation, the Sustainable Agricultural Landscapes Project, which is expected to be presented to the Board in March 2017 and to be co-financed by the Bank, French Development Agency (AFD), and the Global Environment Facility (GEF), together with an associated US$ 50 million carbon finance project, are proceeding as scheduled, the long-term financial sustainability of both MNP and FAPBM remains a concern.

a. Risk to Development Outcome Rating

High

8. Assessment of Bank Performance

a. Quality-at-Entry

Quality of entry was poor. Despite -- and perhaps because -- of the fact that this was the third and final phase of a pioneering IDA, GEF, and other donor supported Environmental Support Program in a country with significant and highly threatened global biodiversity, project objectives proved to be overly ambitious, the number of components needed to be increased at the time of the first of ten restructurings and virtually all of the initial performance indicators had to be revised in April 2008, pointing to clear weaknesses in the initial Results Framework even though it was not specifically labeled as such at the time the project was appraised. The ICR (para. 135, pg. 33) also attributed weaknesses in project design to "the need to develop the required link between environmental benefits and poverty alleviation as required by IDA and HIPC." Monitoring and evaluation design (see item 10a below) was also poor, and the most important risk to project implementation and performance --- political turmoil -- was not anticipated.

Quality-at-Entry Rating

Moderately Unsatisfactory

b. Quality of supervision

Despite the significant political instability starting in 2009, the Bank decided to grant an exception to OP 7.30, which would have required total suspension of Bank support to the country, because of the reputational risks to the Bank and to Madagascar's critical global biodiversity assets, which otherwise would have been totally unprotected. However, this resulted in a significant narrowing of the project's development objective, the dropping of three of its four components in October 2011, and other important changes. The Bank continued to supervise the project and the ICR (para. 136, pg. 33) credits the supervision team with "proactively" identifying and resolving "threats during a turbulent period when the project faced a very dynamic context which included a political crisis in 2009, the establishment of a transition government in 2010, a new (elected) government in 2014, and a government reshuffling in 2015." Supervision staffing was good and the teams were led by experienced and, for the most part, country-based international TTLs, and budget was not reported to be a constraint. However, there was a need to revise a number of the performance indicators introduced at the time the Additional Financing was approved in 2011, through yet two further restructurings in 2014 and a number of the indicators introduced at that time were not subsequently monitored, such that no information was available for the ICR..

Quality of Supervision Rating

Moderately Satisfactory

Overall Bank Performance Rating

Moderately Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

While Government political commitment to the project was initially positive, according to the ICR (para. 138, pg. 34) "at the operational level," it failed to implement its commitments to substantially increase and strengthen the PA network, improve forest governance, and curb the illegal exploitation of precious woods. This was evidenced by the "negligible budget support" for PA management and the "very limited" number of forest law enforcement agents for the parks, and continued reports of Judicial corruption in dealing with enforcement of forest law infractions, among others. However, it also recognizes that the decision of the Bank and the other development partners to withdraw financing to the Government following the 2009 political crisis contributed to this poor performance.

Government Performance Rating
Unsatisfactory

b. Implementing Agency Performance

Implementing agency performance was mixed. There were a number of implementing agencies for the initial project, the restructuring forced by the 2009 political crisis also resulted in substantially altered implementation arrangements. However, some of those agencies that continued to be involved in project implementation (e.g., CELCO, the project coordination unit) demonstrated unsatisfactory performance in terms of implementation readiness, timely resolution of issues, and had significant procurement, financial management, and monitoring and evaluation inadequacies (see the next two sections), among other shortcomings. MNP, which changed its name from ANGAP in 2008, reportedly also had weak performance in terms of the implementation of infrastructure construction and community development activities. On the other hand, FAPBM's performance was judged Satisfactory, while that of the two international NGOs engaged in project implementation, Conservation International (CI) and the World Conservation Society (WCS), was considered Moderately Satisfactory. Both fiduciary and social safeguards performance (see section 11 below), however, were unsatisfactory.

Implementing Agency Performance Rating
Moderately Unsatisfactory

Overall Borrower Performance Rating
Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

M&E design reportedly included "a robust system for monitoring project activities, consistent with the indicators in the Results Framework," but most of these indicators had to be revised at the time of the first restructuring in 2008. In addition, as the ICR (para. 53, pg. 14) affirms, some of the initial proposed outcomes were "open to interpretation" while others (e.g., mainstreaming conservation) were "poorly defined." Not all of the initial outcomes, moreover, had specific indicators to permit measurement of progress toward their achievement. The situation improved somewhat when the project was restructured and the Additional Financing was approved in 2011, but remained incomplete as not all potential outcomes were adequately monitored, while others were revised in 2014. The ICR, however, does not say anything about the design of evaluation activities other that with respect to the performance indicators.

b. M&E Implementation

The M&E framework was allegedly updated regularly by a specialist, but reporting by the implementing agencies, especially MNP, was uneven. In addition, the 2009 political crisis disrupted monitoring activities and most of the original indicators appear not to have been monitored at all after that date. The 2011 restructuring resulted in the formal replacement of the original indicators with new ones, many of which were not monitored in practice. At least no information is available in the ICR with respect to the degree to which they were met. Furthermore, according to the ICR (para. 54, pg. 14), during the period when the revised project was implemented, reporting on two critical project components, social safeguards application and community development activities, "was slow, and often inaccurate, requiring periodic revisions." In short, M&E implementation was inconsistent and poor.

c. M&E Utilization

The M&E framework was judged by the ICR (para. 55, pg. 15) to have played only "a marginal role" during project implementation. This was due in part to reporting delays and inaccuracies on the part of some of the implementing agencies, but the political crisis between 2009 and 2013 also played a significant role. As observed above, many of the initial performance indicators were revised in 2008, then discontinued atogether in 2009, while some of the new ones adopted at the time of the Additional Financing in 2011 were also subsequently revised in 2014. Nine others appear not to have been monitored, although there is no explanation in the ICR as to why this was the case. There is no mention of evaluation activities at all. M&E utilization, therefore, was inadequate.

M&E Quality Rating
Negligible

11. Other Issues

a. Safeguards

The original project triggered four safeguard policies: OP 4.01 (Environmental Assessment), OP 4.04 (Natural Habitats), OP 4.10 (Indigenous Peoples), and OP 4.12 (Involuntary Resettlement), and was placed in Category B. Environmental and Social Management (ESMF) and Process Frameworks (PF) and an Indigenous Peoples Plan (IPP) were approved by the Bank and publicly disclosed. Performance with regard to safeguards, however, was mixed.
Environmental Safeguards: Performance was satisfactory. In compliance with the ESMF an Environmental Impact Assessment (EIA) and a Environmental and Social Management Plan (ESMP) was prepared for each Protected Area (PA) established or extended with project support. According to the ICR (para 64, pg. 17), mitigation measures were "appropriately implemented...with the aim of preserving ecosystems and maintaining the existing biodiversity" and the local communities reportedly participated actively in the management of the project-supported PAs. The ESMPs were considered "appropriate and sufficient to reduce the identified risks and potential impacts."
Social Safeguards: Performance was unsatisfactory. No specific Resettlement Policy Framework was prepared for the project even though there were 13 safeguard plans. Instead, according to the ICR (para. 67, pg. 17) the financing of any required social safeguard activities in order to mitigate any impacts caused by restrictions to natural resources in the project areas was expected to "piggyback" on three parallel rural development projects through community development activities that were to be implemented by them. However, despite efforts to implement these arrangements, they were derailed by "conflicting project implementation schedules, interventions, and programming which...resulted in no funds available" from the other projects. As a result, following the mid-term review in July 2007, the project was restructured to reallocate US$ 2 million to finance the needed mitigation measures. This proved insufficient and an additional US$ 6 million was approved for this purpose as part of the AF. Altogether, nearly 23,000 project affected persons (PAPs) were identified as requiring compensation due to restricted access to natural resources under the various resettlement plans. However, according to a resettlement audit on the implementation of safeguards plan in each PA in 2015 (Table 2, pg. 18), less than 8,000 of this total had been fully compensated by that time, with more than 15,000 remaining to be compensated after the project closed. In order to do this, US$ 2.9 million was reallocated to a Sinking Fund managed by FAPBM during the final project restructuring in December 2015. However, whether this, in turn, will be sufficient and how effectively it will be implemented remains to be seen.

b. Fiduciary Compliance

Procurement Performance was unsatisfactory. The original project was characterized both by a lack of proactivity in preparation of procurement plans and their slow implementation, as well as occasional non-compliance with Bank procurement guidelines. These problems apparently worsened during the Additional Financing phase, including with respect to the recruitment process and the execution of contracts. Despite Bank efforts to revise the initial procurement arrangements to help resolve some of these problems and strengthen compliance with Bank procurements requirements, delays persisted and ex-post reviews of contracts identified some persisting irregularities and compliance failures.
Financial Management Performance was likewise largely unsatisfactory due, according to the ICR (para. 61, pg. 16) to "questionable and ineligible expenditures" resulting from "undocumented expenditures." These included US$ 2 million for the period October 2013-July 2014 and another US$ 307,000 for that between July 2014 and November 2015. While the total outstanding was later reduced, according to the ICR, the Government is required to repay the amount due by June 2017.

c. Unintended impacts (Positive or Negative)

No unintended impacts were recorded in the ICR.

d. Other

The ICR (paras. 115-127, pp. 29-31) noted the following areas in which the project was either expected to and/or actually had additional impacts:
Employment: Even though unemployment in the areas adjacent to the PAs was reportedly "very low" due to eco-tourism-related activities, the results of the project's income-generating activities were judged "far from satisfactory."
Health: Project impacts in this regards on public health included access to medical treatment for communities adjacent to the PAs, as these services are reportedly being funded by PA visitor entry fees or funds from subprojects.
Education: The construction or rehabilitation of schools in areas near the PAs is considered "significant at the local level," and environmental education reportedly also improved under the project even though the environmental mainstreaming component was dropped in 2009.
Institutional Strengthening: While the initial project design included resources to support institutional strengthening and reform, the associated activities were suspended at the time of the political crisis in 2009 when the exception to OP 7.30 was granted. However, the creation of FAPBM was considered "a highly relevant factor toward achieving the project's revised development objective.

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Risk to Development Outcome	High	High	---
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Borrower Performance	Unsatisfactory	Unsatisfactory	---
Quality of ICR		Substantial	---

Note
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICR (paras. 140-147, pp. 35-36) identifies several lessons, although the first lesson is quite broad and cross-sectoral. The most important of these are the following:
1. ***Government ownership and public sector capacity is an essential element of project implementation***. In the present case, this was complicated by the fact that under OP 7.30 neither the central nor local governments were able to play a role in project implementation during the period when the Additional Financing was executed (i.e., October 2011 through project closing in December 2015).
2. ***Since poverty and natural resource degradation are closely linked, economic development needs to be part of all conservation efforts and local communities need to have incentives to engage in conservation activities***. As this project demonstrates, however, conservation agencies such as Madagascar National Parks (MNP, the former ANGAP) often lack the knowledge and capacity to plan and implement development activities and while the original project design relied on other rural development projects for such activities, this approach failed in practice.
3. ***Community participation is instrumental in reducing pressures on natural resources***. This important lesson was not sufficiently integrated into either the original or revised designs of the present project and better efforts are required in the future to integrate PAs and local communities in their surrounding areas.
One important additional lesson is: ***to fully identify and include in project costs and financing the activities required for the proper application of Bank environmental and/or social safeguard policies***. The present project clearly failed in this regard and was closed before the majority of those adversely affected had been fully and adequately compensated.

14. Assessment Recommended?

Yes

Please explain

The financial and operational sustainability of the Protected Area network and the institutional capacity and effectiveness of both Madagascar National Parks (MNP) and the Foundation for Protected Areas and Biodiversity (FAPBM) are both uncertain, which poses significant risks for the continued adequate conservation of the country's very rich and unique biodiversity, whose protection has been the major purpose of the three-phase Bank, GEF, and other donor-supported Environment Support Program (ESP) over the past two and a half decades. In addition, most of the project affected persons (PAPs) of the present operation remained incompletely compensated for their project-related restriction of access to natural resources at the time it closed in December 2015 even though a Sinking Fund was established to hopefully resolve this significant shortcoming. It would thus be extremely important to reevaluate the project independently in the field in several years time in order to determine how well these risks and pending activities have been address, as well as to assess the effectiveness of the multi-donor ESP as a whole, and to have a first sense as to whether possible Bank and/or other donor project and program follow-on activities are making tangible progress in terms of sustained biodiversity conservation, improved forest management and governance and environmental mainstreaming in Madagascar.

15. Comments on Quality of ICR

The ICR is well-written and of good quality, although it could have provided greater detail with respect to Bank performance both at entry and during supervision. It nevertheless provides an adequately detailed and forthright account of what proved to be a very complex country political-institutional context and associated project implementation experience and its ratings are sound and well-justified. It also clearly points out the continuing significant risks in terms of the initial and revised project's development objectives. It replicates the economic analysis undertaken in the PAD, demonstrating the project's poor results in this regard, although it does not differentiate between the costs and benefits of the original vs. revised project although this may have been due to the lack of sufficient information to assess project benefits associated with the original design. In any case, they are not likely to have been very positive and certainly would not have been sustainable had the Bank not secured an exception to OP 7.30 and, thus, was able to continue to provide financial, technical, and operational support to the restructured project from the end of 2009 through 2015.

a. Quality of ICR Rating
Substantial