Maintaining Biological Integrity of Critical Habitats

Issue Date: May 19, 2003
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SUBJECT: Maintaining Biological Integrity of Critical Habitats

Ladies/Gentlemen:

THIS IS NOT A REQUEST FOR APPLICATION. USAID is preparing for issuance of a Request for Application (RFA) for the subject program. USAID is soliciting comments from interested parties, in order to further refine this Draft Program Description . This procurement will be a full and open competition. Your comments will be appreciated and considered as we finalize the RFA for the proposed Cooperative Agreement. No information on Pricing, Competition, Instructions to applicants or Evaluation Criteria is available at this time.

Answers to the questions will be posted in the Solicitation (recipients will not be identified with the question). Comments may or may not be incorporated in the Statement of Work. Comments will be accepted until June 11, 2003, 16:00 Madagascar time. All comments shall be addressed to Frédérique Rakotoarivelo, Acquisition Specialist, USAID/Madagascar, in writing at (Email preferred: frakotoarivelo@usaid.gov), fax: 261-20-22-348-83, or by mail addressed: Frédérique Rakotoarivelo, 2040 Antananarivo Place, Washington D.C. 20521-2040.

Thank you for your interest.

Sincerely,

Karin Kolstrom
Contracting Officer

ENVIRONMENT/RURAL DEVELOPMENT STRATEGIC OBJECTIVE

Draft Program Description for "Maintaining Biological Integrity of Critical Biodiversity Habitats"

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A. Overview/Context

1. Country Context

Madagascar has been identified consistently by the international community as one of the highest biodiversity conservation priority countries in the world owing to its combination of high diversity, endemism, and degree of threat. A hectare of forest lost in Madagascar has a greater negative impact on global biodiversity than a hectare of forest lost anywhere else on earth. More than 80% of Madagascar's flora and fauna are found nowhere else in the world. Some taxonomic groups, including reptiles and amphibians, are over 95% endemic. The country's original flora and fauna evolved largely in isolation for 160 million years, proliferating into a wide array of unusual and often unique organisms.

Madagascar's forests are also extremely important to the island itself. They are complex biological systems that provide society with a wide range of essential products (including timber, fuel, food, medicine, and raw materials). Forests provide critical ecological services to the island, such as soil formation and nutrient cycling, pest and pathogen control, pollination, climate regulation, and maintenance and control of water flow and quality. All of this combines to make Madagascar especially important as:

- One of the top locations on the planet for adding to the world's knowledge of evolution; and
- A storehouse of plants and animals not yet known to science that could lead to cures for major diseases.

Unfortunately, Madagascar is also noted for its high degree of environmental degradation. The area covered with primary natural forest has declined from about 25% in 1950 to less than 15% today. Forest destruction is eliminating viable habitat critical to innumerable plants and animals. Poverty, unproductive agriculture, high population growth, inappropriate national policies, and weak governance also threaten Madagascar's natural resource base in a number of ways. These include encouraging slash and burn agriculture, deforestation, unsustainable forest management, and habitat loss. This, in turn, leads to plant and animal distinction, watershed degradation, erosion, soil fertility loss, and a further increase in poverty.

Madagascar is therefore suffering from a severe agrarian crisis as well as an environmental crisis, and the two are inextricably linked. The vast majority (70%) of Madagascar's fast-growing population depends on traditional agriculture for its livelihood—and traditional agriculture is the main and most severe source of environmental degradation. Deforestation, bush fires, and extensive cropping of marginal lands are removing the ground cover that protects the most highly erodible soils. Degradation threatens not only biological diversity and soils but also watershed stability vital to the agrarian economy.

In rural Madagascar, poverty continues to threaten the sustainability of the natural resource base. Community members need more options to utilize available natural resources in a sustainable manner. Given the widespread food insecurity at the household level, forest exploitation for agricultural purposes is seen as a means of survival. This is particularly true as agricultural productivity stagnates and other natural resources are depleted without long-term attention to their potential economic value as sustainable resources. Nevertheless, as stated in a Malagasy proverb: "Without the forest, there will be no more water; without water, there will be no more rice."

2 National Strategies and Investment Programs:

The Government of Madagascar (GOM) undertook a recent restructuring that is highly significant for the environment and rural development sectors. Key changes have been: (i) integration of economic

programs, land use planning, transport and public works into a single 'super-ministry' under the vice Prime Minister; (ii) combination of Agriculture with Livestock and Fisheries into a single ministry; and (iii) combination of Waters & Forests with Environment into a single ministry. These changes are important for the following reasons:

- The fusion of economic programs, land use planning, transport and public works will facilitate an integrated approach to national spatial development planning;

- The combination of agriculture, livestock and fisheries regroups the food supply sectors and should facilitate a greater emphasis within the fisheries sector on food security, rural development and poverty reduction as a complement to the established orientation on generating revenues from fisheries exports and licenses.

- Fusion of forests with environment may be seen as a bold move to create a transformed forests sector oriented towards conservation and biodiversity as opposed to extractive production. This should greatly facilitate the development of conservation programs outside protected areas, improved sector governance and the efficient capture and distribution of benefits from biodiversity.

Key national strategic and investment programs that guide the environment and rural development sectors are:

Poverty Reduction Strategy Plan (PRSP): This strategic framework defines the directions of intervention in favor of poverty reduction for development of polices and program of the country for the period of 2001 – 2015. As concerns the environment and rural economy, three sector specific challenges will be addressed: (i) creating a favorable policy and investment environment to achieve 4% annual growth of the rural sector; (ii) ensuring environmental sustainablility to consolidate Madagascar's unique position as a mega-biodiversity country; and (iii) improving the effectiveness and efficiency of public service delivery through consolidation of the currently fragmented rural sector institutional framework. Other important intervention areas, which will also impact the USAID environment/rural development program, are decentralization and good governance.

National Environmental Action Plan (NEAP): To address the many severe environmental problems facing Madagascar, the GOM prepared a National Environment Action Plan (NEAP) in 1989. The overall objective of the fifteen-year program is to assist the Malagasy people to protect and improve their environment while concurrently working for sustainable national development and economic growth. In 1990, the NEAP was given legal status by the adoption of the National Environmental Charter and the National Environment Policy (Law 90- 033) dated December 21, 1990.

The NEAP, which was put into operation in 1991, recognizes the link between environmental protection and economic development and includes six elements: (i) protecting and managing the national heritage of biodiversity, with a special emphasis on parks, reserves and gazetted forest, in conjunction with the sustainable development of their surrounding areas; (ii) improving the living conditions of the population through the protection and management of natural resources in rural areas with emphasis on watershed protection, reforestation and agro-forestry, and in urban areas through improving water supply and sanitation, waste management and pollution control in general; (iii) promoting environmental education, training, and communication; (iv) developing mapping and remote sensing tools to meet the demand for natural resources and land management; (v) developing environmental research on terrestrial, coastal and marine ecosystems; and (vi) establishing mechanisms for managing and monitoring the environment.

The strategic approach adopted at the time of the NEAP remains valid; that is, the time scale of decades; the process of learning and adapting from stage to stage; and the ultimate objective of building support for environmental priorities, mainstreaming environmental concerns as far as possible

into other sectoral activities; creating and maintaining a system of conservation areas which are ecologically sufficient to the greatest extent possible; ensuring sustainable management of Madagascar unique terrestrial, coastal, and marine ecosystems; and targeting complementary development activities to reduce pressures on the natural resources base.

While before 1991 environmental protection efforts were almost exclusively driven by the donor community, the NEAP has enabled the GOM to take the lead role in promoting the environmental agenda. The last ten years of the Environmental Program has laid a solid foundation and will provide a springboard for achieving significant results over the next five years. The legal and policy framework is well established. The environmental impact assessment law (MECIE), the new forestry policy and the recently adopted protected areas code (COAP) provide a solid foundation for sustainable environment management. The first law promoting the management transfer of renewable natural resources to local communities was promulgated in September 1996, known as GELOSE.

Madagascar has the key environmental institutions on the ground to promote good stewardship of the country's natural resource base. Upon launching of the NEAP, a new Environment Office (ONE) was created, as the lead environmental agency to establish policy and ensure application of environment impact assessment. Subsequently, a Ministry of Environment was created which became the overarching authority on environmental affairs to which ONE became attached. The National Association for the Management of Protected Areas (ANGAP) was set up in 1991 with the mandate to develop and manage the national protected areas network. The Forestry Department is responsible for the remaining forest ecosystems. To obtain a better handle on the governance problems in the forestry sector, a Forest Observatory (OSF) was established in 2001. Other institutions that play important roles are the National Association for Environment Actions (ANAE) and the Environmental Management Support Service (SAGE).

Experiences to date in Madagascar also clearly indicate that conservation efforts which do not address the basic realities and needs of rural and urban poor people will not succeed. At the same time, economic and rural development which attempts to ignore Madagascar's pressing needs for natural resources management and conservation of precious biodiversity resources is likewise unsustainable for the coming Malagasy generations. Under this basic principle, Madagascar undertook the Integrated Conservation and Development Program (ICDP) under the Phase I of the NEAP. In parallel of the conservation activities, all ICDP projects carried out development activities designed to help people raise their standard of living of local communities. Building on lessons learned from the ICDPs, the eco-regional process expanded conservation and development activities beyond national parks and reserves into an eco-regional landscape approach focused on identifying and protecting key biodiversity conservation zones by decreasing the pressures on the natural resource base. Refer to Annex A for the Results Framework for the Environment Program 3 (2003-2008).

Rural Development Action Plan (PADR): Madagascar adopted the National Rural Development Plan (PADR) in 2000 as the principal framework instrument for promoting rural development in Madagascar. The PADR is a general framework comprising the following five objectives: (i) ensure food security; (ii) contribute to economic growth; (iii) reduce poverty and improve living conditions in rural areas; (iv) promote sustainable management of natural resources; (v) promote training and information for improving rural production. Following these objectives, the PADR consists of four thematic orientations: (i) better management of rural sector through legal and institutional reform; (ii) expand and promote agricultural production with optimal use of resources and infrastructure; (iii) ensure food sufficiency in all regions; and, (iv) develop social infrastructure to ensure access to social services. It is important to underline that the PADR is a policy for rural development in a comprehensive manner. It has put rural development firmly on the development agenda as a key engine for ending poverty in Madagascar.

3. USAID Integrated Strategic Plan (2003-2008)

U.S. development assistance to Madagascar supports the policy goals of promoting good governance and market-driven growth as mechanisms that will lead to better management of Madagascar's unique natural resources, an overall reduction in poverty, and a qualitative improvement in the health of the population. A successful program will have numerous ancillary benefits, such as reducing vulnerability to HIV/AIDS, improving the country's ability to manage natural disasters, and enhancing its attractiveness as a commercial partner for the U.S.

Madagascar is one of the world's top three "biodiversity hotspots." Poverty, unproductive agriculture, and weak governance continue to threaten the country's natural resource base and its unique biodiversity. The vast majority of Madagascar's fast-growing population depends on low-productivity, extensive agriculture for its livelihood. Yet this is the main and most severe source of environmental degradation. Deforestation, bush fires, and extensive cropping of marginal lands result in destruction of the ground cover necessary to prevent soil erosion, which in turn contributes to watershed instability, more topsoil loss, and smaller forests.

Almost 70% of Madagascar's people lived in poverty in 2001, making it one of the poorest countries in the world. Poverty is most widespread in rural areas: 75% of the rural population lives below the poverty line, compared to 50% in urban areas. Forty-six percent of adults are illiterate. Infant, child, and maternal mortality rates remain very high; life expectancy at birth is only 58 years. This dire social situation springs mainly from the combination of low economic growth—itself in large part a result of the country's 20 years of failed socialist policy—and an average annual population growth of 2.8%.

Conflict over the disputed December 2001 presidential election, though now resolved, has had dramatic impacts on Madagascar's economy and on its poor. The economy contracted by an estimated 12% in 2002, and over 100,000 people lost employment in the formal sector. Agricultural production and rural incomes were adversely affected, and health and nutritional status—already low—deteriorated further. The distress of the Malagasy population, combined with a legacy of corruption, presents challenges for the new administration in its efforts to establish good governance and restore economic growth.

Against this backdrop of social change and poverty, USAID/Madagascar sees hope, and sets its plans for the future. There is new opportunity in the political transition, and new prospects for growth and sustainable development. Prior to the crisis, for example, AGOA-induced investments in Madagascar increased exports to the U.S. by 96.6% in 2000 and 72.3% in 2001. This activity also created over 60,000 jobs—making Madagascar one of the most successful beneficiaries of AGOA.

The Mission is nearing the end of its Country Strategic Plan FY 1998 – 2003. Over the course of the last two years much thought and planning has gone into preparing the Mission's new Integrated Strategic Plan for fiscal years 2003 – 2008. The ISP process, which was interrupted by the eight months of instability that flowed from the election crisis, has resulted in a new Mission Goal: "Sustainable and Inclusive Economic Development." This new goal complements and builds upon the Mission's current goal of reducing poverty, and aligns well with host country priorities, U.S. foreign policy, and USAID Agency goals. This statement underscores two key points: a) the importance of economic and democratic transformation that involves and benefits all segments of society and b) an economic development process that is sustainable, both environmentally and in its respect for the aspirations of the Malagasy people.

The new ISP comprises of the following four strategic objectives (SOs):

- SO 4: "Governance in Targeted Areas Improved"
  (Democracy and Governance, or DG);
- SO 5: "Use of Selected Health Services and Products Increased, and Practices Improved"
  (Health, Population and Nutrition, or HPN);
- SO 6: "Biologically Diverse Forest Ecosystems Conserved"

(Environment and Rural Development, or Env/RD); and

- SO 7: "Critical Private Markets Expanded"
  (Madagascar Agriculture and Trade, or MAT).

USAID's last 10 years in Madagascar have demonstrated that there are strong cause and effect linkages within and between these strategic objective sectors and a number of vital cross-cutting areas. Under the ISP the Mission intends to continue its innovative cross-sectoral efforts in the areas of food security, HIV/AIDS prevention, good governance, Information and Communications Technology, disaster and conflict vulnerability, gender equity, and public-private alliances. Refer to Annex B for the ISP Results Framework.

4. USAID/Environment/Rural Development Strategic Objective

USAID has provided leadership to the environment sector in Madagascar over the past ten years through support to the fifteen year (1991- 2006) National Environmental Action Plan (NEAP). The USAID/Madagascar environment program has been one of the Agency's flagship environmental programs. To help conserve Madagascar's heritage, USAID's program implemented a cutting edge approach that has consistently linked a healthy environment to improved well being of the Malagasy people through approaches that addresses biodiversity conservation while contributing to socio-economic development of the country. The inclusion of rural communities in the management and sustainable use of their natural resource base is a critical component of this approach to ensure the future survival of these unique resources.

USAID's support to the first and second phases of NEAP also focused on developing environmental institutions, tools, and approaches. For example, USAID helped develop a more efficient National Park Service, which in turn increased the total area of critical habitats being effectively managed and protected. USAID support has helped transfer management of forest areas to local communities. And it has been instrumental in the establishment of ecotourism investment zones, promotion of environmentally friendly farmer groups, and development of more financially sustainable environment institutions.

As demonstrated over the last ten years, there are inextricable links between natural resources, economic growth, agricultural productivity, water quality and availability, poverty, health, and governance. Forest ecosystems are complex biological systems that provide society with a wide range of essential products - timber, fuel wood, food, medicine and raw materials. They also provide environmental services such as protection of watersheds and soils and carbon storage to mitigate climate change. As is clearly evident, forest ecosystems are essential to the long-term well being of local populations in Madagascar, the national economy, and the earth's biosphere as a whole. USAID/Madagascar therefore believes it is critical, in addressing the problems of local Malagasy people, to focus more holistically on forest ecosystem management over the next five years. This will deepen our efforts in the environment domain while increasing the emphasis on conservation and sustainable use of forest and natural resources to empower, enrich, and elevate people out of poverty. **Working with people closest to the natural resource base will be the nexus of the new Environment – Rural Development SO (ENV/RD).**

A multifaceted and integrated program will be pursued which continues the current successful ecoregional approach to achieve the overall environment strategic objective: *Conserve biologically diverse forest ecosystems* by improving sustainable natural resources management and environmentally sensitive development in priority ecoregions. The SO is made up of five components, based on accepted approaches to ecoregional conservation and sustainability. First and foremost, there must be a strategic vision for the forest ecosystems and a plan as to how best to achieve that vision. Second, within these forest ecosystems, there must be core protection zones for critical biodiversity habitats, which fulfill the need to protect priority natural resources and ecological processes. Third, around these core areas will be sustainable use zones, which can be privately, publicly, or locally managed. Within and outside these multiple use zones, depending on their proximity to core

protection areas, sustainable use and varying levels of land-use management intensity will be utilized. Fourth, initiatives will be explored with private sector partners to increase investment in natural resources management and create economic growth poles away from forest corridors. Finally, woven throughout is the need for participation, transparency, and governance. Refer to Annex C for Lessons Learned and Annex D for a more detailed description of the Environment/Rural Development Strategic Objective Results Framework.

B. Guidelines for Approach and Methodology

The Environment/Rural Development Strategic Objective, based on an ecoregional based conservation and development approach, is very dependent on the creation and fostering of linkages between partners, organizations, activities, programs and landscapes. This section provides guidelines for the approach and methodology to implement the results modules defined below.

1. Underlying Principles based on USAID's Global Conservation Program

Using the principles that guided the development of the USAID's Global Conservation Program (GCP), the implementing partner should take into the consideration the following principles in developing the approach to implement of USAID/Madagascar's Environment and Rural Development program activities:

- **Programs should be adaptive**. While the initial design of program activities should be sound, conservation needs are complex and constantly evolving. Programs should therefore be structured in such a way that they monitor their progress, generate timely information for management, and adapt as needed.

- **Programs should foster sustainability.** Applicants should discuss how conservation achievements will be sustainable beyond the end of the Agreement. Partners should also explain how additional financing for activities could be leveraged. While it is not necessary to identify specific sources of continued financing, proposals should describe the approach for identifying and securing additional sustainable funding.

- **Programs should be participatory.** Applicants should discuss how programs incorporate the equitable and active involvement of stakeholders in all stages of program design and implementation. Attention should be given to the differences in the ways men, women, youth, and indigenous groups use, manage, and conserve biological resources. The inclusion of traditionally marginalized stakeholders, such as women and indigenous peoples should occur whenever possible.

- **Programs should help PVOs/NGOs expand their initiatives.** Proponents are expected to have ownership of proposed programs and to invest their own resources in accomplishing the results defined under the program. Proposed cost-share should be clearly elaborated, along with other indications of institutional commitment to the program.

- **Programs should strengthen in-country capacity and foster collaboration.** In-country capacity is the foundation for long-term conservation success. Conservation of natural systems depends critically on the engagement and commitment of key stakeholders - local people, government, corporations, NGOs and donor institutions. Institutional strengthening is often needed for both government and non-governmental organizations. In addition to institutions, building and strengthening civil society to increase rural involvement in natural resource management decision making is key to promoting good environmental governance. Finally, there must be good cooperation and coordination amongst USAID implementing partners. This is particularly important since the USAID Env/RD program results modules and various programs are interdependent on one another.

- **Programs must be results-oriented.** Proposals should articulate how applicants will assess program impacts. Applicants should discuss how they would track performance and report on progress. Efforts to measure habitat quantity and/or quality are encouraged where appropriate.

- **Programs should integrate learning into program design.** Substantive analysis at the site level and efforts to disseminate lessons learned to the broader conservation community should be

integrated into programs, particularly at multiple sites or larger scales. Learning and dissemination is supported from both successes and failures that improve the design and management of programs. Innovation will be supported where programs demonstrate an understanding of risk and the ways in which partners intend to manage the risk.

- **Programs should complement other conservation and development activities.** Integrated conservation and development at the landscape or regional scale requires coordinated action by many actors. Where appropriate, applicants should indicate how the their conservation efforts contribute to or compliment development activities of USAID, other donors, host-country governments, the private sector, and other institutions. However, proposed development activities must demonstrate a link to the conservation objectives. Where appropriate, strategies to prevent the spread and mitigate the impacts of HIV/AIDS should be integrated.

2. Ecoregional based conservation and development approach

Program activities should continue to build on an eco-regional approach to conservation and development, which remains the underlying foundation of the USAID/M Environment/Rural Development SO. This is an approach to resource management and planning focused on understanding the ecological, social and economic consequences of changes in landscape composition. This is particularly critical at the eco-regional level where territories with a measure of ecological integrity are divided among several governing jurisdictions. Thus, protecting biodiversity and utilizing natural resources, within eco-regional landscapes, directly involves many societal groups and requires the monitoring and manipulation of an ever-increasing level of data. If information analysis can be merged successfully with political decision making and public involvement, the potential to increase understanding, and improve the quality of planning and decision making can lead to a sustainable future for Madagascar.

In the context of Madagascar, the eco-regional approach draws upon achievements within protected area management and is enriched by a number of different concepts, including integrated conservation and development projects, biosphere reserves, eco-regional planning, bio-regional management, and ecosystem management. Inherent in the approach is the recognition that most of the world's biological resources lie in unprotected areas, and if these are poorly managed or neglected, species loss and habitat degradation will result, with neighboring protected areas put at greater risk of becoming less biodiverse islands suffering constant degradation.

The ecoregional approach provides a method to conserve and link critical biodiversity habitats through the management of associated elements within the larger landscape, thus affecting the lives of populations in geographic areas much larger than protected areas and their immediate peripheral zones. This approach acknowledges the role of poverty alleviation as a critical part of any environmental strategy, particularly one in a setting where slash and burn agricultural practices of subsistence farmers severely threaten both biodiversity stability and the natural resources upon which the population depends.

3. Priority Eco-Regional Intervention Zones

For the strategy period of 2003-2008, USAID has identified three eco-regions as priority intervention zones. These eco-regions are the Andasibe/Mantadia-Zahamena Corridor, and the Ranomafana – Andringtra Corridor, and the South East Ecological Zone (Tolagnaro). The "ecoregional landscapes" were developed utilizing a series of inputs and criteria from a scientific workshop held in Madagascar in 1995. The eco-regions have been defined to help focus USAID-funded activities; however, specific boundaries should not be seen as definitive. It is expected that the boundaries of these "ecoregional landscapes" are flexible and may change over time depending on evolution of the actual landscape.

Geographical focus for this SO is for field based activities. Since there will be considerable support provided for institutional capacity building and development, the geographical focus would not apply. For example, support at the CIREEF or Park level would not be limited to geographical zones. In addition, some latitude will be given for specific targets of opportunity, which may be identified outside the three focus zones.

Andasibe/Mantadia-Zahamena Corridor (Tamatave Province): This eastern mountain range corridor links the Protected Areas of Andasibe/Mantadia National Park and the Zahamena National Park and composes the priority conservation zone within this eco-region landscape, covering a total of 830,608 hectares. The entire corridor within and between these Protected Areas is extremely important for biodiversity conservation purposes. This highland rainforest of Andasibe is home to Madagascar's largest lemur species *(Indri indri)* and Zahamena National Park is considered to be among one of the richest forests in the world in terms of primate diversity *(14 species)*. The area of economic influence around the priority conservation zone includes Moramanga in the south, Tamatave on the eastern coast, and Lac Alaotra to the west, one of the principal rice producing regions in Madagascar.

Ranomafana – Andringtra Corridor (Fianarantsoa Province): The priority conservation zone within this ecoregion is an intact, largely forested, ecological corridor bordered on the south by Andringitra Reserve and continuing north beyond Ranomafana National Park to the boundary of the Fianarantsoa administrative region. This priority conservation zone covers a total of 1,128,787 hectares. This corridor has been judged as exceptional by the Madagascar biodiversity conservation priority setting working group. Ranomafana is composed of primary forest and is the home of the golden bamboo lemur *(Hapelemur Aureus)*, one of Madagascar's most threatened species.

Anosy South East Ecological Zone (Tulear Province): This ecoregion contains the Andohahela Integrated Reserve which consists of three separate parcels, with humid eastern forest formations and southern spiny bush formations containing extreme biodiversity among semi-arid and arid plant species. This reserve and surrounding forested area covers 154,509 hectares. It is the only region where the two most disparate types of vegetation are still intact. Andohahela also serves as a very important watershed for several important agricultural areas located in the region of Tolagnaro within a relatively small area of economic influence. This area has an unusually large numbers of donors, a strong WWF (World Wide Fund for Nature) catalytic presence, and dynamic NGO sector.

Refer to Annex E for a Map of Geographical Priorities.

4. Managing for Results

In conformity with the USAID's core value on managing for results, program activities are organized in result modules. These modules define and organize activities around the end result to be accomplished based on the specific activities. By making intended results explicit, ensuring agreement among partners, customers, and stakeholders, proposed results should be within the management interests of the applicant. The concept of manageable interest recognizes that achievement of results requires joint action on the part of many other actors such as host country governments, institutions, other donors, civil society, and the private sector.

It is important to make these intended results explicit and ensure agreement among partners, customers and stakeholders before beginning implementation. The implementing partners should demonstrate how they plan to influence, organize, and support others around commonly shared goals to lead to the achievement of desired results. Based on these results, the concept of accountability means that implementing partners, in collaboration with USAID, are expected to:

- Make well informed choices on what results to pursue;
- Manage proactively towards those results;

- Respond effectively to the inevitable changes in the development and policy environment that affect the feasibility of our selected results by modifying tactics or strategies including the use of public-private alliances as a way to meet those objectives;
- Provide transparency and objectivity when reporting problems and progress; and
- Help USAID learn from successes and failures.

As such, accountability will be achieved through meeting these requirements, rather than simply by achievement of agreed-upon (numerical) targets.

C. Program Description to Support Conservation of Biologically Diverse Forest Ecosystems in Madagascar

The conservation of important forest ecosystems is the core component of the overall conservation strategy. The most important biodiversity assets of the country must be protected and conserved, and this program will work to protect those areas containing critical biodiversity assets which form the core of conservation efforts in the country. The philosophy of the Env/RD SO is to work in a holistic fashion across ecoregions, protecting those areas of most importance in terms of biodiversity assets, and then working outside those areas with local people, private sector, and other partners to ensure that development activities not only benefit the people, but are also complimentary to conservation objectives of the area. This assistance package is one component of the Env/RDs overall strategy of conserving biodiversity. Understanding the ecoregional concept, and the role that conserving the most important of the biodiverse rich areas is extremely important to undertaking the activities defined in this assistance package as well as other activities being implemented by other USAID partners.

Results Module 1. Reinforce ecological linkages within and between landscapes by expanding biodiversity habitat conservation

Through this Results Module, USAID will protect prioritized unprotected critical biodiversity habitat in Madagascar, and ensure that the critical ecological processes within and between habitats are maintained. The PlanGrap (the national protected area management plan) developed through USAID support to the National Parks Service (ANGAP), and the national and regional forest zoning plans, which are currently being developed, have established a solid foundation for determining which new areas of the country need to be put under a protected status. Through the new mechanisms of “Sites de Conservation” (SC) and “Aires Protegees Voluntaire” (APV), the CA should work to protect the larger blocks of critical forest remaining in the country. There should be a focus on habitats that are not adequately protected in the national parks network. The objective is to ensure a good representativity of critical habits across all protected areas and the protection of important ecological processes, such as ensuring gene flow, protecting important watersheds, or ensuring the survival of endangered biodiversity.

The CA should also look to those areas where important biodiversity habitat is being heavily fragmented and/or degraded, the forest corridor has been cut, or where historical forest has been lost. Areas that could still play an important role in conservation should be identified and means should be identified to undertake reforestation and ecological restoration. The goal of any habitat restoration should be to reconnect important forest areas which will otherwise lose their vitality due to their increasing isolation, reestablish continuity in the forest corridor, or extend the borders of current forest areas to include recently lost habitat.

Conservation sites and Voluntary Protected Areas will be valuable conservation tools; however, they are new ideas in Madagascar and will take some development to be full implemented. As well, new sites will need to be developed in a participatory manner, with actors at the region and commune level being involved in the decision making process. The idea of the forestry zoning plan and PlanGRAP

implemented through the Sites de Conservation and APVs must also be integrated into the planning processes at the local and regional levels[1].

Expected Module Results:

- Define conservation priorities for the two main USAID intervention zones in the regions of Toamasina and Fianarantsoa
- A specific number of new Sites de Conservation and Aires Protegees Voluntaire established, financed, and well managed
- A targeted number of hectares of important biodiversity habitat added to the existing protected area network
- A representative sample of important habits is protected in conjunction with the protected area network.
- Establishment of policy and legal instruments to promote Sites de Conservation and Aires Protegees Voluntaires.
- Development of guidelines for the implementation of Sites de Conservation and Aires Protegees Voluntaires.
- Development of a plan for establishment of future Sites de Conservation and Aires Protegees Voluntaires.
- A targeted number of hectares of degraded forest and habitat restored

Illustrative Activities to achieve Results:

1.1 Define biodiversity conservation priorities for the USAID priority ecoregions of Tamatave and Fianarantsoa

One of the constraints consistently identified by conservationists and partner organizations in Madagascar is that there has been a significant amount of research and studies on the importance of biodiversity in Madagascar, and yet there is not a single map/vision identified as those areas which are most critical for conservation. While the PlanGRAP takes a significant step forward in this regard, it is much more focused on important areas which need to be included in the park system. In terms of forest zones in the ecoregions where USAID is working, there needs to be the development and acceptance of a vision which identifies the "zones sensibles". This vision can then be used by the Government of Madagascar, the regions and communes, as well as other donors when identifying potential sites for development. Therefore, this vision needs to be integrated into local and regional planning, as well as conservation planning efforts, particularly in terms of the ecoregional conservation and development activities USAID will be carrying out under another mechanism. .

Illustrative sub-activities:

1.1.1 Under take a biodiversity threats analysis in USAID priority eco-regions
1.1.2 Determine conservation visioning for the two regions of Tamatave and Fianarantsoa
1.1.3 Link biodiversity habitat conservation priorities to regional planning initiatives
1.1.4 Work with partners carrying out landscape development initiative (eg. CBNRM) to integrate conservation threats analysis and priority setting into their activities and the ecoregional conservation and development activities

1.2 Promote potential forest conservation sites

New conservation sites should be established in a participatory manner with regional and local actors. Their participation will ensure that sites are not set up against their wishes or without their consent. If not, these sites will continue to be under pressure of illegal use and degradation. It is critical that the

[1] For further information on Aires Protegees Voluntaires and Sites de Conservation Please refer to the Codes des Aires Protegees (COAP) Chapter VIII (P20-21) and the EP3 Project document (Activity 131b) and the Manuel d' execution of the EP3 (P29)

conservation sites have the full backing of regional and local partners to be a success. If they can see the benefit of protecting these areas, in terms of water and soil conservation, added tourism revenue, and mitigation against natural disasters, they can become the champion of the area, reducing some of the control needs for the site. The benefits of establishing an APV or SC will need to be conveyed, as well as the general ideas of conservation and the added benefits of the environment for the planning zone. Regional and communal development plans will need to integrate environmental concerns.

Illustrative sub-activities:

1.2.1 Promote the establishment of conservation sites within a landscape vision to provincial, regional, and local actors
1.2.2 Engage local population in the selection of potential conservation sites based on biodiversity and water resource priorities

1.3 Examine policy and legal issues for Sites de Conservation and Aires Protegees Voluntaires

As noted above, SCs and APVs are new concepts that have not yet been implemented. The CA should examine the various legal, policy, and implementation issues, and determine mechanisms and tools required to begin establishing these sites. While the focus will be on establishing sites as expeditiously as possible, ensuring that there are proper tools and mechanisms in place and that officials know how to use them is a priority for the long term success of the SC and APV concept. Therefore, once the tools and mechanisms have been determined, there should be a program to diffuse and train the appropriate people in what the tools are and how best to use them.

Illustrative sub-activities:

1.3.1 STTA studies to define legal status, determine appropriate mechanisms for participation, and types of agreements to insure long term viability of the new sites
1.3.2 Support revision of policy and legal instruments
1.3.3 Carry out appropriate dissemination and training

1.4 Develop plan for designating and establishing Conservation Sites and Aires Protegees Voluntaires

To ensure a viable and comprehensive protected area network, the establishment of SCs and APVs must fit within both the PlanGRAP and the Malagasy Forest Service zoning plans/priorities. A plan should be developed which identifies those areas of high priority. These should generally fit within the priority intervention zones for USAID, conform to ANGAP and Malagasy Forest Service priorities, and identify areas under high pressure for conversion and need immediate protection. There are a number of requirements that should be addressed in establishing the site. These should include but not be limited to financial management and long-term sustainability, development of management capacity and activities, maintaining and improving biodiversity habitats and ecological processes, integration of site activities with local and regional development processes.

The ability of a newly established site to be able to administer funds and manage staff and activities will be critical in the early stages of development. Support should be provided to initially assist in expenses for operations and management, develop financial management and administrative capacity, and begin examining and determining long-term financing options.

After the sites are established, there will be a significant number of management activities that may need to occur, including demarcation, developing a conservation management plan, surveys, monitoring, community outreach and sensibilization, and enforcement. In addition to assisting with capacity building and development of staff to undertake these activities, the CA should support the

responsible agency in financing activities for the initial phase until longer term financing can be determined and secured.

Illustrative sub-activities:

1.4.1 Identify and prioritize potential sites within framework of PlanGrap and Forestry Zoning Plan
1.4.2 Examine financial needs of sites
1.4.3 Determine management needs of sites
1.4.4 Develop capacity of responsible institution(s) to manage sites
1.4.5 Establish implementation tools to set up sites
1.4.6 Develop viable review process for selection and financing of site management activities and release of funds
1.4.7 Monitor and evaluate the results of implementation

1.5 Restore broader forest functions and processes in the overall landscape

Management support should ensure conservation of biodiversity and protect critical ecological processes across broader landscapes. The CA should identify sites within and around protected areas, and future APVs and Sites de Conservations where critical components of the habitat have been destroyed or degraded and must be restored to ensure the long-term viability of the area. The CA should undertake ecological restoration when and where needed, as well as work with surrounding communities to help with management activities through mechanisms such as, but not limited to, conservation contracts. An analysis of potential sites in relation to their surroundings will need to be conducted to determine required management efforts that will be described in a conservation management plan. Funding for these management actions should be provided by the CA.

Illustrative Sub-activities

1.5.1 Determine critical areas where biodiversity habitat has been degraded or destroyed
1.5.2 Develop plan to integrate restoration activities within planning framework for the site
1.5.3 Undertake restoration activities of key areas in partnership with local authorities and communities.

Results Module 2. Integrated Planning and Management Systems to Support Field Level Protected Area Operations

Over the last decade, ANGAP, with substantial USAID-funded technical assistance, has taken important strides in establishing a well-defined and representative network of protected areas. ANGAP asserted itself and its authority institutionally at both national and international levels, and has advanced a system-wide vision and plan. It has achieved partial coverage of individual protected areas using site-specific management plans for individual protected areas. The conservation management planning process is internationally recognized as a leading edge, world class effort. Yet, despite this progress, ANGAP's institutional framework remains fragile, and these advances in protected area planning are at risk.

A recent organizational audit resulted in top to bottom organizational restructuring. The reorganization includes a number of program areas including research, sustainable finance and operations. The focus of this Results Module is on planning and use of plans as a tool to achieve tighter, more responsive results-oriented integration of operations at multiple levels within the organization. The CA shall seek means to use the planning process to translate threats analysis into prioritized actionable steps that: i) can be developed and implemented by field level staff; ii) standardize/harmonize costing and budgets; iii) make effective use of GIS and other data and information; and iv) provide bridges between administrative/financial and technical support units in regional and headquarters.

ANGAP has, in effect, outgrown its current management capacity. Responding to the audit will require integrating planning and management functions in a less hierarchical and more functional pattern. Decentralization, for example, will be more likely to take place if headquarters has a clear understanding of both the process and the content of field level operations and that field staff sense that regional and headquarters staff is organized to strengthen and provide services to the protected area management.

The CA will continue USAID-funded technical assistance to ANGAP, but at a level below what was needed in EP1 and EP2. The focus of this assistance will revolve around establishing tools and a management system for:

- effective protected area conservation planning and annual operational planning;
- programming that appropriately draws upon the technical and managerial capabilities of the regional Directors and central ANGAP headquarters offices; and
- improved oversight of field programs and finances where functions and anticipated results are linked to realistic budgeting.

Activities in this RM directly support improvement of field level technical and operational management (IR 2.3) and the transparent management of resources and revenues (IR 5.1). Activities that support improved planning and operations are also linked to other USAID-funded activities, especially those set aside to develop *sites de conservation* and *APVs* but also for those relating to directly funding field operations. Other donors, especially the World Bank and UNDP and international NGOs are critical both for their buy-in to a system-wide ANGAP process and because of the level of investment needed to sustain a national system of 44 plus protected areas. The Annual Operational Planning (AOP) process described below is directly complementary to the effort to establish sustainable funding. Funding is more likely when unmet needs and the biodiversity benefits of investment are clearly spelled out. This RM links to the referenced documents: USAID SO6 IR 2.3 and 5.1; EP3 1.3.2 b and c; EP3 2.2.2 b and c, ANGAP Result 6 bullets 2 and 6.

Expected Module Results:

- Strengthened and systematic interaction between Headquarters, Regional Offices, and Sites
- Increased capacity of Protected Area Directors and staff to plan, seek funding for, and carry out improved management
- Improved procedures for central and regional technicians to assist PA staff in planning and program implementation
- Establishment of up-to-date management plans in place for all PAs
- Performance-based budgeting practices structured into annual planning and program process for all units
- Implementation of Conservation Management Plans through the Annual Operations Plans.

Illustrative Activities to achieve Results:

2.1 Support continued refinement of Conservation Management Plan (CMP) approach

The development and implementation of Conservation Management Plans (CMPs) supported by USAID and adapted from The Nature Conservancy model, has now received wide-spread acceptance within ANGAP, and will be applied to each class of PA. The CA and USAID shall agree upon an overall strategy for insuring ongoing technical support to ANGAP of ANGAP's capacity to carry out and maintain an up to date set of plans for each of the protected areas under their control. The CA shall combine short and long term local and international technical assistance, and provide practical training to firmly transfer the planning, administrative and information management capacities to ANGAP. This will be coordinated with other donor funding.

Illustrative sub-activities:

2.1.1 Work with ANGAP technical staff and donors supporting ANGAP to insure that PAs needing new five year plan have an active up-to-date plan in place
2.1.2 Involve Protected Area and DIR staff's in a participatory planning process that helps PAs complete to ANGAP standards, those CMP already begun.
2.1.3 Add new PAs including Marine parks to the system over the EP3 and support the planning process to insure that new PAs establish plans that are consistent with the ANGAP approach to conservation management planning

2.2 Develop appropriate system of Annual Operational Planning (AOP) Process for Protected Areas system

In collaboration with other stakeholders, the CA shall make improved annual operational planning a cornerstone of its approach to solidifying linkages throughout the organization and system of protected areas. Annual Operations Plans can represent a significant institutional step toward effective implementation of park management activities. The CA and ANGAP shall jointly develop a system of annual operational plans to provide park staff a key tool to translate general conservation management plans into specific detailed actions for each level of staff. Operational plans, by definition, must be realistic in terms of human and budgetary resources and must meet approval according to technical expectations and priorities.

The CA shall work with ANGAP and its advisory board to develop and implement a system that incorporates monitoring, allows for adaptive management decisions, and tracks overall implementation of the AOP and Conservation Management Plan. The system will contribute to the senior regional staff and HQ Operations staff oversight functions being structured into the reorganized ANGAP.

Through the AOPs, the Protected Area plans cease to be documents placed on the “shelf to catch dust” and instead are used and referred to regularly by staff at many levels. Senior park managers will be able to use the plans as a means of focusing administration, of setting and retaining priorities, and in coordinating potential supporters around a common agenda. This should engender a broad sense of ownership among staff.

Although preparation of annual plans already takes place, the Annual Operational Plans will contain far more detail and rigor than any previous annual work planning and help to clarify, substantiate and respond to budget requests. The CA will experiment with and probably support the system wide adoption of AOPs. By system-wide, it is possible to include not only PAs but also divisions within the central and regional offices. Managers at all levels will be empowered by this tool, which impacts accountability and transparency concerns that have hampered ANGAP’s performance in the past. Responsibility for overseeing AOPs will ultimately rest with the headquarters through the Director of Operations and the field support units.

Illustrative sub-activities:

2.2.1 Work with PA staff in priority corridors to revise and test annual planning process using more rigorous and systematic approach
2.2.2 Develop and verify standard costs for base and enhanced activities to be used in results based planning
2.2.3 Devise operational manual and train staff responsible for implementation, technical support and supervision.
2.2.4 Field test plan for an entire season in pilot protected areas
2.2.5 Revise approach and manual
2.2.6 Scale up to all protected areas through formal adoption and training for all staff
2.2.7 Refine and improve approach and schedule of costs
2.2.8 Integrate operational plans more closely with ANGAP administrative and financial systems

2.3 Link Protected Area Annual Operational Plans (AOPs) to field operations oversight functions at national and regional levels

The new proposed reorganization of ANGAP maintains the three level structures of headquarters, regional offices, and field sites. It separates oversight functions by administrative and financial controls, funding allocations, programmatic, technical, and policy guidance. These divisions are reflected in the new organizational charts for headquarters and to a lesser extent are repeated at the regional level. Since the systems are still 'paper' systems, the CA shall explore how to best operationalize AOPs in relation to these functional divisions. An initial focus on technical support would seem critical since improved conservation results are the most important measure of success. If results are obtained, greater efficiency and effectiveness can be sought through administrative, financial, and programmatic monitoring and oversight.

The AOPs would provide a means of linking headquarters functions with those of the field by orienting them towards commonly understood and approved field programs. The visibility, accountability and shared objectives developed through priority setting and approval of AOPs will help in the formal delegation of powers and effective decentralization of management decision making. The CA should anticipate developing appropriate procedures, reporting forms, monitoring actions and feedback, and training programs to insure that each level is clear about its own functions and supportive of the other levels. This would be closely linked to and contemporaneous with sub-activities in 3.2 above.

Illustrative sub-activities:

2.3.1 Develop information management system for collecting and centralizing data and information submitted in AOPs
2.3.2 Use information to contribute PA 'tableau des bords' which can be used in assessing results
2.3.3 Increase analytical capacity to assess results in relation to costs and to identify areas of needed technical and management assistance
2.3.4 Create review process that involves both technical and financial oversight staff to periodically review PA management progress

2.4 Assist park staff to identify program gaps and marketing approaches to seek additional funding for value added activities

One of the salient features of the AOPs will be the compartmentalizing of "investment packages" necessary for implementation. Senior management acquires a "marketing tool" when it can point to critical unmet needs. Unfunded activities are clearly framed and described. 'Why' they are priorities can be examined in relation to potential outside sources of funding. PA managers can match needs with interests of other funding sources.

Illustrative sub-activities:

2.4.1 Use AOPs to identify priority areas for capital investment and improvements that can be tied to increased success in protecting critical habitat and biologically diverse resources
2.4.2 Encourage PA managers to approach donors and outside partners to involve them in particular programs
2.4.3 Use results based reporting to assure donors and partners that the conservation results are being met

2.5 Use AOPs to implement modify, update, and interpret five-year Conservation Management Plans

The monitoring and evaluation and information management services within ANGAP will be well-placed to examine the cumulative experience and shifting priorities recorded through a series of annual

plans. The AOPs will provide an input into and documentation for redoing or updating five-year plans based on the changing threats and on the effectiveness and/or level of funding from the previous plan. The CA will work with ANGAP to define the modalities for updating or replacing outdated five-year plans.

Illustrative sub-activities:

2.5.1 Devise forms or questions to be integrated into the AOP materials that capture feedback to CMPs
2.5.2 Aggregate and analyze feedback at regional and central levels
2.5.3 Use ANGAP expertise and technical assistance to help establish means to set and adjust priorities in relation to changing threats and impacts of previous actions on reducing (or failing to reduce) threats to the PAs habitat

Results Module 3: Support ANGAP to Implement Selected Protected Area operations

Previous USAID support to ANGAP has centered on providing technical assistance. However, USAID would like to change the paradigm to be more ANGAP focused, allowing the institution to begin directly managing funds under results-based agreements. Developing the capacity of ANGAP to better manage for results will allow them easier access to other funds, particularly those of the World Bank during the EP3.

This activity should have close linkages with Results Module 2, as activities should be identified through the Annual Operation Planning (AOP) process as those which do not receive funding from the regular annual budget subvention to the parks or regional ANGAP offices. Funding priority should be given to the "value added" activities; those activities which are important to protected area management, but are not funded through he annual ANGAP budget operation. Activities such as funding salaries, building costs, or other "core costs" would not be considered as "value added" activities.

Activities in this results module have important linkages and impacts on other aspects of the USAID program, as well as contributing to the overall EP3 results. Within USAID, the links are most important for achieving ANGAP field level activities and impacts for biodiversity conservation. The linkages will allow ANGAP to be more operational and ensure previously underfunded activities to be undertaken. Within the EP3 there are important linkages all across objective 1, particularly in terms of ensuring that forest ecosystems are managed in a rational manner.

Expected Module Results:

- Number of requests from ANGAP for supplemental funding which meet requirements and are based on AOPs
- Number of requests funded
- Percentage of requests funded directly related to field-based conservation
- Total value of activities funded per year

Illustrative Activities to Results:

3.1 Expand and strengthen results based programming

The CA should develop the capacity and understanding of ANGAP for results-based programming. This may include developing planning and budgeting expertise, as well as management expertise. The CA should assist ANGAP to identify the most strategic areas requiring support, developing a proposal, and then managing the funds and activities. However, USAID would like to emphasize that this be an ANGAP driven operation, and that the CA provide advice and technical assistance, but that the actual ideas and management must be done by ANGAP.

Illustrative sub-activities:

3.1.1 Help ANGAP to establish a format for packaging requests for supplemental funding
3.1.2 Establish requirements for submitting proposals for funding
3.1.3 Establish review procedures

3.2 Develop priority setting exercise that distinguishes recurring budgets for management and non-core capital investments for higher impact programs

The CA will assist ANGAP to develop a priority setting exercise which will help each park and regional office to identify those activities in the annual operations plan (see RM 1) which will not be covered under the annual operating budget received from ANGAP headquarters. The priority setting exercise should allow ANGAP to carry out special initiatives that would not be supported under the ANGAP operational budgeting exercise. These will include those activities not traditionally thought of as "core costs". While it is recognized that there may be times when covering these "core costs" is inevitable, it is not the preferred activity. An example of activities which would be considered ideal could be: reclassify PAs, delimit PAs, improve revenue sharing implementation, trail maintenance, information management support, ecological restoration, training, monitoring and control activities, etc. Once identified, the CA will provide support to develop the priorities into a results based proposal to the Biodiversity Trust Fund. (see results module 4 for discussion of the Biodiversity Trust Fund).

Illustrative sub-activities:

3.2.1 Prioritize capital expenditures
3.2.2 Determine USAID/sinking fund requirements
3.3.3 Prepare proposals for sinking fund
3.3.4 Report on results

Results Module 4: Develop sustainable financing mechanisms to include Biodiversity Trust Fund and Biodiversity Conservation Partnerships

The continued and sustainable availability of financing for EP3 actors is critical to the long term success of conservation efforts in Madagascar. USAID support during the EP2 has helped to establish a biodiversity conservation trust fund, which will go a long way towards promoting sustainable financing. However, there is still considerable work which must be done both with the trust fund and to develop other sources of funding. USAID would like, through this CA, to increase the availability of funds for field activities by directing a significant amount of the CA funds through the "sinking fund" portion of the Biodiversity Trust Fund. The sinking fund portion of the Trust Fund is a pass through mechanism whereby donors and other partners can place money in the trust fund which will be managed by the trust fund for financing field activities. The funds placed here will not form a part of the capital, but will be immediately available for activities. This will allow for capacity building of the Trust Fund while not "locking up" a significant portion of the USAID program as part of the capital in the Trust Fund. In addition, it will allow for direct funding of field level activities within the program[2].

USAID, through past programs, has also examined other revenue options, such as petroleum taxes, carbon trading, etc. The lessons learned and results from these initial studies needs to be built on and expanded to provide concrete revenue flows to the environmental institutions in the near future. Finally, USAID believes that there is considerable promise in securing outside support for biodiversity conservation efforts, and would like to create an enabling environment whereby investors can invest directly to a protected area, or saving a particular area of forest. The types of investors could include

[2] Refer to work done on the Trust fund by International Resources Group PAGE program, WWF Madagascar, and Conservational International - **http://www.irgltd.com/irgltd/Pubs/selected%20pubs.htm**, **http://www.frameweb.org/CtryRegHome/Madagascar.htm**, **http://www.worldwildlife.org/conservationfinance/madagascar.cfm**, ,

zoos, museums, foundations, universities, and private individuals interested in saving Madagascar's unique biodiversity[3].

Activities in this results module have important linkages and impacts on other aspects of the USAID program, as well as contributing to the overall EP3 results. Within USAID, there are significant links across IRs, including IR 2 and 4. These links are critical to the long term success of the program. Financial sustainability is an important aspect of the EP3, and there are numerous links with the overall EP 3 objective of ensuring the financial sustainability of natural resource management.

Expected Module Results:

- Percentage of requests funded on time
- Dollars passed through the Trust Fund Sinking Fund
- Number of outside investments for biodiversity conservation
- Total dollar value of outside investments
- Number of new financing mechanisms adopted and operational
- Value of funds from new mechanisms being provided to the National Forestry Fund (FFN/FFR), the Biodiversity Trust Fund, and Tany Meva

Illustrative Activities to Achieve Results:

4.1 Expand and develop management capacity of Biodiversity Trust Fund

Program actions under this activity area should focus on ensuring that the sinking fund portion of the Biodiversity Trust Fund is operating and able to get funds to partners in the field. The CA will put a significant portion of its funds into the Trust Fund to fund directly *Sites des Conservation*, *Aires Protegees Voluntaires*, and ANGAP field operations using those activities identified in the AOPs, discussed above. The addition of these funds to the Trust Fund will allow for a jump start of the Trust Fund, while also assisting to indirectly build the capacity of its staff. The CA should not be the sole provider of technical support to the Trust Fund, but provide punctual support to the Trust Fund Board and Secretariat to help manage and move funds in an expeditious manner. Operationally, the funds passed through the Trust Fund will finance field operations, and allow USAID to directly finance Malagasy partners.

Illustrative sub-activities:

4.1.1 Channel funds through Biodiversity Trust Fund sinking fund component to support critical conservation activities
4.1.2 Provide assistance to the Biodiversity Trust Fund to ensure capacity to disperse funds effectively

4.2 Build on previous effort and complement other EP3 supporters to investigate additional options for potential revenue sources for forest habitat conservation

USAID and other donors have undertaken a considerable amount of studies and assessments examining various potential revenue sources for environmental organizations and institutions in Madagascar. Areas of study have included various taxes, carbon sequestration, debt swaps, and others. The CA should build on these activities and lessons learned, and put in place mechanisms and other funding sources which will provide revenue on a regular basis to environment funding mechanisms in Madagascar, such as the Biodiversity Trust Fund, Tany Meva (Environmental Foundation), and National Forestry fund. .

[3] Refer to work done by International Resources Group PAGE program on alternative revenue sources, such as green taxes and carbon trading, **http://www.irgltd.com/irgltd/Pubs/selected%20pubs.htm**, **http://www.conservationfinance.org/Documents/CFA%20Training%20Guide/CaseStudies/CaseStudy-NationalStrategy_Madagascar_Nov2001.pdf**,

Illustrative sub-activities:

4.2.1 Strengthen and build on USAID and other donor initiatives for promoting carbon trading – legal, institutional, political, international regulation, etc.
4.2.2 Strengthen and build on USAID and other donor initiatives for sustainable financing mechanisms, eg. green taxes, debt swaps, Tany Meva.

4.3 Stimulate investment for biodiversity conservation

While this is a new area for USAID, it shows considerable promise as a source of funding for conservation activities. With the significant interest in Madagascar's biodiversity from various interest groups, individuals, foundations, and organizations who are willing to finance conservation activities, there needs to be a policy framework and mechanisms in place to facilitate this investment. Examples of what may be possible investments could be for the protection of an individual park or parks, or new Sites de Conservation, or for an area not yet protected. The CA should identify ways in which individuals, organizations, and institutions outside Madagascar can easily provide funds to finance conservation activities. This may be through the establishment of individual funds within the Biodiversity Trust Fund, or through other mechanisms. However, the mechanisms must be simple and easy for the investor to follow and determine how their money is being spent. While the mechanism(s) is/are being established, the CA should also be identifying potential investors through marketing of the ideas. Marketing may be done by site, or by species, or other means by which the CA thinks may be the best at attracting investments.

Illustrative sub-activities:

4.3.1 Provide mechanism whereby independent investors can invest in biodiversity conservation
4.3.2 Support establishment of a political framework for outside investment in biodiversity protection
4.3.3 Undertake marketing efforts to attract additional funding

D. Linkages and Partnerships

In the development and implementation of activities under this contract, it is key to understand key linkages and partnerships within the context of the Environment/Rural Development program. While the specific and illustrative activities to achieve the results are outlined in the "Result Modules" above, these modules will not take place in isolation. Rather activities are inextricably linked to other partners and program activities in order to attain the different results. Key linkages and partnerships are outlined below.

1. Linkages with Other USAID Strategic Objectives

Within the USAID program, the ecoregional conservation and development approach is based around two pillars. The first is conservation of critical biodiversity habitats and the second is sustainable use of natural resources in a broader landscape. Given the importance of the natural resources base to the socio-economic fabric of the Malagasy society, linkages between the environment/rural development strategic objective and USAID economic growth, agriculture, health, and governance activities are critical. Some of the key elements of these linkages are highlighted below:

Democracy and Governance: Given the importance of the good governance as a fundamental element for sustainable environment management, areas for collaboration are significant. A close partnership will be established by which DG expertise and skills can facilitate environment partners to play more effective roles in good governance of natural resources. Improved natural resource management will also be used as a concrete way to promote the benefits of democratic governance and rule of law reforms that are being put into place in Madagascar.

Health, Population and Nutrition: Collaboration between environment and health strategic objective has been actively pursued over the last ten years, and has been growing in importance throughout the program. One of the sub-goals of the USAID/Madagascar CSP (1992-98) was *to balance population growth with natural resource use*. The underlying principle has been that an integrated population – environment approach would lead to stabilization of the population and eventual decrease in the high population growth rates reducing pressures on the natural resources base. Health-environment linkages have been further defined as improved natural resources management contributes to improved food security that leads to healthier, more productive families. Within priority watersheds, a direct linkage can also be made between improved water quality and increased supply of potable water for the rural populations.

Food Security: The food security analysis clearly highlights the *"pro-poor economic interventions must be accompanied by actions that enable and empower the poor to take advantage of the development opportunities that come their way"*. Furthermore the report highlights that as *"deforestation advances and destroys forest ecosystems, perhaps the country's most valuable natural resource, it leaves the local and downstream populations poorer and more food insecure"*. As such, improved natural resource management focused on conservation and sustainable use by working with people close to the natural resource base will have a direct impact on improving food security for the rural poor.

Market, Business and Development: Based on the experience of the last ten years, it is clear that the improved natural resource management must be coupled with economic development to lift people out of poverty, reducing pressures for deforestation allowing improved biodiversity conservation. The Agricultural and Trade SO is therefore a key complimentary strategic objective that will introduce more productive agricultural technology, build links between producers, agri-businesses and external markets and improve economic and trade policies which encourage investment and exports.

There will be interventions at key production and commercialization phases of the commodity chain, from small farmers living near forest corridors to agri-businesses operating in coastal areas. Increasing productivity also requires competitive market development by farmers and rural based enterprises. Marketing strategies based on consumer demand and diversified products, and linkage of producers to markets will be key elements to ensure that the production of agriculture and environmental goods and services is sustainable and profitable.

USAID will build on past achievements to improve production systems in both regions, creating the necessary conditions to revitalize regional economies and multiply market opportunities for agri-businesses and small farmers. The goal will be to considerably broaden the impact of previous interventions by working with more farmers and strengthening market based connections between small producers and private enterprises, especially those involved in cash crop processing and export. The two SOs will share the agricultural productivity intermediate results that will serve to further reinforce the linkages between activities and their contribution to biodiversity conservation.

2. Partnerships with Other Stakeholders and Donors

The NEAP provides an overall framework for the intervention of national, regional, and local stakeholders, donors, international and national NGOs, civil society and private sector to support sustainable environmental management in Madagascar**.** Bilateral and multilateral donor support of NEAP's first phase (EP1) totaled $150 million; another $120 million was provided for EP2. It is critical that USAID's support to the third phase of the NEAP compliments the support of other partners and other national investment programs to ensure maximum impacts. The applicant should demonstrate how they will work in close collaboration with other national and regional entities, civil society and private sector to achieve specific results.

Malagasy partners within the context of the NEAP include the Ministry of Environment, Ministry of Water and Forests, Ministry of Agriculture, National Office of the Environment (ONE), National Association for the Management of Protected Areas (ANGAP), National Association of Environmental Actions (ANAE), and Environmental Management Support Services (SAGE). Another key partner is Madagascar's first private national environmental organization, Tany Meva (Beautiful Land), which was established with USAID funding and began grant making in 1997.

As USAID's Malagasy partners move forward with the implementation of the next five year strategy for the NEAP (EP3), it important to continue to dialogue on numerous fronts. These include the need for better governance of forest resources; clearer definition of responsibilities between environmental institutions and autonomous provinces; need to shift from "tool development" to "client/service" focus; better defined targeted areas for intervention based on environmental priorities; linkages between EAP and other national investment programs (e.g., PSRP, PADR); financial sustainability of environmental activities, and increased partnerships with other sectorial ministries, civil society and private sector. Other partners could include:

- Host country government ministries and agencies;
- Local, US or third country foundations
- National non-governmental and commercial organizations
- Private businesses, including banks and other financial institutions
- Host country private businesses
- Business and trade associations
- Civil society and advocacy groups

The applicant should also explore how they can collaborate and leverage funding from other donors and international NGOs. Under the third phase of the environment program, the WB and GEF funding will focus on three components: (i) protected areas management; (ii) forest ecosystems management; (iii) environmental mainstreaming. Bilateral donors will also continue to be involved in the forestry

sector. Germany continues to provide support in the implementation of a new forestry policy. France is helping to improve forestry sector fiscal policies and promoting community-based NRM. The three principal international conservation organizations active in Madagascar are WWF, Conservation International, and the Wildlife Conservation Society. They are primarily involved in improved management of biodiversity habitats, community-based forest management, sustainable financing options, and environmental education. U.S. PVO development partners include PACT, CARE, ADRA, and CRS, and a host of national NGOs.

3. Guidance on Key Partnerships and Linkages

With the importance of partnership and linkages within the context of the National Environment plan and the eco-regional approach, the following additional guidance is provided to applicants:

- **Preference for partnerships with Malagasy institutions and organizations (Environment institutions, University, NGOs, consulting firms, etc)**. Applicants are encouraged to partner with Malagasy organizations for program implementation and to develop their proposal collaboratively with such organizations. USAID would like, through this RFA, to continue to promote and empower Malagasy organizations to better be able to manage their biodiversity assets. USAID would also strongly encourage the applicant to use Malagasy expertise and consulting firms.

- **Innovative opportunities for Global Development Alliances**. Applicants are encouraged to examine the applicability of Global Development Alliances or public-private alliances for carrying out key activities, where other parties are using their own resources to work with USAID. Public-private alliances are characterized by a shared understanding of the development problem or issue; a shared belief that an alliance will be more effective than any approach taken by a single actor; a shared commitment of resources; and perhaps, most important, a willingness to share risks.

- **Linkages with other USAID procurement mechanisms.** The USAID program strategy is a very integrated strategy both within the Environment/Rural Development Strategic Objective and across all USAID/M Strategic Objectives. Applicants should discuss how they will integrate activities under this RFA with other aspects of the USAID program, particularly in the following activity areas: (i) institutional support to the Forestry Sector for forest zoning and conservation activities; (ii) reinforcement of linkages between biodiversity conservation and alternative to slash and burn practices in the ecoregions of Tamatave and Fianarantsoa; and (iii) promotion of ecotourism.

- **Linkages and leveraging with other donors.** The USAID program is also integrated within the overall context of the Malagasy National Environmental Action Plan (NEAP) and other donors operating in the environment sector. The World Bank's support to the NEAP will be focused specifically on protected areas and forest management. Applicants should discuss how they will propose linking their activities within the context of the overall NEAP. The ability to leverage additional funds will be important to the overall program success in achieving impacts on a larger scale.

- **Coordination with World Bank/GEF on establishing a sinking fund contribution within the Biodiversity Trust Fund.** As noted above, USAID would like to see a significant part of the program focused on providing field level support for protected areas management and conservation sites. The implementing partner will transfer these funds to the Biodiversity Trust Fund "sinking fund" which will provide sub-grants to protected areas and conservation sites. USAID's "sinking fund" contributions are estimated at between $1.5 to $2.0 million. The support for other protected areas and conservation sited should be provided in collaboration with World Bank/Global Environmental Facility funding under the Environmental Action Plan.

E. Performance Period

To ensure a fully successful program that leads to a successful close out of the third and final phase of the Environmental Action Plan, assistance from the recipient will be required for a total of six years; however due to funding constraints **this cooperative agreement is limited to only five years.** Based on the success of the approach by the recipient and the availability of additional funds, this Cooperative Agreement could be extended for an additional one year.