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KNOWLEDGE AND EFFECTIVE POLICIES FOR
ENVIRONMENTAL MANAGEMENT



ANNUAL REPORT 1994

and

ANNUAL WORKPLAN 1995

Associates in Rural Development, Inc.

No. 10

Contrat USAID 687-0113-00-4053-00

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- ACRONYMS -

AGEX	Executing Agencies
ANGAP	Association Nationale pour la Gestion des Aires Protégées
API	Assessment of Program Impact (USAID)
ARD	Associates in Rural Development, Inc.
CANFORET	CANtonnement des Eaux et Forêts
CI	Conservation International
CIREF	CIRconscription des Eaux et Forêts
CNRE	Centre National de Recherche sur l'Environnement
COEFOR	COntribution à l'Etude des FORêts classées
COMODE	COncil Malgache des Ong pour le DEveloppement
COP	Chief of Party
COS	Comité d'Orientation et de Suivi
DAI	Development Alternatives, Inc.
DD	Direction des Domaines
DEF	Direction des Eaux et Forêts
Div INVA	Division INVentaire et Aménagement forestiers
EA	Environmental Assessment
EAP	Environmental Action Plan
EEF	Environmental Endowment Fund
EIMS	Environmental Information Management System
EIS	Environmental Information System

ENRIC	Environment and Natural Resources Information Center
EP-1	Environmental Program-1 (the first 5-year plan for the EAP)
EP-2	Environmental Program-2 (the second five year plan for the EAP)
ExA	Executive Assistant
FAO	United Nations Food and Agriculture Organization
FIVMPAMA	FIVondronan'ny MPAndraharaha Malagasy (Malagasy entrepreneurs associations)
FMG	Malagasy francs
FTM	Foiben-Taosarintanin'i Madagasikara (Cartography institute)
GMU	Grant Management Unit
GOM	Government Of Madagascar
GSO	General Services Office (USAID)
HO	Home Office
IC	Institutional Contractor
KEPT	KEPEM Evaluation of Policy Team
LCO	Local Community Organization
LT	Long-term
MECIE	Mise En Compatibilité des Investissements avec l'Environnement
MIN FIN	Ministry of Finance (Madagascar)
NGO	Non-Government Organization
NPA-PC	Non-Project Assistance Performance Criteria
NPO	Non-Profit Organization

ONE	Office National de l'Environnement
ORSTOM	Office de Recherche Scientifique et Technique Outre Mer
PTT	Poste et Télécommunications
SARL	Société Anonyme à Responsabilité Limitée
SAVEM	Sustainable Approaches for Viable Environmental Management
SPEF	Service Provincial des Eaux et Forêts
SOW	Scope of Work
STTA	Short-Term Technical Assistance
TA	Technical Assistance/Assistant
TOR	Terms of Reference
UNDP	United Nations Development Program
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
USAID/CAP	Commercial Agricultural Promotion Project (USAID)
USAID GSO	General Services Office (USAID)
USAID NRO	Natural Resource Office (USAID)
WWF	World-wide Fund for Nature/World Wildlife Fund

INTRODUCTION

KEPEM PROJECT PURPOSES AND GOALS

The Government of Madagascar and USAID have developed the \$42 million *Knowledge and Effective Policies for Environmental Management* (KEPEM) program. The following description has been prepared by ENRIC (Page, 1994). The KEPEM program is a five-year effort that provides \$33 million in non-project assistance to help service Madagascar's 43.98 billion debt (1993) in exchange for improvements in environmental

institutions, policy, and regulations and \$9 million in project assistance for technical assistance and training. KEPEM complements SAVEM and contributes to the national environmental plan process by focusing on the development of institutions, policies, and incentives affecting the long-term sustainability of natural resources management and by utilizing experience obtained from field research to identify appropriate policy reforms. The program is a first for USAID in the use of non-project assistance to support an overall framework to encourage sustainable natural resource management, including biodiversity conservation, and has provided USAID with a model for similar efforts.

Key policy reforms to be supported in the program fall into three categories. These include strengthening the capacity of the Office National de l'Environnement (ONE) to develop and monitor environmental policy; generating natural resource revenue and pricing resources; and facilitating local-level natural resource management initiative and community involvement in controlling resource use.

The first category of reform entails identifying the agencies and individuals that will participate in developing policy with the environmental office and defining their roles in implementing and monitoring that policy; developing work-plans to evaluate the impacts of policy reform; and developing an environmental review process for investment projects (such as tourism, mining, and industry), beginning with environmentally sensitive areas.

The next category entails adjusting forest revenues and their systems of collection to reflect market prices better and replacement costs more accurately; increasing revenues to be returned to maintaining natural forests; developing management plans for natural forest under exploitation, and strengthening legal provisions for local people working to manage resources sustainably. A third category is improving the legislative framework regarding the creation and operation of local-level organizations and non-governmental organizations and establishing a National Environment Endowment Fund, with a government endowment of \$12 million in local currency to facilitate initiatives in improved natural resource management.

A policy dialogue, begun with the Government and nongovernmental organizations during KEPEM's design phase, has continued during its implementation. The project funded a workshop for this purpose and is supporting draft legislation to strengthen nongovernmental actors in sustainable community development activities.

The ONE is fully staffed and functioning, legislation mandating environmental review processes for investment projects is being prepared, forest revenues have been adjusted for rosewood and pine (two major categories of exploited wood), a draft law has been proposed to establish the National Environmental Endowment Fund, and final drafting of NGO legislation is underway.

1. ARD's Specific Responsibilities and Tasks

The purpose of the KEPEM Project is to create a policy and institutional framework of incentives and revenue generation and use to encourage sustainable natural resource management. It seeks to reinforce the Government of Madagascar's Environmental Action Plan (EAP).

ARD is responsible for implementing three major components:

- a. Institutional support to EAP implementation, notably through reinforcement of the capacity of ONE for environmental policy formulation and monitoring;
- b. Forestry Resource Pricing and Natural Forest Management;
- c. Development of a National Environmental Endowment Fund.

The technical assistance provided under this contract will help the GOM, in a timely manner, meet performance criteria (policy reforms) specified under the KEPEM program, as well as specific outputs that are regarded as important steps to achieving the program's purpose.

Support to EAP Implementation (ONE): 64 months of long-term technical assistance.

Forest-Based Revenues: 42 months of technical assistance, which may not run concurrently.

Environmental Endowment Fund: 36 months of long-term and 12 months of short-term technical assistance.

A further 30 months of short-term technical assistance is planned in the same general areas as the technical assistance described above.

In addition to assisting the ONE, the ARD Team are working with the other executing agencies of the EAP, notably the DEF for forestry-related activities, key GOM ministries such as the Ministry of Finance, and the Ministry of Budget and Plan, environmental NGOs (such as the umbrella NGO, COMODE) and private sector operators, particularly for forest management concerns.

The following is a list of the key personnel working on the KEPEM Project:

1. Dr. Adly Hassanein, Chief of Party and Environmental Policy Analyst;
2. Dr. Andrew Watson, Environmental Evaluation Advisor;
3. Egide Cantin, Endowment Fund Specialist;
4. Manuel Soto Flandez, Forest Inventory and Management Specialist;
5. Gerold Grosenick, Forestry Coordinator, Economist and Financial Management Specialist;
6. Frank Lusby, Endowment Financial Specialist.

The responsibilities of individual team members are discussed in the following sections.

Specific objectives of the KEPEM Project and tasks to be undertaken during the first twelve months of the project (February 1, 1994 to January 1, 1995) were established in concert with ONE and Direction des Eaux et Forêts (DEF) counterparts at a four-day planning workshop held at Mantasoa in June 1994. Key actions and outputs were identified; these are detailed in the First Annual Workplan.

The present document summarizes the progress made toward achieving the objectives and outputs for the period February 1, 1994 to January 31, 1995. As has been agreed by the USAID Project office, the Annual Report is a summary of all activities during the period up to January 31, 1995. It therefore repeats some of the information contained in the first semi-annual report and replaces the second semi-annual report which would have covered the period August 1, 1994 to January 31, 1995.

PART I
ARD/KEPEM ANNUAL REPORT
1994

TEAM MOBILIZATION

In late February, ARD dispatched its Chief of Party (Adly Hassanein) and its home office project manager (Steve Dennison) to Madagascar to begin mobilization of the KEPEM team. They met with USAID and their counterpart organizations. They made initial logistical arrangements, including a search for housing.

Approximately two weeks after the effective date of the contract, the ARD Project Manager and COP made a pre-mobilization reconnaissance visit to Madagascar to:

- discuss project implementation issues, including budget, and NPA Tranche II status with USAID;
- discuss with GOM counterparts in ONE and DEF the role of the ARD field team and the elements of a preliminary Workplan;
- learn about EAP status from GOM officials and other donors;
- recruit local-hire support staff (three office staff and 4 drivers) to be mobilized with the field team;
- locate team housing and initiate lease agreements and to handle other logistical matters prior to the field team's mobilization;
- locate an office building and initiate lease agreement with priori concurrence of the USAID missions and the ONE management; and
- discuss procurement of two vehicles by ARD and verify status of vehicles and commodities to be pre-positioned by USAID.

In March, after they had returned to the United States, ARD brought together the Chief of Party, the Forest Economist (Gerry Grosenick) and the Environmental Evaluation Advisor (Andrew Watson of DAI) in Burlington for a home-office briefing and pre-team building exercise facilitated by the Coverdale Organization (Cathryn Goddard).

Most of the KEPEM Project's long-term Technical Assistance team arrived in Madagascar in late March and early April, 1994 (see Table 1). Between April 11th and 13th, 1994, a team management workshop was organized at the KEPEM Program guest-house (Ivandry). The participants included representatives of USAID/Madagascar the KEPEM Project team members, and representatives of other USAID-funded projects in Madagascar. The USAID/KEPEM team developed (a) a logistics work-plan to help to expedite project start-up (see Table 2) and (b) a comprehensive Guidelines for the life of the project work plan.

An informal reception was held on April 20th to introduce the KEPEM team to representatives of the organizations within the Government of Madagascar with whom the long-term Technical Assistants will be working.

In mid-May, the KEPEM Project office was opened. Arrangements have been made for the personnel of the Policy Department of the (ONE) to share the office building while they await completion of renovations to their new office space in the Place de l'Indépendance.

The proposed Endowment Fund Advisor having withdrawn, ARD was fortunate to find that a well qualified Advisor would be available in the person of Egide Cantin, who was at that time completing a related assignment in Madagascar. On his return to Canada, the Endowment Fund Advisor went to Burlington, meeting there with home office staff and with the short-term Endowment Fund Financial Specialist (Frank Lusby). He began his three-year KEPEM assignment in Madagascar on 27 May 1994. Manuel Soto Flandez, the forest inventory and management specialist joined the KEPEM team in Madagascar on October 21, 1994 at which time the mobilization file was closed.

Between June 20th and 25th, 1994, the Project start-up and Implementation workshop was held in Mantsoa. The participants were representatives of USAID/Madagascar, the ARD/KEPEM Project team, the ONE, the DEF, and the Ministry of Finance. The final product of the workshop was the KEPEM life of Project Implementation Plan. This document comprises a detailed description of the main purposes and objectives of the various components of the project, with specific actions and activities relating to each of the project goals. In certain cases, roles and responsibilities have been outlined. Where possible criteria for monitoring and evaluating performance within certain spheres of activity have been identified.

Table 3 presents the Short-term Technical Assistance (STTA) mobilization schedule report for the period starting February 1, 1994 until the end of January 1995.

The following sections describe the status of work of each of the five members of the KEPEM team in Madagascar during the reporting period.

TABLE 1 ARD, INC. TEAM MOBILIZATION

Name	Position	Actual arrival date	Estimated departure date	Total person/ months
1. Dr. Adly Hassanein	Chief of Party / Environmental Policy Analyst	March 25, 1994	October 1997	40 months
2. Dr. Andrew Watson	Environmental Evaluation Advisor	April 1, 1994	April 1996	24 months
3. Gerold Grosenick	Forest Economist/Coordinator	April 3, 1994	April 1996	24 months
4. Egide Cantin	Endowment Fund Specialist	May 23, 1994	May 1997	36 months
5. Manuel Soto Flandez	Forest Management Specialist	October 21, 1994	April 1996	18 months

TABLE 2
MOBILIZATION: LOGISTICS SCHEDULE REPORT

What tasks were accomplished	Completion date	By whom	How
Hire logistics/admin. assistant	May/June	Chief of Party (COP)	Networks, newspaper ads
Establish, or obtain, in writing steps/procedures to be followed by Institutional Contractor (IC) team	June	COP/USAID/ Home Office (HO)	Discussion with other projects and HO guidelines
Hire drivers	May	COP, Executive Assistant (ExA)	Network, advertisement
Hire financial assistant (accountant)	May	COP/ExA	Network, advertisement
Obtain office space	May	COP/USAID staff	Discussion with USAID, ONE, DEF
Furnishing/equipping office space	May	COP/ExA, USAID	Communication coordination with KEPEM Off/GSO/IC team
Obtain warehouse/garage	May	COP/ExA	Consultation & coordination with GMU & COP
Obtain Long-term IC team housing	Mid-May	COP/ExA	Network, advertisements

What tasks were accomplished	Completion date	By whom	How
Set up the accounting system; including filing, petty cash, banking, etc (allow for training time)	June	COP/Finance assistant (Fin), HO	Training, working with Fin person; HO
Set up administrative system with filing, etc	May	COP/ExA, Fin Asst	Training/working with admin. staff
Establish communication system (telephone, fax, E-mail, courier service w/USAID, HO, ONE, DEF)	May/June	COP/ExA, Admin staff, whole team	Contact with PTT, other projects, USAID, ORSTOM
Prepare legal documents for support staff and expatriates: contracts, social security, medical insurance, long-term visas, medical care, car insurance, carte de residence, carte grise, school documents, personnel policies, etc.	May/June	COP/ExA, Admin staff	Through relevant organizations and indirectly with USAID KEPEM Program assistant
Get all USAID and relevant host country regulations with respect to the project	May	COP/ExA	Contact USAID
Collect information and collect project related documents	May/June	KEPEM Team, ExA (to catalogue)	Use the network (formal and informal)
Contract a computer service/person to establish an maintain software & hardware	May	COP/ExA	Network, shopping, advertisements

What tasks were accomplished	Completion date	By whom	How
Establish security system for houses, guard service contract finalized	April	COP/ExA	GSO work with entrepreneur
File financial reports	Monthly	COP, Fin. Asst, HO	Finance staff with COP, HO & USAID
Review for clarification the individual responsibilities of each LT team member, project staff (and Malagasy colleagues) relevant to contract scope of work	June	IC team, COP	USAID NRO discussion, inter-team discussion
Establish reporting system to satisfy contractual obligations of KEPEM IC (technical, financial, administrative)	June	COP/ExA/IC team	Coordinate/discuss with USAID, HO
Final identification of the LT team	May	HO	HO/USAID
Draft plan for short-term technical assistance (STTA) needs	December	COP, IC team HO Manager	Discussions with team, USAID, HO, & GOM

What tasks were accomplished	Completion date	By whom	How
Finalize KEPEM Project training Program for ONE, DEF and the Environmental Foundation	October proposed	IC team, COP	Planning meetings w/USAID, IC team, ONE, DEF, other Donors and GOM executive agencies
Establish logistical plan for start-up workshop: <ul style="list-style-type: none"> . who, where, . when, how, why . SOW established for facilitation . arrangements for local hired assistants . hotel reservation and logistics 	May	ExA/HO/AID	Discuss coordinate with USAID, HO, DEF, & ONE

TABLE 3 SHORT-TERM TECHNICAL ASSISTANCE REPORT FOR 1994

Name	Position	Consultancy purpose	Arrival	Departure	Total person/months
1. Steve Dennison (*)	HO Project Manager	Premobilization reconnaissance visit for team arrival	Feb 13, 1994	Feb 27, 1994	Ten days
2. Cathryn Goddard (*)	Coverdale President	Facilitate KEPEM project team management workshop	Apr 3, 1994	Apr 22, 1994	Ten days
3. Steve Dennison (*)	HO Project Manager	HO Administrative and logistical support for the team management workshop	Apr 3, 1994	Apr 24, 1994	Two weeks
4. Deborah Hines (*)	Forest Financial Management Specialist	Review, recommendations on forestry revenue system	April 27, 1994	June 25, 1994	Two months
5. Ruth Cahill (*)	Financial and Systems Consultant	Local hire staff training and introduction to ARD general administrative and financial procedures	June 3, 1994	June 27, 1994	Ten days
6. Cathryn Goddard (*)	Coverdale President	Facilitate project start-up workshop	June 11, 1994	July 3, 1994	Three weeks

Name	Position	Consultancy purpose	Arrival	Departure	Total person/months
7. Peter Maxson (*)	Coverdale Facilitator	Assistant facilitator to project start-up workshop	June 17, 1994	June 28, 1994	Ten days
8. Charley Steedman (*)	HO Director of Program	Technical support for project start-up workshop	June 17, 1994	June 28, 1994	Ten days
9. Charles Rabenarivo	Endowment Fund Legal/Organizational Analyst	Assist EEF Advisor in writing bill for the EEF	July 1994	November 1994	Sixty non-consecutive days
10. Zakazo Ranaivoson (*)	Legal counsellor	Assist ONE in preparing a study and a national workshop on Roles and Mandates of AGEX within the EAP.	November 4, 1994	December 28, 1994	Thirty five days
11. Benjamina Randrianarivelo (*)	Institutional development analyst	Assist ONE in preparing a study and a national workshop on Roles and Mandates of AGEX within the EAP.	November 4, 1994	December 28, 1994	Thirty five days

Name	Position	Consultancy purpose	Arrival	Departure	Total person/months
12. Abraham Elison	Database Management specialist	Establish a computerized data base on Roles & mandates of surveyed agencies and institutions within EAP.	November 4, 1994	December 28, 1994	Thirty days
13. Cathryn Goddard (*)	Coverdale President	Facilitate workshop on Roles and Mandates	November 13, 1994	November 24, 1994	Ten days
14. Bill Hanson (*)	Coverdale facilitator	Facilitate workshop on Roles and Mandates	November 14, 1994	November 21, 1994	Seven days
13. Charley Steedman (*)	HO Manager. Technical and Managerial Assistant.	HO support & management review of Project status \ plans of activities and expenditures	November 17, 1994	December 6, 1994	Thirteen days
14. Max Goldenshon (*) ¹	Vice-President of DAI	Management support and preparation of KEPEM Project monitoring plan.	January 27, 1995	February 2, 1995	Seven days

A list of reports submitted to USAID is given in Annex A attached

¹ These STTA were completed as planned. TOR and reports were delivered to USAID according to contract obligations.

TABLE 4 WORKSHOP/SEMINAR REPORT

Workshop/Seminar	When	Where	Component/Participants
ARD/BTV Team Building	March 08-10	Burlington, VT	All KEPEM/ARD Staff
Team building Workshop	Apr 11 - 13	Ivandry	All KEPEM/ARD staff, USAID SAVEM projects officers
Project start-up Workshop	Jun 20 - 24	Mantaso	All KEPEM components, counterparts, and USAID
Land tenure and local governance workshop (KEPEM non-project component)	Sep 07 - 09	Mantaso	All KEPEM components, counterparts, ANGAP, DD, others
Training Plan Workshop	Sep 14	Ivato	KEPEM and ONE
MECIE workshop	Oct. 25	Antananarivo	KEPEM (component I), ONE, various ministries, Ministry of the Environment, FIVMPAMA, USAID, Press, others
Prevention of natural catastrophes workshop	Nov. 8	Antananarivo	KEPEM (component I), ONE, Ministry of Environment, others
Roles & Mandates workshop	Nov 15-17	Toamasina	KEPEM (component I), ONE, Ministry of the Environment, all AGEX, COMODE, USAID, various ministries
USAID Teambuilding	Nov 21	Antananarivo	All ICs and LTTA
COS	Dec 7-14	Antananarivo and Tulear	KEPEM (component I), ONE, donors, AGEX, others

COMPONENT I

INSTITUTIONAL SUPPORT FOR EAP IMPLEMENTATION

A. STATUS OF WORK

The overarching objective of this component is to build a strong, guiding, capable, neutral, and independent Office National de l'Environnement (ONE). It is essential that the ONE is recognized and accepted as the appropriate coordinating organization of the EAP. This objective is being accomplished through leadership by example and by providing guidance rather than by coercion. The KEPEM advisors are helping their ONE counterparts to develop a transparent and participatory approach to policy formulation, implementation, and review.

I-A: INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL POLICY

Dr. Adly Hassanein, Environmental Policy Analyst/Chief of Party

The Environmental Policy Analyst/Chief of Party arrived on March 25, 1994, and immediately faced the challenges of finding adequate housing and office space for the members of his team. With considerable effort, he located and rented houses for his own family and that of the Environmental Evaluation Advisor and the Forest Economist. All but the last were available for occupancy within a short period. The Forest Economist was obliged to remain in the KEPEM Guest House until late July as repairs and modifications were made to his house. Subsequently, the COP also found housing for the Forest Inventory Specialist who arrived in October 1994.

Since ONE was unable to provide office space as specified in the Project Agreement and the Institutional Contract, the Chief of Party, Environmental Evaluation Advisor and Environmental Endowment Advisor were without offices until a solution was found in the rental of the ex-ANGAP headquarters building across from the American Cultural Center. The fourth and fifth floors of the building were occupied by KEPEM staff in May while USAID/CAP Project personnel took possession of the first and second floors. The third floor was reserved for occupation by the Policy Department of ONE. The Chief of Party's initiative in resolving the office problem enabled the KEPEM team to begin concentrating on the challenges facing its individual members.

As elaborated in the 1994 Annual Workplan, the Environmental Policy Analyst has on his docket an imposing array of objectives. In the course of his 40-month assignment to advise ONE, his goals were:

- to develop the institutional capacity of ONE to implement components of the EAP which pertain to formulation and implementation of environmental policy and environmental review;
- to reinforce ONE's capability to develop its human and information resources required to formulate and implement environmental policy;
- to formulate effective environmental and sectoral policies;
- to develop an environmentally oriented investment code for Madagascar;
- to develop guidelines for increasing national environmental awareness pertaining to environmental policy; and
- to establish a permanent system for monitoring and evaluation of the impact of policies pertaining to the implementation of the EAP.

THE FOLLOWING WERE SOME PLANNED OUTPUTS:

The Environmental Policy Analyst/COP worked closely with his ONE counterparts to transfer competence and experience, and provide on-the-job training relative to the formulation, analysis and implementation of environmental policy. The success of this endeavor will be gauged through indicators and criteria established as part of the monitoring and evaluation system which will be implemented in early 1995. Two monitoring and evaluation schemes are being developed: the first to evaluate KEPEM's impact on the ONE's institutional capacity; and the second to evaluate ONE's impact on the implementation of its mandate particularly in those areas pertaining to the objectives of EAP.

In addition to continuing the ongoing tasks, the COP endeavored to achieve the following outputs:

- A training plan assessing the ONE's short term technical assistance needs and the organization's training needs in planning, formulating, implementing and monitoring environmental policy.

- A plan for a national workshop on information management that will endorse the creation of a data bank and environmental information system as it pertains to environmental policy.
- A series of national workshops on roles and mandates of ONE and other EAP executing agencies working in the sphere of environmental policy formulation, implementation and review.
- A plan for a study and a national workshop, identifying procedures for reviewing and coordinating the work-plans of the EAP executing agencies that will lead to the preparation of a manual on environmental policy coordination.
- A plan for a national seminar on an environmental investment code for Madagascar.
- A seminar on the creation of a national committee that will be responsible for policies for preventing natural and technological disasters.
- A series of workshops on the finalization of the MECIE decree (Mise En Compatibilité des Investissements avec l'Environnement).

In addition, the Environmental Policy Analyst/COP planned to assist the ONE in reviewing and refining its role, purpose and objectives and help reinforcing its organizational structure before the annual meeting of the COS in December 1994.

All but one of the above objectives pertain to environmental policy. The Environmental Policy Analyst began by focusing on general (global) and sectoral environmental policy issues and on the roles and mandates of the various executing agencies and institutions implementing the EAP.

I-B INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL REVIEW**Dr. Andrew Watson, Environmental Evaluation Advisor**

The Environmental Evaluation Advisor arrived in Madagascar on April 1st 1994. During the first 4 months of work on the project, the precise roles and responsibilities of the Advisor were discussed with other KEPEM team members, USAID, and counterparts within the Office National de l'Environnement (ONE). To facilitate this exchange of information, team-building workshops were held in April and in June.

Specific objectives of the KEPEM Project and tasks to be undertaken during the first twelve months of the project (February 1994 to January 1995) were established in concert with ONE counterparts at a planning workshop in June. Key actions and outputs were identified; these are detailed in the First KEPEM Annual Workplan and are recapitulated in Table 6.

Up to January 31st 1995 the main goals of the Environmental Evaluation Advisor were:

- to initiate the creation of a library and bibliography of environmental information pertaining to Madagascar;
- to establish a data base of environmental review procedures and sectoral environmental policies;
- to establish a documentation center and catalog of environmental review procedures;
- to initiate a survey of staff capabilities relating to environmental review within ONE and other EAP executing agencies;
- to begin to identify key organizations and individuals with expertise in environmental review procedures;
- to initiate establishment of guidelines for the preparation of terms of reference (scopes of work) for developing environmental standards; and
- to develop a program for a series of seminars and public meetings organized by the ONE defining guidelines for participatory public involvement in environmental review.

Specific projected outputs during the period from April 1st 1994 to January 31st 1995 were:

- a training plan in the area of environmental assessment procedures for ONE counterparts and representatives of other GOM agencies who will be charged with reviewing impact studies;
- a study plan which would lead to the creation of a Malagasy environmental review process for any investment projects or activities which have a potential impact on the environment;
- a monitoring and evaluation plan to gauge the ONE's impact on the implementation of environmental review and assessment procedures for investment and development projects; and
- a monitoring and evaluation plan to gauge the impact of KEPEM technical assistance on the ONE's capacity to develop environmental policy and establish environmental review procedures.

B. PROGRESS TOWARD ACHIEVING PLANNED OBJECTIVES AND OUTPUTS**I-A: INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL POLICY****Dr. Adly Hassanein, Environmental Policy Analyst/Chief of Party**

During the first three months of this reporting period, the ARD/COP was working on the KEPEM project implementation activities including:

- supervising all project procurement and related logistical support;
- maintaining liaison with home office;
- taking all necessary actions to resolve project implementation problems in coordination with USAID Project coordinator, the Environmental Officer and the Mission Contracting Officer;
- ensuring coordination and communication with counterparts and other GOM executing agencies staff and donors representatives.

As Environmental Policy Analyst, the ARD/COP helped his counterparts at ONE to identify the interrelationships and linkages between sectors and institutions, and to assess the potential conflicts and future action for clarifying roles and responsibilities.

Although the COP is assisting mainly ONE, he spent a great deal of his time during this reporting period liaising with the other EAP agencies and GOM institutions to ensure a free flow of information between agencies and to help the ONE in SETTING COLLABORATIVE WORKING PROCEDURES. As a result the ONE has been successful in organizing a series of collaborative planning meetings which include round-table discussions with donors groups and GOM agencies participating in the execution of the EAP in the area of environmental policy formulation, analysis and implementation .

SPECIFIC ACCOMPLISHMENTS INCLUDED:

- Helping ONE draft terms of reference (TORs) for a UNDP-funded long-term advisor to ONE, clarifying the objectives of this assistance and focusing on integrating environmental issues with macro-economic policy.

-
- Assisting ONE in its final negotiations with UNIDO for the implementation of a new project called the "Ecologically Sustainable Industrial Development Program." This project is being implemented and will lead to the formulation of an environmentally oriented industrial policy.
 - Assisting ONE in all its sectoral and general (global) environmental policy formulation meetings involving different government ministries, the World Bank representative and European donors. 11 policies are currently being developed. Table 4 reports the current status of these policies.
 - Assisting ONE in developing the TOR for a study and a workshop on the clarification of roles and mandates in the area of environmental policy formulation, implementation and management. The workshop took place in Tamatave (Toamasina) and was successful in laying the foundation for a better understanding of the complexity of the institutional topography of the EAP especially after the creation of the Ministry of Environment. The study report is the only comprehensive and complete document on this subject in Madagascar.
 - Assisting ONE in developing national policy and strategies for the prevention and attenuation of natural and technological disasters. Terms of reference were prepared and a national committee is being selected.
 - Helping ONE prepare its training and short term technical assistance program based on: (a) ONE training background, (b) its mandate and objectives, (c) its real and immediate institutional and technical training needs, and (d) the limited resources available through the KEPEM project and other donor related activities. An interim plan was prepared and finalized in collaboration with the ONE management during the preparation of the 1995 annual work plan in Antsirabe. A final version including the budget, timing, venues, and so on will be prepared shortly by a training advisor.
 - Advising the ONE counterparts on the preparation of TORs and the formulation of ecologically sustainable sectorial policies such as industry, tourism, energy, mines, roads, urban development, aquaculture and fishing, agriculture and macro-economic and investment policies.
 - Advising the ONE on the training facilities and programs pertaining to environmental policy, and encouraging the creation of a training guide to be prepared by the ONE.
 - Assisting the ONE in the preparation of the second five year environmental program (EP-2) through a series of brainstorming and planning workshops.

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- Helping the ONE in the preparation and the organization of the 1994 annual COS meetings in Antananarivo and Tulear (Toliara). All participants expressed their appreciation of ONE's performance during this important event.
 - Assisting the ONE counterparts in the preparation of their 1995 annual work program.

TABLE 4 ENVIRONMENTAL POLICY FORMULATION - REPORT FOR 1994

ENVIRONMENTAL POLICY	TERMS OF REFERENCE		POLICY STUDY		POLICY FORMULATION	
	PREPARED	APPROVED	STARTED	COMPLETED	PROPOSED	APPROVED
GENERAL GLOBAL POLICIES:						
1-MECIE	X	X	X	X	X	
2-NAT. & TECH. DISASTER PREV.	X	X	March 1995	December 1995		
3-FEUX DE BROUSSE	X	X	X	X	X	
4-DECENTRALIZATION, NATURAL RESOURCES MANAGEMENT	X	X	X	X		
SECTORAL POLICIES:						
5-TOURISM	X	X	X	X	X	
6-ENERGY	X	X	X	June 1995		
7-INDUSTRY	X	X	X	April 1995		
8-MINES	X	X	X	September 1995		
9-ROADS	X	X	June 1995	December 1995		
10-AQUACULTURE & FISHERIES	X	X	June 1995	October 1995		
11-URBAN DEVELOPMENT	X	X	June 1995	November 1995		
12-FORESTRY	X	X	May 1995	September 1995		

* For 1995: 4 policies will graduate to "Policy study completed and 3 will be formulated and proposed. For 1996, this list should be completed and most policies will be waiting for approval

TABLE 5 INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL POLICY

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 1: Develop the institutional capacity of the ONE to implement the components of the National Environmental Action Plan which pertain to formulation of environmental policy and environmental review</p>	<p>TASK 1: Establish a continuous process for reviewing institutional capacity building activities through series of meetings and brainstorming sessions.</p> <ul style="list-style-type: none"> . Help the ONE exercise its legitimate right to review annual work plans of the agencies executing the EAP, to coordinate their activities, to assist in negotiating donor agreements for funding and technical support. . Assist the ONE to develop a mechanism for periodically reviewing its role, purpose and objectives by developing staff capability and adopting appropriate hiring policies and training. . Help ONE develop and present a short-term technical assistance plan which details the KEPEM Project's needs for strengthening ONE's ability to formulate environmental policy and establish a rigorous environmental review process. . Organize a series of collaborative planning meetings which include round-table discussions with other donor groups and other GOM agencies which participate in the execution of the EAP in the areas of environmental policy and the environmental review process 	<p>A training plan and program describing the organizational structure of the ONE and assessing its short term TA needs, organizational and training needs in planning, formulating, implementing and monitoring environmental policy.</p> <p>December 1994</p>	<p>An interim training and STTA plan was prepared in collaboration with the ONE after a series of brainstorming meetings. A SOW for a training advisor to prepare a final, detailed training plan was approved and recruitment is underway.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2:</u> Compile a gazetteer of training facilities, programs/curricula, and, other resources both within Madagascar and overseas, pertaining to data acquisition and management, and related subjects relevant to environmental policy in Madagascar.</p> <p>. Establish contact with universities and other training establishments, and organizations offering support and/or funding for education and training; review prospectuses and evaluate training courses and programs.</p>	<p>A dossier of information relating to training facilities and programs/courses on issues pertaining to environmental policy.</p> <p>Continuous</p>	<p>An on-going process that will assist the ONE organization to identify key training needs, facilities, programs and professional expertise. An information file has been opened and transmitted to the ONE for periodic review and revision.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 2: Reinforce ONE's capability to develop its human and information resources required to formulate and implement environmental policy</p>	<p>Task 1. Help ONE to develop the information gathering expertise and tools, as well as the analytical capabilities, to convince the other partners involved in the execution of the EAP that policy changes and adjustments are reasonable, fair, and appropriate.</p> <p>. Help ONE plan and organize a national workshop on Information Management policy and strategy and the development of related analytical capabilities within the organization and other groups involved in the execution of the EAP.</p>	<p>. A data bank and information management system pertaining to environmental policy</p> <p>. A plan for a national seminar on information management as it pertains to environmental policy in Madagascar.</p> <p>Planning initiated end of 1994 and completed mid to late 1995</p>	<p>The ONE is currently finalizing a proposed national monitoring system (Tableau de Bord) which incorporates a statistical data management system (system statistique), and a documentation and information network (réseau documentaire). The organization produced its first state of the environment report and completed a study identifying possible environmental indicators to measure the impact of the EAP.</p> <p>After a series of meetings and brainstorming sessions, all interested organizations agreed to hold a national workshop under the ONE leadership.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2.</u> Begin to compile inventories of environmental data pertaining to Madagascar</p> <p>. Conduct literature searches; acquire catalogs of archival material; review holdings of local libraries and resource centers (GOM Ministries, donor organizations, NGO's, universities, etc...)</p>	<p>A bibliography/ library of pertinent environmental information including the location and availability of these data and other resources</p> <p>Continuous</p>	<p>A KEPEM documentation center is being created to improve and update the ONE library of environmental information and expand the environmental review database. A list of all of the resources in the project library was prepared and shared with our counterparts for periodic review and changes.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 3:</u> Formulate effective environmental and sectoral policies</p>	<p><u>Task 1.</u> Help the ONE and other GOM agencies and donors to define the roles and responsibilities, strategies, and protocol for environmental policy development, coordination, modifications and readjustments.</p> <p>. Assist ONE staff organize, coordinate and supervise national seminars to review, discuss, and evaluate environmental studies, and environmental policy formulation and implementation.</p>	<p>A plan for a national workshop or workshops on roles and responsibilities of ONE and other EAP-executing agencies working in the sphere of environmental policy formulation, implementation, and review.</p> <p>Late 1994, before COS</p>	<p>The first national workshop on the clarification of roles and mandates of all organizations involved in environmental management took place from 15-18 November 1994 in Tamatave. It was widely regarded as being a success and a major first step toward airing sensitive issues and identifying areas of potential conflict between the new Ministry of Environment, ONE and the AGEX involved in the EAP. A complete analytical study was prepared by KEPEM STTA and presented during the COS 1994. A final report was produced and forwarded to all interested parties. A number of TORs, study reports and sectoral policy proposals were prepared and supervised by the ONE.@@@</p> <p>TORs prepared: 11 TORs approved: 11 Study reports: 3 Policy proposals: 3</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2.</u> Assist the ONE in coordinating the development, negotiation, and execution of donor projects and programs relevant to environmental policy which support Madagascar's EAP. Ensure that there is no duplication of effort.</p>	<p>Guidelines identifying procedures for coordinating Donor projects and programs input for policy formulation, implementation and evaluation.</p> <p>February 1995</p>	<p>Guidelines were established and applied systematically to all UNDP, UNIDO and World Bank projects to insure that there was neither duplication of effort nor waste of funds.</p>
	<p><u>Task 3.</u> Assist the ONE complete a survey of the institutional topography of the EAP, identifying the key GOM partners such as organs of provincial and local government; as well as international NGO's working on conservation, and the private sector.</p>	<p>Terms of reference for a study prepared by ONE and KEPEM TA describing the capabilities and operational characteristics of the various government agencies and other organizations charged with the implementation of the EAP. The study will aim to incorporate the clarifications of issues of protocol and the precise interrelationships within the wider community involved in the execution of the EAP. This study will form the basis of a plan for coordinating implementation of the EAP.</p> <p>December 1994-February 1995</p>	<p>Terms of Reference were prepared in collaboration with ONE. After a series of meetings and consultations it was agreed to combine the proposed studies in task #2 and task #3 by holding a national workshop that will take place during the first quarter of 1995. The expected result will be a manual of procedures for coordinating the execution of the Malagasy EAP.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 4.</u> Assist the ONE in clarifying the working relationships among donor's technical assistance teams and other agencies, both public and private, involved in executing the EAP. The ONE will have to articulate and approve a process of interaction among GOM ministries, national and international agencies and donors, defining the coordinating, operating, information management and implementation/evaluation roles and clearly stating the objectives of coordination.</p>	<p>A manual describing procedures for reviewing the work plans of EAP-executing agencies (and other organizations concerned with environmental policy formulation and implementation). This manual will incorporate procedures for improving coordination of the implementation of sectoral policies of the EAP.</p> <p>December 1994 (draft manual)</p>	<p>This is an ongoing process for the ONE; the ONE staff are developing their skills and learning how they themselves can accomplish the task. In fact the organization had already proven its institutional capability by reviewing and presenting the 1995 workplans of the EAP executing agencies at the 1994 COS meeting. The ONE will formalize this process and publish it in a simple manual by the end of 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 4:</u> Develop an environmentally oriented economic development and investment code for Madagascar</p>	<p><u>Task 1.</u> Work with the ONE toward developing an environmentally-oriented economic development code for Madagascar. This should place a priority on dealing with environmentally sensitive areas. It should also stress that long-term, sustainable economic development depends on a healthy natural environmental and must provide incentives for environmentally-sound investment.</p> <p>. Help the ONE organize a national seminar to develop a environmental investment code. collect,survey and synthesize existing investment codes both within and outside Madagascar.</p> <p>. Consult with relevant agencies and organizations (for example, donors, ANGAP, and operators such as WWF, Care, Vita, etc...) to define priority areas and evaluate the need for supplementary information on the location and status of these areas.</p>	<p>A plan for a national seminar on an environmental investment code for Madagascar.</p> <p>A survey showing the actual or best-assessment of the location of priority areas for environmental protection.</p> <p>January 1994-June 1995</p>	<p>The ONE is taking the lead in the preparation of this seminar. A draft plan will be ready by the end of March, 1995 and will then be presented for final approval. The proposed plan will comprise the following: TORs for a KEPEM STTA study team; the TOR for the seminar; and the proposed investment code.</p> <p>A list of categories of environmentally sensitive areas has been proposed and approved, and is included in the MECIE . The next step is a KEPEM proposal for a study to define and delineate the priority areas for protection through environmental legislation in Madagascar.</p>
<p><u>Objective 5:</u> Develop guidelines for increasing national environmental awareness pertaining to environmental policy</p>	<p><u>Task 1.</u> Help ONE begin to develop guidelines and procedures for involving the public in the environmental policy formulation, implementation and monitoring through a system of participatory public meetings and publics awareness campaigns. This task should be undertaken with the collaboration of other GOM agencies and organizations involved in the execution of the EAP as well as NGO's and the private sector.</p>	<p>Guidelines defining the policy of participatory involvement in environmental policy formulation and legislation.</p> <p>To be initiated October 1994 and produced before the end of 1995.</p>	<p>Guidelines were prepared and proposed by the ONE during the COS meeting in December, 1994. It was approved and included in the draft strategy for EP-2 (the second five-year plan for implementation of the EAP).</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 6:</u> Establish a permanent system for monitoring and evaluation of the impact of policies pertaining to the implementation of the EAP</p>	<p><u>Task 1.</u> Assist the ONE in monitoring and evaluating the implementation of environmental policies related to the execution of the EAP, such as tourism, industry; mining, roads and urbanization policies and develop indicators for measuring the impact of these policies.</p>	<p>A monitoring and evaluation plan formulated and implemented by the ONE. This plan will include a number of selected impact indicators.</p> <p>March 1995</p>	<p>This is an ongoing activity that will lead to the preparation of a formal plan to be proposed by the ONE at the end of 1995 .</p>
	<p><u>Task 2.</u> Develop criteria for periodic evaluation of the status and impact of knowledge transfer, institutional capacity building, and ONE's performance in formulating and implementing environmental policies.</p> <p>. Establish a monitoring and evaluation system based on performance indicators to assess the progress of the KEPEM Project's objective to develop the ONE's institutional capacity.</p>	<p>A KEPEM Project monitoring and evaluation plan for ONE</p> <p>March 1995</p>	<p>The plan has been prepared and submitted to USAID. The KEPEM monitoring strategy takes into account the Mission's API reporting requirements and the proposed impact indicators which are designed to track the different components of the country program strategic framework .A table of assumptions was included.</p>

I-B: INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL REVIEW

Dr. Andrew Watson, Environmental Evaluation Advisor

All of the objectives listed above have either been met or are very close to being achieved. Progress up to February 28th 1995 has been as follows (Table 6 also summarizes performance to date):

- the KEPEM Project library and bibliography of environmental information pertaining to Madagascar is established and is providing a valuable resource to ONE and the KEPEM team;
- the environmental review data-base has been established and it will provide an important source of key spatial information for the ONE's Environmental Information System which is currently being developed;
- the KEPEM documentation center contains a wealth of information on environmental review procedures and standards from numerous countries and international organizations;
- an evaluation of ONE needs in the area of environmental review has been completed and has been used to develop an interim training program;
- a dossier identifying key environmental expertise within Madagascar (government, NGO, and private sector) and overseas has been established and will be continuously updated and expanded;
- general guidelines for the preparation of terms of reference for environmental impact assessments, environmental policy studies, and elaboration of environmental standards have been developed for the ONE; and
- provisions for public involvement in the environmental review process are outlined in the MECIE.

Of the four specific deliverables or outputs scheduled for the period up to February 28th 1995 all have either been accomplished or are very close to completion.

- an interim training plan for the KEPEM Project has been submitted to USAID/Madagascar (this plan will be finalized in March 1995 with the assistance of a short-term advisor whose Scope of Work has also been approved by USAID/Madagascar);

- the fundamental provisions for a Malagasy environmental review process have been proposed in the MECIE which is currently awaiting approval of the Conseil des Ministres (this document includes basic environmental screening protocols);
- a monitoring and evaluation plan for gauging the impact of the implementation of environmental review procedures is in the process of being developed (key environmental indicators have been identified and a methodological framework has been developed); and
- a KEPEM Project monitoring and evaluation plan is nearing completion (a draft has been circulated to the KEPEM team and to USAID/Madagascar).

ADDITIONAL ACCOMPLISHMENTS

In addition to achieving the objectives outlined in the 1994 KEPEM Annual Work-plan, the Environmental Evaluation Advisor was also integrally involved in numerous other activities which supported the ONE's endeavors to develop environmental review procedures and implement the EAP. Other significant activities of the KEPEM Environmental Evaluation Advisor included the following.

- helping his ONE counterparts prepare a document entitled the MECIE (Mise en compatibilité des investissements avec l'environnement) which outlines environmental assessment procedures for investment projects and specifies which types and projects and which types of natural habitats require impact assessments prior to their implementation. A workshop was held at which all relevant government and non-government organizations were given the opportunity to comment on the document and suggest possible modifications. The preparation of the MECIE represents a major step toward meeting one of the main KEPEM tranche II conditionalities - namely the passing of legislation requiring an environmental review process for any investment projects or activities which have a potential impact on the environment. The document will require the approval of the Conseil des Ministres before being ratified as a government decree. This approval is anticipated in the very near future. It should be noted that following the advice of KEPEM technical assistants, the MECIE includes provisions requiring environmental assessments for all investment projects which will impact specific environmentally sensitive habitats. This represents a first step toward meeting the KEPEM tranche III conditionality which requires legislation establishing specific guidelines for investment projects which have a potential impact on natural habitats.

- assisting ONE counterparts develop the key new themes for the second five-year plan (1996-2000) of the EAP (EP-2). These new themes were presented at the annual COS meeting in December 1994. Amongst other recommendations, it was proposed that Madagascar should develop a national policy for its marine and coastal environments. To this end, KEPEM team members have been working with their ONE counterparts on identifying key environmental concerns associated with littoral habitats. This is an important step toward developing environmental review guidelines for certain sensitive habitats (mangroves, coral reefs, small islands, littoral and estuarine wetlands, etc). Such zones can be extremely fragile and many are threatened by various types of development. The environmental impact of shrimp farms in mangrove areas has been the subject of some preliminary studies and field work by the KEPEM team in 1994 at Mahajamba Bay. While development in certain types of coastal environments will be regulated through the provisions of the MECIE, additional environmental assessment measures will be essential if these habitats are to be protected from the detrimental cumulative impacts of unregulated, small-scale development.
- assisting ONE counterparts establish their role in recommending, requesting, and reviewing environmental impact studies to assess compliance with existing environmental regulations and standards in cases of industrial pollution etc.
- helping ONE counterparts participate a review of World Bank Environmental Assessment procedures as they pertain to Madagascar's EAP.
- helping ONE counterparts review the report entitled Etat de l'Environnement which presents information on the current environmental conditions in Madagascar. This document was presented at the COS-94 meeting and will provide key data needed to establish the main objectives of EP-2.
- aiding ONE counterparts review proposals for an environmentally sustainable industrial development program to be funded jointly by UNIDO and the World Bank. This program was officially launched at a signing ceremony in January 1995.

The KEPEM Environmental Evaluation Advisor helped his ONE counterparts in the preparation of terms of references for studies on the formulation of various sectoral environmental policies. The Advisor assisted with the integration of provisions for environmental assessment into various environmental policy studies. These included roads (for which World Bank environmental assessment guidelines were reviewed), tourism, fisheries and aquaculture, urban development, and the control of wild fires and agricultural burning (feux de brousse). The current status of these policy studies is presented in Table 4.

The Advisor also helped his ONE counterparts prepare terms of reference pertaining to environmental review strategies for the following studies.

- a guide to help potential investors meet the requirements of the MECIE.
- procedures for setting environmental standards pertaining to environmental assessment.
- the environmental impact study for the wreck of the Wellborn a freighter carrying manganese ore that foundered in the harbor of Tôlañaro (Fort Dauphin). An international team of experts completed the impact study. The incident and subsequent response provided valuable insight on procedures for assessment of the impact of unexpected accidents which threaten the environment. The lessons learned will be applied when the national committee on prevention of natural and technological disasters is established.
- preliminary discussions were held concerning the preparation of terms of reference for assessing the environmental impact of the proposed Second Irrigation Rehabilitation Project (12691-MAG).

Additional activities included participation in several workshops including that held in Mantasoa in September on land tenure and systems of local governance, another on prevention of natural and technological catastrophes, and the workshop held in Toamasina in November 1994 to clarify the precise roles and mandates of the agencies involved in the execution of the EAP. Additional information concerning these workshops is presented in Table 4.

The Environmental Evaluation Advisor also participated in the following workshops and meetings:

- a series of workshops aimed at identifying and elaborating indicators for monitoring the impact of EAP implementation and other processes of environmental change in Madagascar. A preliminary document describing the proposed procedures, indicators, and data sources was presented at the COS-94 meeting.
- the COS-94 meeting at which the Advisor assisted the working group reviewing recent developments in environmental information systems in Madagascar and examined future needs. At both this meeting and the earlier workshop on Roles and Mandates held in Toamasina, recommendations were made to hold a national workshop on information systems in 1995.

In addition to these supplementary tasks and responsibilities, the KEPEM Environmental Evaluation Advisor was also involved in activities related to USAID/Madagascar's recently adopted intention to reengineer the Mission. The Advisor participated in drafting the communication, collaboration, and coordination action plan. He also chaired several meetings of the monitoring and evaluation working group and is chairman of the information systems working group. While the work being undertaken by these groups is not yet finished, there have been several significant accomplishments: potential for sharing information and data collection systems has been identified; closer coordination with the Mission's API procedures has been established; and greater collaboration among all existing USAID/Madagascar projects has been initiated.

TABLE 6 INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL REVIEW

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 1</u>: Develop the institutional capacity of the ONE to implement the components of the National Environmental Action Plan (EAP) which pertain to environmental review</p>	<p><u>Task 1</u></p> <ul style="list-style-type: none"> . Help ONE specialists undertake a needs assessment to identify training/staffing requirements within ONE, Government of Madagascar (GOM) Ministries, and other agencies involved in the execution of the EAP with specific reference to organizations involved in the environmental review process. . Conduct formal meetings, seminars and workshops with ONE counterparts and human resource specialists within the GOM agencies, donor groups, and Non-Government Organizations (NGOs) involved in the formulation and execution of environmental review policies. 	<p>A plan identifying training and staffing needs pertaining to the environmental review process</p> <p>End of November 1994</p>	<p>An interim KEPEM training plan has been completed and approved by USAID NRO. The Scope of Work for a training advisor has also been approved. The Advisor will finalize the training plan during February and March, 1995 by establishing priorities according to needs and budgetary constraints.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 2:</u> Reinforce ONE's capability to develop its human and information resources required to formulate and implement environmental review policy</p>	<p><u>Task 1</u></p> <ul style="list-style-type: none"> . Begin to compile inventories of environmental data pertaining to Madagascar: published documents, maps, unpublished material . Conduct literature searches; acquire catalogs of archival material; review holdings of local libraries and resource centers (GOM Ministries, donor organizations, NGO's, universities, etc) 	<p>A bibliography/ library of pertinent environmental information including the location and availability of these data and other resources.</p> <p>Continuous</p>	<p>The process of building the library of resources is underway. Literature searches have been completed using Dialog to access the BioDigest, CAB Abstracts, and Agricola data-bases. 150 documents pertaining to the environment of Madagascar and the environmental review process have acquired, reviewed, and cataloged.</p>

File Item: ONARR/009/64PPM

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2</u> . Help the ONE organization to identify sources of baseline data and expertise needed to conduct environmental screening and review impact studies, and which agencies are responsible for maintaining and managing these data. Also, help the ONE organization acquire additional baseline data and develop new data bases as required.</p>	<p>A data base for undertaking environmental reviews and evaluating the impact of environmental review procedures. A directory of agencies holding and managing environmental data bases.</p> <p>Continuous</p>	<p>The process is underway. The environmental data-base includes catalogs of cartographic resources, aerial photography and satellite image availability as well as other sources of base-line data. The data-base has been established in consultation with FTM, CNRE, ANGAP, Direction de Géologie et Mines, and other organizations including NGOs (such as WWF and CI) and foreign donor groups.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 3:</u> Establish a system for reviewing and evaluating environmental assessments and impact studies.</p>	<p><u>Task 1</u></p> <ul style="list-style-type: none"> . Help ONE staff start to evaluate existing environmental review procedures such as those developed by the World Bank, African Development Bank, USAID, and so on. This is an essential first step toward creating and implementing appropriate environmental review procedures for Madagascar. . Acquire and catalog documents on environmental review policies and procedures, and conduct formal review sessions (internal workshops) to discuss their applicability in Madagascar. 	<p>A documentation center and catalog of environmental review procedures and protocol from other countries and various international organizations. Also, a data bank containing the names and contact details of individuals affiliated with these organizations who can provide up to date information on environmental review procedures, guidelines, and standards, and who can be called upon to help clarify specific issues.</p> <p>Continuous</p>	<p>The process is underway. The Environmental Assessment procedures of 8 international organizations have been acquired and reviewed. In addition, examples of procedures for sectoral EA such as those pertaining to energy and tourism have been obtained. Also, examples of EA procedures for certain types of environmentally sensitive areas such as the coastal zone and tropical forests have been acquired.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Environmental assessments and environmental impact studies represent two possible components of environmental review which sometimes also referred to as environmental impact assessment.</p> <p>Environmental review is the process of evaluating the likely impact that an activity will have on the physical, biological, or cultural environment. Typically, the review process comprises initial environmental screening of the proposed activity.</p>	<p><u>Task 2</u></p> <p>. Help ONE personnel undertake an assessment of the types of specialized data and expertise required to perform preliminary environmental screening for investment and development projects. Provide advice and information on data acquisition networking techniques through both formal meetings and informal, on-the-job training.</p>	<p>A survey of the existing resources and staff capabilities within ONE itself and within other organizations in Madagascar pertaining to the requirements for environmental screening. This survey will also attempt to identify future needs in this area.</p> <p>To be initiated February 1994 and completed late 1994.</p>	<p>The process is underway. Preliminary requirements for environmental screening are outlined in the MECIE. The different types of investment and development which automatically require detailed EA are proscribed as are the various classes of environmentally sensitive area within which all development projects will be subjected to rigorous EA. This methodology for environmental screening is widely regarded as being the most appropriate for developing countries.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>The nature of the activity and the characteristics of the environment that it will impact are critical parameters in the screening process. The results of the screening determine subsequent actions. Activities with possible detrimental impacts usually require more detailed environmental assessments or impact studies. The overall environmental review process must be based upon sound national policy, clear protocol, specific procedures, succinct guidelines (including those for mitigation of negative impacts), and well established standards.</p>	<p><u>Task 3</u> . Assist ONE to begin to establish and monitor procedures for environmental review involving environmental screening and subsequent environmental assessments or impact studies. . Assist the ONE to undertake formal, participatory review and evaluation of existing environmental screening protocols.</p>	<p>A plan for a study which will lead to the creation of a Malagasy environmental review process for any investment projects or activities which have a potential impact in the environment. The document should include guidelines to assess the impact and, in the case of a determined negative impact, steps to address and/or reduce such impact (mitigation). While ONE has already prepared a document outlining general policies and procedures in this area (the MECIE -mise en compatibilité des investissements avec l'environnement), more detailed guidelines and implementation strategies still await elaboration and approval.</p> <p>October 1994</p>	<p>Basic EA and environmental screening procedures are established by the MECIE. Studies leading to the development of guidelines for more detailed EA and impact studies will be initiated once the MECIE has been formally approved.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 5</u> . Assist ONE to develop scopes of work for formulating, applying, and monitoring environmental standards to be applied in the case of investment projects or activities which have a potential impact on natural habitats (especially environmentally sensitive areas). This can be accomplished through collaborative review of existing guidelines and operational directives;</p> <p>. Assist ONE specialists to begin to develop environmental review procedures for sensitive areas, help define and identify priority areas, and assist in formulating a strategy for periodic evaluation of the procedures</p>	<p>Scopes of work developed by ONE for formulating, applying, and monitoring environmental standards, and for defining and identifying priority areas and appropriate environmental review procedures for those areas. A document defining strategy for evaluating review procedures on a regular basis.</p> <p>Continuous</p>	<p>Terms of Reference for a study leading to the development of environmental standards have been prepared and have received the provisional approval of the World Bank. The MECIE allows for the application of international standards in the event that appropriate standards have not yet been developed in Madagascar for specific investment or development projects. Types of environmentally sensitive areas required detailed EA are identified in the MECIE; guidelines for these areas will be developed upon final approval of the document.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Furthermore, the review process must incorporate procedures for monitoring and evaluating changing environmental conditions (whether national or site specific) and the overall level of performance of the policies, procedures , guidelines, and standards</p>	<p><u>Task 4</u> . Help ONE develop a system for creating a network of specialist and experts responsible for establishing environmental review policy, setting environmental standards (guidelines), and assessing compliance; . Provide advice and assistance to help ONE organize a series of meetings , workshops, and national seminars with the EAP executing agencies, and other concerned parties to discuss environmental review policies, standards, and compliance issues</p>	<p>None this year. The process be initiated but workshops and seminars will not be scheduled until mid-1995 at the earliest.</p>	<p>An EA training course is being developed. This will be finalized and a schedule proposed upon approval of the MECIE. The course will be tailored to the specific needs of Madagascar as defined by the procedures proscribed in the MECIE.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 4</u>: Develop guidelines for increasing national environmental awareness pertaining to the environmental review process</p>	<p><u>Task 1</u> . Help ONE begin to develop policies and procedures for involving the public in the environmental review process through a system of participatory public meetings and public awareness campaigns. This task should be undertaken with the collaboration of other GOM agencies and organizations involved in the execution of the EAP as well as NGO's and the private sector</p>	<p>A program for a series of seminars and public meetings organized by ONE defining guidelines for participatory involvement in the environmental review process</p> <p>To be initiated as soon as possible and completed before the end of 1995</p>	<p>The MECIE outlines general procedures for informing and involving the public in environmental screening and EA for investment projects which are likely to have a significant social or cultural impact. Further dissemination of information pertaining to these procedures will be undertaken upon final approval of the MECIE.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 5</u>: Establish a permanent system for monitoring and evaluation of the impact of policies pertaining to the environmental review process and the overall progress of institutional capacity building within ONE</p>	<p><u>Task 1</u> . Assist the ONE in monitoring and evaluating the implementation of environmental review procedures for investment projects (for example, tourism and industry). This task represents one aspect of ONE's role in monitoring and evaluating progress on implementation of the EAP so as to correct, improve, and update the Plan. The ONE will have to map out and approve an annual workplan for the systematic evaluation of all elements of the EAP using the policy framework and role/task definitions.</p>	<p>A monitoring and evaluation plan formulated and implemented by the ONE</p> <p>March 1995</p>	<p>A study identifying potential environmental indicators for monitoring the impact of the EAP has been completed under the auspices of the ONE. In addition, the ONE has also prepared a report entitled "Etat de l'Environnement" which represents a base-line study against which future impact of EAP implementation will be gauged. Both preliminary studies were presented at the COS-94.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2</u></p> <ul style="list-style-type: none"> . Develop criteria for periodic evaluation of the status and impact of knowledge transfer, institutional capacity building, and ONE's performance in the environmental review process; . Establish a monitoring and evaluation system based on performance indicators to assess the progress of the KEPEM Project's objective to develop the ONE's institutional capacity. 	<p>A KEPEM Project monitoring and evaluation plan for ONE.</p> <p>March 1995</p>	<p>KEPEM monitoring and evaluation plan has been drafted. The plan employs a methodology which enables information relevant to the Mission API to be readily extracted. It focuses on the objectives and outputs detailed in the KEPEM Annual work-plans but also refers closely to the strategic objectives and targets identified in the Mission's country program strategic framework</p>

C. IMPLEMENTATION PROBLEMS

No significant problems occurred during the first twelve months of project implementation. Difficulties related to the acquisition of office space, establishment of local and international telecommunications, and other logistical matters were all promptly resolved.

The creation of the new Ministry of the Environment in Madagascar has had a profound effect on the way in which the EAP is being implemented and undoubtedly will continue to do so. Nevertheless, to date the intimate relationship between KEPEM and the ONE in the area of environmental policy and assessment procedures has not changed. At present the relationship between the ONE and the new Ministry is still evolving and will require periodic reassessment and clarification over the coming months. Workshops such as that organized by KEPEM/ONE in Toamasina in November, as well as others proposed during the coming year will help to further define the mandates, roles, and responsibilities of all the key players involved in the EAP.

At this time, we can foresee no problems which may prevent the accomplishment of project objectives. Difficulties may arise, however, as project activities begin to grow. The two areas which will have to be closely watched are the availability of (a) personnel to carry out project activities and (b) the supplies and equipment necessary to do so.

It is anticipated that some problems will arise within the ONE in the near future. At present team dynamics within the ONE are very poor and the staff are often unable to cope efficiently with their work load. It is hoped that KEPEM will be able to develop a team-building workshop for the ONE staff early during 1995; this should help alleviate some of the current difficulties. It is anticipated that additional demands will be put on the ONE staff when KEPEM-funded training courses commence during 1995. Short and medium-term training overseas for certain personnel will undoubtedly increase the work load of other ONE staff in Madagascar. This potential problem could create serious bottlenecks within the ONE at a time when it will be of the utmost importance to maintain a high output. The situation will be carefully monitored as the training program is implemented. The training program for ONE will be developed following a detailed assessment of the roles of the staff, their current capabilities, and their projected needs based on the stated objectives of the organization.

It is anticipated that the second five-year plan (EP-2) of the EAP will establish several new areas of environmental concern. This is likely to add to the workload of ONE and therefore also the KEPEM counterparts. Nevertheless, KEPEM's main focus and objectives will remain the same and it is unlikely that any major modifications to the statement of work will be necessary.

While the MECIE has not yet received final approval and ratification, it represents a major milestone in the establishment of environmental review procedures in Madagascar. Its approval will help the KEPEM team meet subsequent objectives in this area. For the present, however, the delay in the ratification of the decree has somewhat hindered the timely execution of certain KEPEM tasks such as the preparations for a training program related to environmental assessment procedures.

D. LESSONS LEARNED AND RECOMMENDATIONS COVERING CURRENT NEEDS

At present, the most pressing need is for better communications and information exchange within KEPEM, between KEPEM and other USAID projects (especially with SAVEM), and within the larger community of national and international organizations concerned with the execution of the EAP and EP-1. It is essential that in the near future an improved communications infrastructure be established. To this end the electronic bulletin board proposed by USAID and the *tableau de bord* suggested by the World Bank are first steps in the right direction. Nevertheless, less sophisticated and less expensive ways of improving communications must also be explored. A calendar of regularly scheduled meetings between and among individuals and groups working in similar areas would greatly facilitate collaboration and cooperation. To this end, the KEPEM will initiate a schedule of periodic meetings with other projects and organizations such as SAVEM/ANGAP and will work with USAID to establish a more structured networking system. It is strongly recommended that all parties concerned with EAP implementation and related environmental issues share catalogs and other sources of information whenever possible. A regular exchange of bibliographic data-bases would be an important first step in this direction.

A workshop aimed at providing a forum for clarifying the roles and mandates of the ONE and other key agencies charges with implementation of the EP-2 will be held prior to the annual meeting of the EAP steering committee in December 1995. This workshop will be an essential first step toward elaboration of ONE's critical role as coordinator of the implementation of the EP-2 within the EAP.

The KEPEM Advisors to the ONE recommend that all USAID/NRO projects should exchange their annual work plans, agenda for workshops/seminars, bi-monthly/monthly meetings schedule, training programs, STTA plans, and progress reports.

As one of the KEPEM project objectives the creation of an Environmental Documentation Center for the ONE the KEPEM advisors have been collecting all environmentally related documents to achieve this objective. The list of documentation was distributed for completion.

COMPONENT II

NATURAL RESOURCE PRICING AND NATURAL FOREST MANAGEMENT

II-A: FORESTRY REVENUE GENERATION Gerold Grosenick, Forest Economist

A. STATUS OF WORK

The overall objective of the forestry component of KEPEM is to improve the management of natural forests in Madagascar. KEPEM is designed to make two major contributions to this effort. First, the Forestry Management Specialist will introduce the concept and techniques forest management planning. Second, the Forest Economist and Financial Management Specialist will provide for the long-term financing of forest management efforts by updating, that is, increasing the level of forest charges, improving the collection rate for these fees, and assuring that a minimum of 50% of the funds derived from the natural forests is devoted to the management and protection of those forests.

Forest management planning and long-term financing of forest management are not sufficient to guarantee improved management of natural forests. However, they are necessary conditions which must be fulfilled if this objective is to be attained.

Tables 7 and 8, below, show the 'implementation status' for each of the objectives and tasks of the forestry component of KEPEM. Progress to date is encouraging. All project objectives should be achieved by early 1996 when the two long-term technical consultants are scheduled to leave.

Progress toward achieving performance criteria and outputs is discussed in the following section. This section will highlight KEPEM activities within the forestry sector which are not directly related to those criteria or outputs.

Planning is an important activity. During the year, a number of written plans have been prepared. These include the 1994 annual work plan submitted to USAID, the life-of-project work plan prepared with the DEF, the training plan, the short-term technical assistance plan, and this, the 1995 annual work plan. Reporting is an integral part of the planning process. During 1994, quarterly, semi-annual, and this annual report have been prepared.

A portion of the short-term technical assistance plan has been implemented. One forest economist conducted a study on forest fees and revenue collection systems in May and June of 1994. The terms of reference for two other economists have been prepared and approved by USAID. The Forest Economist and Coordinator has recruited candidates for these positions. Both of these consultants should have started their assignments by the end of February 1995.

Considerable effort has been put into coordinating and cooperating with other forestry and forestry-related activities both inside and outside of DEF. The Forestry Coordinator has been invited to a number of presentations and meetings of the Forestry Policy project. He was invited to make a presentation on forestry charges to Policy Group 3 and has been invited to prepare documents for the National Forestry Policy Workshop. Before this Forestry Policy project began in October 1994, the Forestry Economist was invited to attend meetings with FAO personnel and was requested by the DEF to examine the terms of reference for studies to be conducted by the FAO for the Policy project.

The Forestry Coordinator has made numerous contacts with other donors and projects. One of the significant accomplishments of the Forestry Coordinator has been to begin a series of forest management workshops. These workshops are one of the outputs foreseen in the DEF/KEPEM workplan written in June 1994. Two workshops, one in September 1994 and one in January 1995 have brought together all those working in forest management in Madagascar. These workshops, which are part of a DEF strategy to coordinate activities within the forestry sector, will continue in 1995.

Both the Forestry Coordinator and the Forest Management Specialist were instrumental in preparing a proposal submitted by the DEF to the World Bank. This proposal, which has already had verbal approval of the Bank, will provide financing for forest management planning in four *Forêts Classées*. This brings together resources from the World Bank, KEPEM, and the UNDP-funded COEFOR project to assist the DEF. This is a model of collaboration between projects which is seldom seen but often sought after.

B. PROGRESS TOWARD ACHIEVING PERFORMANCE CRITERIA AND OUTPUTS.

The forestry component of KEPEM has four Non-Project Assistance Performance Criteria (NPAQ-PC) and three Projectized Outputs. These are discussed in this section.

Before the release of Tranche II, the stumpage fees for pine and rosewood will be adjusted to reflect market value and replacement cost more accurately. By Tranche IV, the GOM will have published a comprehensive stumpage fee table reflecting appropriate valuation of the main categories of timber products.

The DEF has increased the level of forestry charges for all categories of timber products. Although this has been done, the effect of this increase is not visible. The reason for this is that the increased levels are only applied to newly issued permits and no *permis d'exploitation* have been issued since November 1993.

In December 1994, forestry agents were instructed to begin accepting requests for new harvest permits. As these new permits are issued, the new levels of forestry charges will be applied. In addition, the DEF has taken the decision to invoke an article in the Forestry Code which allows for updating the levels of forestry charges in existing permits. This article guarantees that the initial levels of forestry charges will remain constant for a period of at least five years. However, it also allows for the charges to be increased after five years if the general level of forestry charges has increased during the intervening period. Thus, the decision taken by the DEF, which is to be executed sometime in February or March of 1995, will increase the level of forestry charges on all permits issued before early 1990.

The economic studies necessary to establish a comprehensive stumpage fee table are scheduled to be finished in March 1995.

Before the release of Tranche III funds, the GOM will institute an improved financial management system for 1) billing stumpage fees, 2) assessing the value to be collected, 3) assuring collection, 4) controlling fee payments from the field to central revenue, and 5) transfer to the National Forestry Fund. As a related output, the GOM will have developed an improved financial management plan.

The GOM has already implemented improved procedures for controlling the transfer of fee payments from the field offices to the National Forestry Fund. These procedures have tripled the level of fee collections in one year.

A new method of assessing the fees to be collected is now being developed. A series of workshops held throughout the country during February 1995 will result in a proposal for a

new fee assessment procedure. This new assessment method, if approved, will be applied to all new permits issued after the date the method is adopted.

The final elements required by this conditionality will be satisfied when the DEF adopts an administrative system of monitoring active harvest permits. The major elements of this procedure have already been identified. Finalization of the system is scheduled for the second quarter of 1995.

By Tranche IV, the GOM and USAID will agree that 50% of the National Forestry Fund will be expended on investment in the maintenance and protection of natural forests outside of protected areas.

In 1994, 15% of the total Fonds Forestier National budget was allocated to the monitoring and control of forest harvesting, probably the most important aspect of managing forests in Madagascar today. Unfortunately, it is impossible to determine what portion of the remaining 85% was devoted to 'forest management'. This is because the budget categories are for inputs rather than outputs. During 1995, the Forest Economist will propose a budget system which can track expenditures by both inputs and outputs. A second deficiency of the current system, also to be corrected in 1995, is that the current system of revenue collection cannot easily identify the proportions of total revenues which come from various sources: fees from the sale of timber from natural forests, fees from the sale of timber from plantations, entry fees to forestry stations, or export fees for various forest products.

By Tranche III, DEF will have completed a preliminary assessment of the remaining commercial volumes of valuable indigenous hardwoods on which much of the generation of forest revenues depends.

To be done in 1995.

By Tranche IV, DEF will initiate preparation of management plans in the Moramanga region using funds from the National Forestry Fund.

With the arrival of the Forest Management Specialist, planning for this activity has begun. Four forests have been chosen for planning activities. Field work in these forests is scheduled to begin in April 1995, with the end of the rainy season and be completed by Nov.

TABLE 7 FORESTRY REVENUE GENERATION

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 1:</u> To establish a national table of revised stumpage fees for timber.</p> <p>These new fees will assure that the sales prices for timber reflect more closely the true value of the timber beings harvested. First year objectives are to collect and analyze relevant cost and price data.</p>	<p><u>Task 1</u></p> <p>. Estimate the residual stumpage for all major commercial timber species. It will be necessary to collect current prices for timber products and current cost information for felling, limbing and bucking, transfer to roadside, transport, wholesaling, profit, etc. The analyses will be formulated in a way which allows easy updating in the future as prices and costs change.</p>	<p>A report containing estimates of the residual stumpage value for all major commercial timber species.</p> <p>December 1994</p>	<p>Background information is being collected. This study should be finished and the report prepared during the month of March 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2</u> . Estimate the replacement costs for all major commercial timber species. It will be necessary to collect current cost information for silvicultural operations, protection, and management of forests. The analyses will be formulated in a way which allows easy updating in the future as costs or silvicultural and management regimes change</p>	<p>A report containing estimates of replacements costs for all major commercial timber species</p> <p>December 1994</p>	<p>This study, based on the one forest management plan written for Madagascar will be finished and the report prepared during the month of March 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 3</u> . Estimate the costs of administering timber sales. Relevant information will be collected from CIREF offices.</p>	<p>A report containing estimates of the administrative costs of the various technical and administrative tasks the SPEF must fulfill to properly administer a timber sale.</p> <p>January 1995</p>	<p>Information for this study is being collected from CIREF's throughout the country. The final report will be prepared during the month of March 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 2</u>: To improve the efficiency of the forestry revenue collection system. Only a small percentage of the forest revenues which should be collected actually are collected and deposited in the National Forestry Fund. The improved system will ensure that this percentage is increased at the same time that the stumpage fees are increased (objective 1).</p>	<p><u>Task 1</u> . Review and analyze the present system of issuing cutting and logging permits and the related system of assessment and billing of forest fees. It will be necessary to review existing legislative and regulatory texts, visit field offices to determine how texts are interpreted and how revenues are collected.</p>	<p>A report, with supporting legal texts, describing the existing system and how it should work and how it actually works; an analysis of various methods of imposing forestry charges from an administrative point of view; and recommendations for modification or improvement of existing system or development of new system.</p> <p>June 1994</p>	<p>Initial work was provided by a consultant's report submitted in July, 1994. Additional work has been conducted by the Forest Economist.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2</u> . Design a new system of fee invoicing, recording, collection, and revenue transfer.</p>	<p>A procedures manual for a system, upon which there is general consensus, which can effectively be implemented and in the accomplishment of forest management objectives.</p> <p>September 1994</p>	<p>The accounting and fund transfer systems have been modified. The permit system, which had been suspended for just over one year, has been reactivated since December, 1994. Permits awarded on new applications will be modified based on recommendations from workshops held in February, 1995.</p>
	<p><u>Task 3</u> . Six months field test of the recommended new system. It will be necessary to prepare forms, permits, and guidelines for the new system; train the forestry agents working in the test area to implement the system; inform the loggers and logging firms in the test area; and monitor the test.</p>	<p>Test to begin on or about 1 January 1995. A report describing the test with information, observations, opinions, and recommendations on the tested system will be prepared in July of year 2 of the project.</p>	<p>This test will begin shortly after the report mentioned in Task 2, above, is approved. i.e., in March 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 3</u>: Coordinate KEPEM forestry activities with each other and with those of other parties. Many donors are encouraging the DEF to work in forest management planning and forest policy formulation and implementation. To make best use of the limited resources available (mostly personnel and time), all efforts must be coordinate.</p>	<p><u>Task 1</u> . Help DEF establish a strategy to coordinate the activities of all those involved in forest management and forest policy formulation and implementation activities.</p>	<p>A written strategy for internal coordination of DEF, SPEF, and donor activities.</p> <p>December 1994</p>	<p>The formal task of coordinating forest policy formulation has been taken over by the World Bank GPF project which restarted in October, 1994. The KEPEM project has been able to coordinate forest management activities based on a series of workshops which bring together all projects working in forest management and forest management planning.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<u>Task 2</u> . Prepare an overall training plan SRF/DEF and a specific program for the forestry component of KEPEM.	A written plan recommending training needs of DEF personnel. Recommendations for training. To be inserted in the overall KEPEM training plan. March 1995	Complete.
	<u>Task 3</u> . Prepare a short-term technical assistance plan for the forestry component of KEPEM	A written plan detailing the need for STTA for the implementation of component activities. To be incorporated into the overall KEPEM STTA plan. March 1995	Complete.

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 4</u> . Coordinate the activities of the KEPEM forestry component. Monitor progress toward achievement of objectives. Refine and adjust the scheduling of all component activities.</p>	<p>Periodic reports documenting progress. Work plans which are up-to-date and reflect current information, manpower availability, and objectives.</p> <p>Monthly, semi-annually, as necessary</p>	<p>On-going.</p>

C. IMPLEMENTATION PROBLEMS.

The Direction des Eaux et Forêts, along with other government agencies, is experiencing the difficulties associated with a hiring freeze. The Government of Madagascar has suspended the hiring of civil servants. Therefore, the number of technical forestry agents is diminishing through attrition. Death, retirement, and reassignment to project activities all have eaten away at the number of agents remaining in the Forestry Administration to execute DEF activities.

The World Bank-funded *Gestion et Protection des Forêts* project which was suspended in 1993 restarted in October 1994 under the EP-2. Those people who have been or will be assigned to the National Ecological Forest Inventory will be unavailable to work on KEPEM project activities. Specifically, the former *Chef de Service Ressources Forestières* and the former *Chef de Division Economie Forestière* have both been assigned to this inventory project. The KEPEM Forestry Economist and Coordinator worked closely with these two people for six months. Although the Chef de Service has been replaced, the Chef de Division was the only economist in the DEF and cannot be replaced at this time.

KEPEM is to prepare four management plans during 1995. This work will require that inventories be conducted in each of the four forests. However, the National Inventory will also require numerous inventory teams to be able to conduct their inventories. The two projects require more trained personnel than are available within the DEF. The forest management planning activities will thus require more training than otherwise would have been the case and may take longer to complete. Finally, the local forestry agents, who would normally be expected to participate in forest management planning, will be unable to devote as much time to these planning activities as they would if the DEF were fully staffed.

As is typical with many new projects, KEPEM has been slow to become fully operational. Problems with procurement of equipment, supplies, and furnishings and difficulties with establishing administrative systems have caused some delays in project implementation.

II-B: FOREST MANAGEMENT AND REVENUE PROJECTIONS
Manuel Soto-Flandez, Forest Inventory Specialist

TABLE 8

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 1:</u> To project revenue flows from the sale of timber. These projections will allow the Direction des Eaux et Forêts to plan and budget for forest management activities independently of the timber available for harvest in various forests. During the second year of the project, estimates of actual harvests will be made. These estimates, used with the revised stumpage fees and improved collection rates, will yield projections of future forest revenues</p>	<p><u>Task 1</u> . Create a framework for using forest inventories as a basis for estimating the quantity of timber available for harvest over the next ten years, by species and by forest. It will be necessary to establish criteria for determining which forest areas are available for commercial harvest over the next years; determine which forest areas meet the criteria established above; and review existing forest inventories for those forests.</p>	<p>A list and a map of commercial and non-commercial forests and summary of the forest inventory data available for each. A framework or computer model into which will yield, when the proper information is inserted, estimates of volumes of timber available for harvest. The results of the model can be updated easily as new information becomes available.</p> <p>January 1995</p>	<p>The commercial forests are being identified as available inventory information is collected. This task is to be completed in April 1995.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p><u>Objective 2:</u> To prepare preliminary (simplified) management plans for four to six natural forest areas in the Moramanga region. Implementation of these plans will complete a cycle. The management plan will be the basis and justification for selling timber, the new stumpage fees will be applied to these sales, the improved revenue collection system will assure that the revenues are deposited in the National Forestry Fund, and the National Forestry Fund will finance the management plan. First-year objectives are to conduct initial training for management planning and to collect necessary background information from secondary and primary sources.</p>	<p><u>Task 1</u> . Conduct workshop in forest management planning. It will be necessary to review existing forest management plans, current legislation and guidelines, and other relevant information; develop workshop training and logistics plans; and conduct the training.</p>	<p>A report summarizing current management and forest management planning efforts and relevant legislation and administrative procedures. Personnel from Div INVA capable of conducting some of the important aspects of forest management planning with some assistance.</p> <p>November 1994</p>	<p>A document entitled "La gestion des forêts naturelles malgaches" was prepared and submitted to the DEF in November 1995. The KEPEM/DEF training plan has been prepared and submitted to both DEF and KEPEM.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
	<p><u>Task 2</u> . For those (four to six) forests selected for management planning, conduct initial background studies using available secondary source data. Obtain any relevant information from secondary sources, including, socio-economic studies, topographical, soils, geology, and other relevant maps, and aerial photographs.</p>	<p>A collection of written reports relevant to forest management planning in the chosen regions. A summary of pertinent information gleaned from those source</p> <p>January 1995</p>	<p>Tasks 2 and 3 have been reformulated to take into account the priorities of the DEF and the possibility of financing these activities. The Forest Management Specialist and the Forestry Coordinator have, in collaboration with the DEF and the COEFOR project, prepared a proposal to secure financing for these activities from the World Bank.</p>
	<p><u>Task 3</u> . Conduct any necessary background studies in the (four to six) forests selected for management planning. The nature extent of this task is dependent on the information available or not available from secondary sources.</p>	<p>Reports containing all necessary background information needed for the preparation of preliminary (simplified) forest management plans.</p> <p>Studies to begin in February 1995.</p>	

COMPONENT III

ENVIRONMENTAL ENDOWMENT FUND

Egide Cantin, Endowment Fund Specialist

ENDOWMENT FUND PURPOSES AND GOALS

The rationale of an Endowment Fund is to provide continuous access to financial resources for a long-term effort, in order to manage the natural resources of Madagascar which can ensure in the face of change in national policy, administrative and donors priorities. Under the management of a Malagasy foundation, the endowment fund will help foster the growth of a national philosophy on natural resources management. It will seek the participation of a wide representation from Madagascar's Non Profit organizations (NPOs) community and local communities in order to forge a broad based consensus on the priorities and approaches for wise stewardship of the country's natural resources. The endowment is intended to increase the participation of NPOs in sustainable environmental management, to create innovative partnerships among NPOs - the private sector and government agencies - and to develop a permanent source of financing to which other interested donors might contribute for the purpose of environmental conservation.

The fund will be capitalized by the GOM in FMG, in the amount equivalent to US\$12 million, as part of its 25% contribution to the KEPEM program. Decisions regarding the fund's investment, management and stewardship will be solely the responsibility of the Board of Directors.

A. STATUS OF WORK

The following eight objectives were established in 1994 and are described in detail in the first KEPEM Annual Workplan. You will find below exclusively a brief comment on each objective.

1: Authorized legislation for the creation of the Environmental Endowment Fund. Progress toward the creation of the Environmental Foundation was delayed by the Minister of Finance's decision not to propose to the "Conseil de Gouvernement" the specific draft legislation for the creation of the Foundation because of the weakness of the Government at this time. Following this decision, the advisor was asked to help draft a general bill dealing with Public Utility Foundations.

At this time, February 1995, the design and the structure of the draft law on general Public Utility Foundations respond adequately to the specific needs for the creation of such an institution. The draft law defines the organizational and managerial structure, the privileges of the fund, and what its charter should specify. The powers of the fund and its Board of Directors are clearly defined as are the procedures for replacement of the Board. As importantly, the investment regulations, conflict of interest provisions, and the control of the organization are fully described.

2: Creation of the selection committee to appoint the Board of Directors according to the agreement between GOM and USAID regarding the creation of the foundation. This agreement as mentioned in the project grant agreement is stated as follows:

"The endowment will function as a foundation, providing a perpetual stream of income from an invested capital base for grants and loans to qualified organizations and groups. The decisions regarding investment and awarding of grants and loans will fall to a Malagasy Board of Directors recruited from the private, public and non-profit sectors by a selection committee made up of two representatives from the NPO community, and one representative from the USAID, from the GOM and from the private sector."

By allowing participation of the potential beneficiaries (NPOs & private sector) in the selection committee, the founders wanted to share their privilege of designation so as to improve representation on the Board of Directors.

This objective was delayed until 1995 because of the change in the law process.

3: Appointment of the Board of Directors allowing for the official establishment of the foundation. This objective was delayed until 1995 because of the change in the law process.

4: Creation of the EEF Control Committee. This committee was created by the specific draft law for the Environmental Foundation because nothing else exists within Malagasy law for exerting control over the Board of Directors in cases of mismanagement or fraud involving the trust patrimony without in some way placing constraints on their liberty or capacity to act.

The general Public Utility Foundation draft law provides a much better way to protect the important assets or patrimony of a foundation by stipulating three specific provisions that could not have been written in the specific draft law for the environmental foundation. These three provisions provide better control in cases of possible misconduct or mismanagement by the Board of Directors than the control committee proposed in the specific draft law would have had in such instances. This also averted the potential conflict of power that could have arisen between the two entities, thereby possibly paralyzing the foundation..

As a consequence, this objective was abandoned.

5: Physical establishment of the foundation. July was kept as the date for realizing this objective (as originally planned).

6: Administrative establishment of the foundation. Delayed until late 1995.

7: Legal establishment of the Foundation. Same date applies.

8: Elaborate a training plan for the Board of Directors and the staff of the Foundation. Interim training plan approved.

B. PROGRESS TOWARD ACHIEVING PLANNED OBJECTIVES AND OUTPUTS

The Foundation will finance a large part of its portfolio of grants, as well as Non-Profit Organizations (NPO) and Local Community Organizations (LCO) in order to achieve its goals. This explains the importance of undertaking a major reform to the existing Association Act in order to regulate the true NON-PROFIT Organizations and obtain a better structure and sound NPOs, with transparent management and effective control over the administrator by the internal membership of the organization because they will understand their roles and responsibilities. Additional comments on the selected options for the legal establishment of the NEEF are presented in Annex C.

A) Sequence realized for drafting a legal framework to establish the Environmental Foundation:

- First draft of the specific law for the environmental foundation was submitted to MIN FIN mid May 1994;
- First reaction received in August at the KEPT meeting;
- Beginning in August the exploration for the drafting of a general law on Public Utility Foundations;
- The specific draft TANY MEVA still the main candidate for adoption by the GOM;
- Beginning of September, final corrections to the specific TANY MEVA draft law;
- At the KEPT meeting in September, for political reasons, the Minister of Finance refuses to present the specific law TANY-MEVA to the National Assembly because of the weakness of the government. He formally requests the drafting of a general law for Public Utility Foundations to be presented to the National Assembly;
- Start of the elaboration of one general draft law of Public Utility Foundations and beginning of the discussion with the MIN FIN, the law office JURECO, and ONE on what this general law should include.
- In mid-October, with the judicial firm, we present the first draft to the MIN FIN for advice and comment;
- Study of the Malagasy, French and USA fiscal system concerning charitable organizations and elaboration of a draft for the fiscal statutes of Public Utility Foundations;

-
- Explanation and negotiation of this draft fiscal statute with the MIN FIN;
 - Study, elaboration, and justification of the concept of a 2% excise-tax on income when no other taxes apply to the fiscal statutes of charitable foundations.
 - In November, correction with the study of JURECO to modify the first draft as requested by the comments;
 - KEPT meeting; decision was made considering the state of the general Public Utility draft law on Foundations to transfer the ASSOCIATIONS second conditionality to the third tranche and move the third conditionality concerning the foundation to the second tranche. It was decided to capitalize the foundation before 31 December 1994 with more or less FMG 4 billion provided by the GOM and FMG 4 billion provided through counterpart funding by USAID; the funds to be placed in an account at the Central Bank in the name of the environmental foundation.
 - In early December, there were discussions and negotiation with the income tax office concerning each element incorporated in the draft fiscal statute;
 - Design and inclusion of legal provisions concerning the agreed fiscal statutes in the general law.
 - In mid-December, completion of a final draft including the new fiscal statutes for public utility foundations and it was given to the Minister of Finances.
 - In January, beginning of the study for the elaboration of the decree pertaining to the general law on foundations to establish the character of public utility foundations;
 - Study of the elements needed to incorporate the foundation according to the draft law and the decree to be deposited at the Ministry of Interior in order to have the legal authorization to start operating.
 - Explanation and negotiation of some provisions on the draft law on Public Utility Foundation with the juridical advisor of the Minister of Finances.

ADDITIONAL ACCOMPLISHMENTS.

The Endowment Advisor was a participant in the preparation of the Foulpointe symposium on the creation of specific legislation to govern private associations (NPOs). Two draft laws were on the table, each favoring group who presented them (one from a particular group of NPO and the other from a particular government agency). At this time there was little opportunity to introduce the new concepts necessary for the operation of NPOs, the bargaining power between the two was strongly established.

The document elaborated in Foulpoint was rejected by the associations and organizations involved. The Endowment Advisor then provided assistance to the ad hoc committee established by the national associations after the rejection of the draft legislation in June. This committee is working every two weeks on drafting new regulation so that it responds to their needs and promotes their credibility.

A document was produced at the end of December by the Ad-Hoc committee to be the reference document on the theme they will develop at a Forum on Non-Profit Organizations to be held in June. This document is very elaborate and takes into account the international legal framework concerning the Non-Profit Organizations.

Sequence for drafting new regulation with the committee for NON-PROFIT associations or organizations.

- In June the Advisor participated at the symposium at Foulpointe. Negative reaction from the ASSOCIATION concerning the document of the Secretary of Population who tried to introduce a different law for NPOs.
- In June, July and August, participation at an informal group of NPO leaders to develop the substance and the schedule for a National Forum of NON-PROFIT Associations;
- Elaboration of documentation on the basic tasks the associations must accomplish in the near future.
- In September, October and November, initiation of a series of weekly meetings with the Ad-Hoc writing committee to elaborate a proposal for new regulations concerning Non-Profit associations. Preparation of the documentation and the texts to be studied at each meeting.
- Study of the Malagasy, the French and the USA fiscal system concerning the Non-Profit Organizations;

-
- KEPT meeting; a decision was made to switch the Associations second conditionality to the third tranche and move the third conditionality concerning the foundation to the second tranche.
 - In early December elaboration of the basic document to be discussed and negotiated at a two day workshop in mid-December with the Ad-Hoc writing group. The objective was the finalization of one basic document on the new regulations to be discussed as appropriate for their development in the future FORUM call by the NPOs.
 - Elaboration of a final draft on the new regulations for the NPOs following the workshop. This will incorporate all the concepts agreed upon during workshop. The basic draft text of 116 provisions was completed. Also, in addition, there were the compilation of the document on the fiscal statute the NON-PROFIT Organizations could ask for if they follow the new structure.
 - In January, elaboration of a summary of the most important topics included in the basic documents on the NON-PROFIT Organizations to be proposed at the FORUM.
 - Two important meetings were held with the complete committee Ad-Hoc to present the report of the writing group, explain all the processes, have the whole committee shared and adopt the work, and prepare the strategy and the process to hold the FORUM in mid-June.

TABLE 9 ENVIRONMENTAL ENDOWMENT FUND

The following table (9) presents a summary of the above comments and outlines future actions. The timing is tentative but it is worth noting that meeting performance criteria is often dependent on factors beyond the control of individuals or projects. This is especially true concerning the approval of new legislation authorizing the creation of the foundation. If this legislation is delayed, the implementation plan will be correspondingly delayed.

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 1: Authorized legislation for the creation of the Environmental Endowment Fund.</p>	<p>Draft legislation in consultation with NPO's, GOM and private sectors.</p>	<p>Draft law or bill authorizing the creation of the National Environmental Endowment Fund.</p> <p>October-November 1994 (tentative date)</p>	<p>Progress toward the creation of the Environmental Foundation was delayed by the Ministry of Finance's decision not to propose to the "Conseil de Gouvernement" the specific draft legislation because of the weakness of the Government at this time.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 2: Creation of the selection committee to appoint the Board of Directors according to the agreement between GOM and USAID regarding the creation of the foundation.</p>	<ul style="list-style-type: none"> - Draft procedure regarding the selection of Board of Directors; - Establish formal contact with all situations involved in this process: GOM, USAID, Environmental NPOs, Social NPOs, Private sectors; - Assist all institutions in their preparation session for the selection of their representatives; - Participate in group preparatory meetings for the selection of their representatives; - Brief all institutions on various legal and operational aspects of a foundation. 	<p>Selection Committee created.</p> <p>November 1994</p>	<p>This objective was delayed to 1995 because of the change in the law process.</p>
<p>Objective 3: Appointment of the Board of Directors allowing for the official establishment of the foundation.</p>	<ul style="list-style-type: none"> - Elaborate appointment criteria of Board of Directors; - Brief the selection committee on the law governing the foundation; - Advise on the process of selecting the Board of Directors. 	<p>Board of Directors appointed.</p> <p>December 1994-March 1995</p>	<p>This objective was delayed to 1995 because of the change in the law process.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 4: Creation of the EEF Control Committee.</p>	<ul style="list-style-type: none"> - Draft appointment procedures for the selection of the Control Committee; - Assist all institutions in their preparation session for the selection of their representatives; - Participate in group preparatory meetings for the selection of their representatives; - Brief all institutions on the rationale behind the creation of the Control Committee. 	<p>Control Committee appointed.</p> <p>November 1994</p>	<p>This objective is no more necessary in the process of setting up the foundation for the reason mentioned above.</p>
<p>Objective 5: Physical establishment of the foundation.</p>	<ul style="list-style-type: none"> - Logistics activities for the office space and equipment for the foundation (Oct/Feb 1995); - Create a logo for the foundation (May 1995); - Finalize office space installation (May 1995); - Prepare the opening of the foundation (May 1995-June 1995). 	<p>Office space fully operational.</p> <p>July 1995</p>	<p>The date fixed on the beginning remains the same.</p>

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
<p>Objective 6: Administrative establishment of the foundation.</p>	<ul style="list-style-type: none"> - Elaborate job descriptions and Scopes of Work and assist in the selection of the Executive Secretary, Accountant, Investment Manager or Project Manager of the foundation (Oct 1994/Mar 1995); - Advise in establishing the budget for the foundation (Nov 1994/Feb 1995); - Assist in the elaboration of the workplans for the Board of Directors, for the Executive Secretary and the Project or Investment Manager (Nov 1994/Mar 1995); - Assist and supervise short term consultant in establishing the Foundation account plan (Nov/Dec 1994); - Advise and monitor the elaboration of the Bylaws for the foundation (Feb/Mar 1995); - Monitor the first Board of Directors session (Jan/Jul 1995); - Monitor the establishment of the account plan (Nov 1994-July 1995); - Assist in the elaboration of the personnel policy (July 1995). 	<ul style="list-style-type: none"> - Staff members appointed ; - Basic administrative procedures elaborated ; - Account plan established. <p>July 1995</p>	

OBJECTIVE	TASK	OUTPUT/TIMING	IMPLEMENTATION STATUS
Objective 7: Legal establishment of the Foundation.	<ul style="list-style-type: none">- Assist the elaboration of the status of the Foundation;- Monitor administrative procedures for the official agreement of the Foundation (Mar/June 1995).	Legal agreement obtained for the Foundation. July 1995	
Objective 8: Elaborate a training plan for the Board of Directors and the staff of the Foundation.	<ul style="list-style-type: none">- Analyze the specific areas where training is needed.	A draft training plan. November 1994	An interim plan has been approved.

C. IMPLEMENTATION PROBLEMS & LESSONS LEARNED

The particularity of this endowment fund stems from four main characteristics:

- 1) The Trustees of the foundation will be exclusively Malagasy with no direct possibility for the founders to revoke their appointment in cases of mismanagement or conflict of interest. Also, there will be no representative of international organizations (NGOs) in the Board.
- 2) All the assets (US \$12 million) will be owned and managed exclusively by the will of the Foundation Trustees.
- 3) The first capitalization of the endowment will be exclusively in local currency (US \$12 million equivalent) with no possibility of a transfer to hard currency. This means that the endowment fund will have to invest its money in the national market and try to earn profits above the inflation rate so as to enable the fund to pay its administrative costs and still provide grants.

As an example of how huge the difficulties are, during 1994 the Malagasy Franc lost more than 50% of its value on the international market and the inflation rate was at 36.9%. The first capitalization of the foundation (3.5 million US\$) was deposited in a special account in the Central Bank on December 29th when the exchange rate was FMG -3,908 to US \$1.00. By February 8th 1995, the exchange rate was about FMG -4,250 to US \$1.00 which means that the money was worth about US \$267,700 less in dollar terms.

- 4) There is no law in Madagascar pertaining to the incorporation of such an institution while ensuring that the institution keeps its private statute, freedom and capacity to act while at the same time securing its important assets through a legal framework.

The closest existing law containing the definition of a Non-Profit organizations is the actual Non-Profit Associations law. This law, however, encompasses only 14 provisions to regulate this kind of institution. These provisions were outlined in France in 1901 and some are now obsolete and other out of context.

In addition, laws are normally supported by a Civil Code which generally comprises a body or rules that lays down the *jus commun* in all matters within the letter, spirit or object of its provisions. There is no such Civil Code in Madagascar to regulate the basis of Non-profit Organizations

In conclusion, it was felt at the outset that attempts to change or improve the Non-Profit Association law enough to make it applicable to the creation of the foundation would be very problematic. More than 50% of the associations or organizations registered under this law are not Non-Profit associations and they take advantage of the loop-holes in the law to avoid the regulations proscribed by their own appropriate organization law. These organizations include cooperatives, small businesses (SARL), unions, commercial groups, and so on. These organizations are unwilling to change either the basis of the law or its specific provisions since such modifications as required to protect true Non-Profit Organizations, would render the law less appropriate to their "actual" needs. They are ready to fight to keep the law unchanged.

ACTION TAKEN

Considering all of the above factors, it was decided to first attempt to draft a specific law for the creation of the endowment fund as a foundation governed by the concepts and legal structure of Non-Profit Organizations as regulated by specific laws or civil codes in many international countries.

The development of many new concepts for this type of organization (Non-Profit Organization), the exchange of information and plenty of explanation, and subsequent negotiations regarding the need to make the foundation operational without jeopardizing its assets represents a vast amount of education and training for many individuals in numerous institutions. After 6 months, a good, basic draft law has been prepared and this was widely appreciated.

OUR ULTIMATE OBJECTIVE WAS to strive to have a specific law for the Environmental Foundation and to develop the highest visibility and credibility in the eyes of the Government of Madagascar for this new institution. At the same time another key goal was to restructure the present law regulating Non-Profit Associations in order to initiate a specific law for Charitable NON-PROFIT ORGANIZATIONS.

Unfortunately, the objective concerning the specific law for the environmental foundation has not been met for at least three reasons.

- 1) The GOM in the person of the Director General of the Treasury informed the KEPT meeting IN SEPTEMBER that the present government was too weak to present a special law for one organization to the new National Assembly. The GOM feared that they would be unable to protect the core of the law especially the provisions on conflict of interest, the selection of the Board of Trustees, and the restrictions on the investment portfolio. It must be remembered that the amount of the capitalization (US \$12 Millions) that the Board of Trustees will have to manage represents about 5% of the present state budget.

2) Another argument used to promote the new option was that an open window existed for the creation of a general law governing Public Utility Foundations; if no advantage was taken, the opening might be closed for another ten years or more considering the way in which politics influence most things in Madagascar.

3) The draft law that had been elaborated concerning the establishment of the environment foundation led to the rapid development of a general law for Public Utility Foundations through the availability of the advisor and expertise.

The development of the draft law on Public Utility Foundations was possible only because the Malagasy government took the lead to promote this law. As mentioned above, in the preceding section, the USAID team could not afford to take the lead in the development of this particular general law in Madagascar.

Nevertheless, this apparent "misfortune" was not as bad as it seemed at first. The time engaged in developing and negotiating each provision was well spent since it made it possible to achieve something more appropriate for the foundation at a later date: namely the draft law on Public Utility Foundations. Despite the apparent early setback, several new concepts were introduced which would have proven impossible within the context of a specific law for the environment foundation.

As an example: the concept of "control of the Trustees with juridical provisions by the settlor, the beneficiary, or any other interested person". In the specific law, one of the settlor's was targeted as an outsider. In the general law the settlor may be many kinds of persons or institutions.

Also the concept of "Presumed sound investment" where an administrator is bound to invest the sum of money under his administration in accordance with the rules of the chapter relating to presumed sound investments. This is very important in the context of the financial market in Madagascar and the possibility for the trustee to do whatever they want if there is any regulation to channel the flows.

By the development of such concept, the patrimony is much more secure than ever before and any possible conflict of interest can be challenged. Some additional comments on the new law are presented in Annex D.

ADMINISTRATIVE INFORMATION

PERIOD ENDING

JAN 31, 95

CONTRACT DATA:Total Level of Effort
Total Estimated Cost184
\$5,837,178

1. Level of Effort (last three months)
2. Cumulative level of effort
3. Unused level of effort
4. Expenditures (last three months)
5. Cumulative expenditures to date
6. Remaining unexpended balance

16
54
130
\$397,707
\$1,445,266
\$4,391,912

PART II
ARD/KEPEM ANNUAL WORKPLAN
1995

COMPONENT I**INSTITUTIONAL SUPPORT FOR EAP IMPLEMENTATION****I-A: INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL POLICY
Dr. Adly Hassanein, Chief of Party/Environmental Policy Analyst**

The KEPEM Environmental Policy Analyst's work-plan for 1995 has been developed in close consultation with his ONE counterparts at a workshop in Antsirabe (February 2nd and 3rd 1995) and through subsequent planning meetings. The details are presented below and in the following schedule of outputs and deliverables is summarized in Annex E.

It should be noted that several tasks are continued from 1994. Others are sequels to tasks which were successfully concluded during the first twelve months of the project. Still others are new additions to the workplan.

OBJECTIVE 1: Develop the institutional capacity of the ONE to formulate, analyze and monitor the implementation of environmental policies.

Task 1:

1-1: Help the ONE coordinate all environmental policy related activities of agencies executing the EAP including institutions participating in biodiversity conservation, natural resources management and environmental protection. Help ONE to provide assistance to AGEX to adjust their programs to new policies and strategy, and to guide operating agencies in legal reforms. All of this should be accomplished without the ONE itself becoming an operational entity, and by helping the organization develop its institutional performance criteria

Output: Performance indicators established by ONE during our proposed teambuilding workshop.²

Timing: End of March 1995.

1-2: Assist the ONE to develop a strategy and a long term institutional development plan through a study and a workshop on strategic planning and organizational strengthening.

² A list of workshops/seminars scheduled for 1995 is provided in Annex B

Output: Institutional strategy and development plan for the ONE.

Timing: June 1995 after the workshop (22-24 May).

1-3: Help ONE develop and present a short-term technical assistance plan which details the KEPEM Project's needs for strengthening ONE's ability to formulate global and sectoral environmental policies.

Output: ■ Validation and implementation of the 1995 STTA plan.
■ Elaboration of STTA plan for 1996.

Timing: ■ Validation of 1995 STTA plan: end of February 1995.
■ Elaboration of 1996 plan: December 1995.

1-4: Organize a series of collaborative planning meetings including round-table discussions with other donor groups and GOM agencies which participate in the execution of the EAP in the areas of environmental policy formulation and implementation.

Output: Report on the implementation status of the 1994 COS recommendations.

Timing: December 1995, preferably before the COS 1995

Task 2:

2-1: Assist the ONE in updating the proposed KEPEM index on training facilities, programs/curricula, and other resources, both within Madagascar and overseas, pertaining to data acquisition and management, and related subjects relevant to environmental policy in Madagascar (ecotourism, remote sensing, etc);

Output: Data base on environmental policy-related resources

Timing: ■ Data base ready to be tested: April 1995
■ Operational data base: September 1995

2-2: Help ONE establish and keep contact with universities and other training establishments, and organizations offering support and/or funding for education and training.

Output: Contact with universities and training resources established.

Timing: June 1995

OBJECTIVE 2: Reinforce ONE's capability to develop its human and information resources required to formulate, analyze and implement environmental policy.

Task 1:

1-1: Help ONE to develop the information gathering expertise and tools, as well as the analytical capabilities, to convince the other partners involved in the execution of the EAP that policy changes and adjustments are reasonable, fair, and appropriate.

Output: Environmental information system (EIS)

Timing: ■ EIS established and tested: March 1995
■ EIS operational: September 1995

1-2: Help ONE plan and organize a national workshop on information management policy and strategy and the development of related analytical capabilities within the organization and other groups involved in the execution of the EAP.

Output: Proposed national strategy and policy for environmental information management system (EIMS) workshop 3-4 May.

Timing: June after the EIMS workshop 3-4 May 1995.

Task 2:

- Assist the ONE to compile inventories of environmental data pertaining to Madagascar (publications, reports, maps, unpublished documents, etc).
- Assist the ONE to conduct literature searches; acquire catalogs of archival material; review holdings of local libraries and resource centers (GOM Ministries, donor organizations, NGO's, universities, etc.).

Output: Documentation center operational and efficient.

Timing: July 1995.

OBJECTIVE 3: Formulate environmental and sectoral policies.

Task 1:

1-1: Help the ONE and other GOM agencies and donors to define and shape the roles and responsibilities, strategies, and protocol for environmental policy development, policy modifications and readjustments.

Output: Implementation plan for establishing and monitoring the COS 1994 resolutions.

Timing: February 1995.

1-2: Assist the ONE staff organize, coordinate, and supervise national seminars to review, discuss, and analyze environmental report studies for global and sectoral policy formulation and implementation

Output: At least five global and or sectoral policies formulated and proposed.

Timing: End of December 1995.

Task 2: Assist the ONE in coordinating the development, negotiation, and execution of donor projects and programs relevant to environmental policy especially the EP-2

Output: Final draft of the second environmental program (EP-2).

Timing: September 1995.

Task 3:

3-1: Help the ONE to undertake a complete diagnosis of environmental policies proscribed by international conventions, and to propose a series of recommendations to the GOM regarding the implementation of such policies . Organize a workshop to validate the diagnosis and the recommendations.

Output: Diagnosis and recommendations to the GOM presented by ONE during a national workshop.

Timing: Workshop: November 28-29, 1995.

3-2: Assist the ONE complete the survey of the institutional topography of the EAP, identifying additional key GOM partners such as organs of provincial and local government, as well as international NGOs working on conservation, and the private sector. This will be done and completed during a study and a national workshop on the elaboration of a coordination procedures manual for environmental management before the EP-2 implementation.

Output: Coordination procedures manual for environmental policy management in Madagascar.

Timing: ■ Coordination workshop: April 26-28.
■ Coordination procedures manual: September 1995.

Task 4: Assist the ONE in creating synergy among donors technical assistance and AGEX management staff implementing programs and action plans regarding the formulation and execution of environmental policies.

Output: Inventory of guidelines, action plans and technical expertise involved in the formulation and implementation of environmental policies in Madagascar.

Timing: October 1995.

OBJECTIVE 4: Develop an ecologically sustainable investment code for Madagascar.

Task 1: Assist the ONE undertake an analysis of investment codes and current preferential systems (free-trade zones, special economic zones, etc) in order to incorporate environmental measures in sectoral policies in liaison with the MECIE, and have those measures adopted by the GOM.

Output: Report on the analysis and proposed amendment of the investment code to be validated through a national workshop .

Timing: Report beginning October 1995

Task 2: Assist the ONE organize a national workshop on the validation of the amendments to the existing code and preferential systems. Undertake a collection, analysis and synthesis of existing codes in Madagascar and overseas.

Output: Validation of the study and the proposed amendments to the investment code through a workshop.

Timing: Investment code workshop scheduled for October 2-5, 1995.

OBJECTIVE 5: Develop guidelines for increasing national environmental awareness pertaining to environmental policy.

Task 1: Help ONE begin to develop guidelines and procedures for involving the public in environmental policy formulation, implementation and monitoring through a process of participatory public meetings and public awareness campaigns. This task should be undertaken with the collaboration of other GOM agencies and organizations involved in the execution of the EAP as well as NGO's and the private sector. Organize a national workshop on public education.

Output: Guidelines defining the policy of participatory involvement in environmental policy formulation and legislation.

Timing: ■ Elaboration of the guidelines: April 1995.
■ Awareness campaign workshop and recommendations: 9-16 June 1995 .

OBJECTIVE 6: Establish a permanent system for monitoring and evaluation of the impact of policies pertaining to the implementation of the EAP.

Task 1: Assist the ONE in monitoring and evaluating the implementation of environmental policies.

Output: A monitoring and evaluation plan formulated and implemented by the ONE.

Timing: October 1995

Task 2: Assist the ONE develop indicators of impact of policies on the environment.

Output:

- A list of impact indicators.
- Data collection and establishment of baseline status prior to the application of certain policies.

Timing:

- List of impact indicators: October 1995
- Data collection: November 1995.

**I-B: INSTITUTIONAL CAPACITY DEVELOPMENT FOR ENVIRONMENTAL REVIEW
Dr. Andrew Watson, Environmental Evaluation Advisor**

The KEPEM Environmental Evaluation Advisor's work-plan for 1995 has been developed in close consultation with his ONE counterparts at a workshop in Antsirabe (February 2nd and 3rd 1995) and through subsequent planning meetings. The details are presented below and in the following schedule of outputs and deliverables is summarized in Annex D.

It should be noted that several tasks are continued from 1994. Others are sequels to tasks which were successfully concluded during the first twelve months of the project. Still others are new additions whose completion will represent the culmination of much of the work specified in the Advisor's terms of reference. The three main categories of tasks that the Environmental Evaluation Advisor will endeavor to accomplish during the period February 1st 1995 to January 31st 1996 are as follows:

- further develop and refine environmental screening protocols which are currently outlined in the proposed MECIE. The establishment of an efficient screening procedure will reduce the need for expensive and time-consuming preparation and review of environmental impact studies.
- develop environmental standards for Madagascar. Though the proposed MECIE allows for the application of appropriate international standards if specific standards do not exist in Madagascar, it is important that ONE reviews those international standards and helps develop suitable new standards for the country when applicable. Factors such as the availability of laboratory facilities to undertake analyses of air, water, soil, foodstuffs and so on, the cost of enforcing strict environmental standards, and the monitoring requirements to assess compliance, must all be taken into account when standards are established and applied.
- once the MECIE has been approved by the Government of Madagascar, the ONE along with other GOM agencies will be charged with enforcing its provisions and meeting their own responsibilities with regard to the new legislation. This will be an onerous task considering the major new responsibilities that the MECIE will impose on both investors and the Government. The Environmental Evaluation Advisor will be responsible for facilitating ONE's implementation of the MECIE.

OBJECTIVE 1: Develop the institutional capacity of the ONE to formulate and implement environmental reviews.

Task 1: Help ONE specialists undertake a needs assessment to identify training/staffing requirements within ONE, Government of Madagascar (GOM) Ministries, and other agencies involved in the execution of the EAP, especially regarding environmental review.

Output: ■ Validation and implementation of the 1995 STTA plan.
■ Elaboration of STTA plan for 1996.

Timing: ■ Validation: March 1995.
■ Preparation of 1996 plan: December 1995.

Task 2: Assist the ONE conduct formal and informal meetings, seminars and workshops with ONE counterparts and human resource specialists within the GOM agencies, donor groups, and NGOs involved in the formulation and execution of environmental review policies.

Output: A document defining environmental review policies, their implications, methods and tools for their application.

Timing: April 1995; following the proposed workshops on environmental assessment procedures and MECIE implementation.

OBJECTIVE 2: Reinforce ONE's capability to develop its human and information resources required to formulate and implement environmental review policy.

Task 1: ■ Assist the ONE to compile inventories of environmental data.
■ Assist the ONE acquire catalogs of archival material. Assist the ONE review holdings of local libraries and resource centers (GOM Ministries, donor organizations, NGO's, universities, etc.).

Output: Documentation center operational and functioning efficiently.

Timing: July 1995.

Task 2: Help the ONE organization to identify sources of baseline data and expertise needed to conduct environmental screening and review impact studies. Help identify which agencies are responsible for updating these databases.

Output: A data base for undertaking environmental reviews and evaluating the impact of environmental review procedures. A directory of agencies holding and managing environmental data bases.

Timing: September 1995

OBJECTIVE 3: Establish environmental review procedures, including environmental assessments, impact studies and audits

Task 1:

1-1: Help ONE staff start to evaluate existing environmental review procedures such as those developed by the World Bank, African Development Bank, USAID, and so on.

Output:

- A documentation center and catalog of environmental review procedures and protocol from other countries and various international organizations.
- Data bank and a network of institutional and individual expertise who can provide up to date information on environmental reviews.

Timing:

- Documentation center: July 1995.
- Data bank: September 1995.

1-2: Acquire and catalog documents on environmental review policies and procedures, and conduct formal meetings to discuss their applicability in Madagascar. Organize a multinational workshop on environmental review procedures and policies.

Output: Recommendations of the workshop.

Timing: Workshop scheduled for April 5-7.

Task 2: Help ONE personnel undertake an assessment of the types of specialized data and expertise required to perform preliminary environmental screening for investment and development projects. Provide advice and information on data acquisition.

Output: A survey of the existing resources within ONE and within other organizations in Madagascar pertaining to environmental screening procedures as outlined in the MECIE.

Timing: May 1995.

Task 3:

3-1: Assist ONE to implement and monitor procedures for environmental reviews as proscribed by the MECIE.

Output: Environmental review procedures implemented.

Timing: July 1995.

3-2: Assist the ONE to undertake formal, participatory review of environmental protocols established by the MECIE.

Output: Formal and participatory review completed.

Timing: December 1995.

Task 4: Provide advice and assistance to help ONE organize a series of meetings, workshops, and national seminars with the EAP executing agencies, and other concerned parties, to disseminate information on the implementation of environmental review policies, standards, and compliance issues.

Output: Validation of review policies and standards.

Timing: End of December 1995.

Task 5:

5-1: Assist the ONE to develop scopes of work for formulating, applying, and monitoring environmental standards.

Output: Scopes of Work elaborated by ONE.

Timing: April 1995; following the workshops on environmental assessment procedures and MECIE implementation.

5-2: Assist the ONE to monitor and finalize inventory studies of environmental standards.

Output: Studies of environmental standards for 5 to 6 sectors.

Timing: October 1995.

Task 6:

6-1: Consult with relevant agencies and organizations (for example donors, ANGAP and operators such as VITA, WWF, Care, etc) to define priority areas and evaluate the need for supplementary information on the location and status of these areas.

Output: A study to define and delineate priority zones for environmental protection.

Timing: December 1995.

6-2: Assist the ONE to elaborate guidelines for environmental reviews in those sensitive areas.

Output: Guidelines for environmental impact assessments and audits.

Timing: December 1995.

OBJECTIVE 4: Develop guidelines for increasing national environmental awareness pertaining to the environmental review process

Task 1: Help ONE to develop procedures for involving the public in the implementation of the MECIE. Organize a workshop on awareness campaign.

Output:

- A document defining guidelines and procedures for involving the public in the implementation of the provisions of the MECIE.
- Recommendations of the workshop on public awareness campaign.

Timing:

- Document: end of May 1995.
- Recommendations: workshop scheduled for June 1995.

OBJECTIVE 5: Establish a permanent system for monitoring and evaluation of the impact of policies pertaining to the environmental review process.

Task 1: Assist the ONE in monitoring and evaluating the implementation and impact of environmental review procedures for investment projects.

Output: A monitoring and evaluation plan formulated and implemented by the ONE.

Timing: October 1995.

Task 2: Assist the ONE to develop indicators to measure the impact of policies on the environment and on the people of Madagascar.

Output:

- A table of impact indicators.
- Data collection and establishment of baseline status prior to the application of certain policies.

Timing:

- List of impact indicators: October 1995
- Data collection: November 1995.

COMPONENT II

NATURAL RESOURCE PRICING AND NATURAL FOREST MANAGEMENT.

II-A: FORESTRY REVENUE GENERATION

Gerold Grosenick, Forest Economist

OBJECTIVE 1: Establish a national table of revised stumpage fees for timber. These new fees will assure that the sales prices for timber reflect more closely the true value of the timber being harvested.

Task 1: Estimate the residual stumpage value for all major commercial timber species. It will be necessary to collect current prices for timber products and current cost information for felling, limbing and bucking, transfer to roadside, transport, wholesaling, and profit.

Output: A report containing estimates of the residual stumpage values of major commercial timber species.

Timing: February and March 1995.

Task 2: Estimate the replacement costs for all major commercial timber species. Because there are currently no managed forests in Madagascar, it will be necessary to estimate the costs for silvicultural operations, protection, and management of forests.

Output: A report containing estimates of replacement costs for major commercial timber species.

Timing: February and March 1995.

Task 3: Estimate the costs of administering timber sales. Relevant information is being collected from CIREF offices.

Output: An analysis of the administrative costs of the various technical and administrative tasks the SPEF, CIREF, and CANFORET most fulfill to properly administer a timber sale.

Timing: March 1995.

Task 4: Determine how forestry charges will be assessed. Compare advantages and disadvantages of various types of forest charges.

Output: An analysis of different types of forest charges as they might be applied in Madagascar, including administrative and technical ease or difficulty, cost, and training necessary. Recommendation for selection.

Timing: May 1995.

OBJECTIVE 2: Improve the efficiency of the forestry revenue collection system. Only a small percentage of the forest revenues which should be collected actually are collected and deposited in the National Forestry Fund. The improved system will ensure that this percentage is increased at the same time that the stumpage fees are increased (Objective 1).

Task 1: Organize and hold a series of workshops throughout the country to discuss forest harvesting practices and recommend changes in the current control procedures.

Output: A proposal for improved control of forest harvesting and forest harvest permits.

Timing: February 1995.

Task 2: Prepare administrative forms and procedures necessary to implement the proposal prepared as Task 1, above.

Output: Printed permits, and other reporting forms.

Timing: June 1995

Task 3: Training for implementation of new procedures.

Output: Trained forestry agents capable of properly implementing the recommended procedures.

Timing: July 1995.

Task 4: Monitor implementation progress.

Timing: Monthly from July 1995 and onward.

OBJECTIVE 3: Coordinate KEPEM forestry activities with each other and with those of other parties. Many donors are encouraging the DEF to work in forest management planning and forest policy formulation and implementation. To make best use of the limited resources available (especially personnel and time), all efforts must be coordinated.

Task 1: Help the DEF establish a strategy to coordinate the activities of all those involve in forest management and forest management planning.

Output: A clear strategy for internal coordination of DEF, SPEF, and donor activities.

Timing: Ongoing.

Task 2: Coordinate the DEF/KEPEM training program with those of other projects and donors.

Output: Training programs covering most training needs with minimum duplication of effort and reduced time conflicts.

Timing: Ongoing.

Task 3: Coordinate the activities of long-term and short-term technical assistance to the DEF.

Output: TOR's for STTA, schedules and calendars which permit maximum collaboration.

Timing: Ongoing.

Task 4: Monitor progress toward DEF/KEPEM goals.

Output: Periodic reports documenting progress. Work plans which are up-to-date and reflect current information, manpower availability, and objectives.

Timing: Ongoing.

II-B: FOREST INVENTORY AND MANAGEMENT
Manuel Soto Flandez, Forest Inventory Specialist

The tasks of Forest Inventory Specialist have been defined in the First Annual Workplan of the KEPEM PROJECT for the period of February 1994 - February 1995. This new version is an update of the Forest Inventory Specialist's tasks according to Project's objectives, DEF priorities and funding availability. The activities have been scheduled for 18 months, covering the total duration of the mandate.

The main task under the forestry inventory component is to estimate the volume of timber available for commercial harvest at national level over the next ten years. The baseline data will be provided by the national forest inventory and financed by the World Bank. The outputs are the identification of forests presenting a commercial potential and the formulation of a framework or a computer model containing the data from the inventories.

As far as forestry management is concerned, the objectives of the Project will be implemented jointly with the DEF, the COEFOR Project and the World Bank for financing. The outputs are the elaboration of two management plans for ecologically different areas such as the dry forest of the western region and the forest in the Sambirano mountain. The implementation of the management plan of the classified forest of Ankeniheny is already developed, as well as the organization of a rational exploitation plan for the classified forest of the of Fieferana.

The specialist's contribution to the training and the reorientation of national technicians in natural forest management planning will be achieved in conformity with the implementation of the above-mentioned tasks.

OBJECTIVE 1: Estimate the volume of timber available for commercial harvest over the next ten years.

Task 1: Collect relevant information regarding the localization of forest having commercial potential, and on the inventories already completed.

Output: A report with an analysis of potential timber volume available for commercialization over the next ten years.

Timing: January 1995.

Task 2: Undertake a thorough analysis of inventories data according to the volume of timber available.

Output: A computer model of the inventories data determining the volume on foot per species and per category.

Timing: January-February 1995.

OBJECTIVE 2: Assist the DEF to develop two management plans for ecologically areas including the dry forest of the western region and the forest of the Sambirano mountain.

Note : All natural forest rational management activities will be sponsored by the World Bank and implemented by the DEF. The KEPEM and COEFOR Projects will provide technical assistance.

Task 1: Elaborate two management plans, including job description for a technical team that will be created and trained by the DEF.

Output: Two management plans respectively for the forest of dry areas and the forest in the Sambirano mountain.

Timing: March-April 1995.

Task 2: Train members of the technical team to monitor the implementation of field work.

Output: Two national technicians trained in the elaboration guidelines for natural forest management.

Timing: April 1995-February 1996.

OBJECTIVE 3: Assist the DEF to implement the management plan that has already been developed for the Ankeniheny classified forest.

Task 1: Develop a management plan for the Ankeniheny classified forest, including job description for the technical team members, and scope of work for short term technical assistance to establish and train a team that will be appointed by the DEF to implement the plan.

Output: The implementation of a natural forest management plan for the first time in Madagascar.

Timing: March-May 1995.

Task 2: Develop research tools for the vegetative regeneration of forest species.

Output: Tools for silvicultural research for the forest of the east coast.

Timing: January-February 1995

Task 3: Train the members of the technical team appointed by the DEF on the implementation and monitoring of the management plan.

Output: A national team trained in natural forest management.

Timing: April 1995-February 1996

Objective 4 **Assist the DEF organize a rational exploitation plan with a stronger technical and economical participation of the Forestry Service of the Fierenana classified forest.**

Task 1: Formulate a rational exploitation plan which will serve as basis for work for the team responsible for the its implementation.

Output A rational exploitation plan for the Fierenana classified forest

Timing: March-April 1995.

Task 2: Train the Fierenana team members, and monitor the implementation of field work.

Output: A team of national technicians trained in the organization of the rational exploitation system.

Timing: March-April 1995

Objective 5 **Train national technicians on natural forests management.**

Task 1: Participate in the facilitation of a national workshop on the "Permit d'exploitation". The workshop will be divided into three sessions with approximately 60 participants including forestry service staff and foresters from the private sector.

Output: A document reporting the comments on the actual "Permit d'exploitation", and the constraints of the forestry service. This document will also include propositions of a more efficient permit and the monitoring system to be set up.

Timing: January-February 1995

Task 2 Organize and facilitate two workshops on natural forests management.

Output: Proposition of a management model and an overarching management and approval procedures to be applied by the DEF.

Timing: February-April 1995

Task 3: Organize three field training sessions on the evaluation of silvicultural potential for local species and forest exploitation.

Output: Twenty team leaders of forest management and twenty national technicians trained on monitoring the "permit d'exploitation".

Timing: April 1995-January 1996

COMPONENT III**ENVIRONMENTAL ENDOWMENT FUND**
Egide Cantin, Endowment Fund Specialist

As stated in the first KEPEM work plan, the timing proposed for realizing each objective "is tentatively suggested, but it is worth noting that it is dependent on facts beyond the control of individual project, especially concerning the approval of a new legislation authorizing the creation of the foundation. If this legislation is delayed, the implementation plan will be correspondingly delayed". This work plan for 1995 will take into account the delays which have occurred especially concerning the approval of the legislation. We are, therefore, more optimistic that the dates fixed for this year for achieving each objective will be more accurate.

OBJECTIVE 1: Authorize legislation for the creation of the Environmental Endowment Fund

Task Draft legislation in consultation with USAID, MINFIN and a judicial consulting firm

Output: Draft law or bill authorizing the creation of the National Environmental Endowment Fund.

Timing: May - June 1995 (tentative date reported)

OBJECTIVE 2: Establish the Foundation legally

Task : ■ Advise on the elaboration of a Draft Decree in consultation with the two funders and a judicial consulting firm.
 ■ Assist in the elaboration of the status of the Foundation.
 - ■ Monitor administrative procedures for the official agreement of the foundation (Mar/June 1995).

Output: Decree and statute approved by their corresponding administrative authority.

Timing: May - June 1995

OBJECTIVE 3: Create a selection committee to appoint the Board of Directors according to the agreement between GOM and USAID regarding the creation of the foundation.

- Task :**
- Draft procedure regarding the selection of Board of Directors;
 - Establish formal contact with all institutions involved in this process: GOM, USAID, Environmental NPOs, Social NPOs, Private sectors;
 - Assist all institutions in their preparation session for the selection of their representatives;
 - Participate in group preparatory meetings for the selection of their representatives;
 - Brief all institutions on various legal and operational aspects of a foundation.

Output: Selection Committee created.

Timing: June - August

OBJECTIVE 4: Appoint the Board of Directors

- Task:**
- Elaborate criteria for appointment of Board of Directors;
 - Brief the selection committee on the law governing the foundation;
 - Advise on the process of selecting the Board of Directors;

Output: Board of Directors appointed.

Timing: July - September 1995

OBJECTIVE 5: Establish office space for the foundation

- Task:**
- Logistics activities for the office space and equipment for the foundation (Feb/1995);
 - Finalize office space installation (May - June 1995);

Output: Office space fully operational

Timing: July 1995

OBJECTIVE 6: Establish administrative system for the foundation

- Task:**
- Elaborate job descriptions and Scopes of Work and assist in the selection of the Executive Secretary, Accountant, Investment Manager or Project Manager of the foundation (May - Dec 1995);
 - Advise in establishing the budget for the foundation (nov 1994 - dec 95)
 - Assist and supervise short-term consultant in establishing the foundation account plan;
 - Monitor the establishment of the account plan (May - Dec 1995);
 - Assist in the elaboration of the personnel policy (Dec. 95 - June 96).

- Output**
- Staff members appointed;
 - Basic administrative procedures elaborated;
 - Account plan established.

Timing: December 1995 - June 1996

OBJECTIVE 7: Inaugurate the Foundation

- Task:**
- Prepare the opening of the foundation (September - November 1995);
 - Create a logo for the foundation (Sept- Nov 1995), to do so, involve schools in a design competition with awards.

Output: The new logo created providing greater visibility for the foundation, its objectives and policies.

Timing: Nov - Dec 1995

OBJECTIVE 8: **Develop the institutional capacity of the foundation to implement the objectives elaborated by the founders in the foundation's statutes.**

- Task 1:** ■ Assist the Board of Directors to develop the vision and goals of the foundation.
 ■ Advise on the development of the by-laws for the foundation.
 ■ Organize a series of information meetings with donors, GOM agencies, the operators and NPO and hold a workshop with donors and the staff for the development of the Strategic Planning Workplan.
 ■ Assist in the elaboration of the workplans for the Executive Secretary and the Project & Investment Manager (July - Dec 1995);
 ■ Assist and supervise a short-term consultant in establishing the foundation, its investment policy and the system for the tracking grants. (May -December 1995);

- Task 2:** ■ Establish with the donors and the staff the organizational and training needs for planning, monitoring and evaluation, and assessing the short-term TA needs.

Establish a continuous process for reviewing the strategies and assessing activities of the foundation through a series of meetings and brainstorming sessions.

- Task 3:** Develop transparency for information on financial statutes. At the end of each year starting in 1995, the state of income and expenditure, a balance sheet and a summary of grants should be made accessible to the public in an annual report.

- Output:** ■ A document describing the objectives and the choices made by the foundation for its intervention;
 ■ The by-laws of the foundation approved by the Board;
 ■ A training plan developed according to the needs of the organization;
 ■ An annual report published each year.

Timing December 1995 - June 1996

OBJECTIVE 9: Formulate or develop the effective grantmaking program

Task 1: ■ Accordingly to the vision, goals, and objectives, help to define what kind of projects the grant program will support, the types of projects generally not funded and who may avail of funding assistance from the foundation.

■ Organized with key stakeholder (boards; representatives of the funders, staff members, academics, some international NGOs and NPOs in the environmental field) a consultative workshop to ascertain sectorial, regional and national viewpoints on what are perceived to be the main environmental goals over the short, middle and long-term, and to canvas opinions on how the participants think the foundation could respond to their needs taking into account the limited resources on which it will be able to draw.

■ Participate in a series of internal workshops aimed at the elaboration of the grantmaking plan particularly issues such as: avoidance of duplication, challenge grants, technical assistance grants, multi-year grants, emergency requests, special programs, etc.

■ Develop a process for continuously assessing the grantmaking program and create post-grant evaluation procedures.

Task 2: ■ Elaborate a management system for the designated funds provided by donors and the specific funds allocated by the Board or Director.

■ Develop an international investment structure of funds with excellent returns and flexible availability to attract potential donors in the environmental field and accordingly develop a stringent internal policy for management of those funds and transparency.

Output: ■ A grantmaking program;
■ A monitoring system in place;
■ An investment policy in place.

Timing: ■ Preliminary documents in December 1995;
■ Program and policy in place around June 1996;
■ Experimentation, March 1996 to March 1997;
■ Evaluation, January 1997 to end of March 1997;
■ Reorientation or adjustment, April, May and June 1997.

OBJECTIVE 10: Develop the grantmaking process

Task: ■ Help the foundation plan and organize regional workshops for assessing the capacity of Non-Profit organizations, local communities, and the private and public sectors while at the same time soliciting community input for identifying new areas of need.

- Assist in the elaboration of the guidelines and criteria for the grant applications, the review and award process, grant disbursement, grant monitoring and evaluation systems and procedures.

Output: A grantmaking process policy.

- Timing:**
- Preliminary documents, December 1995;
 - Policy in place around June 1996;
 - Experimentation, March 1996 to March 1997;
 - Evaluation, January 1997 to end of March 1997;
 - Adjustment, April, May and June 1997

OBJECTIVE 11: Develop and implement a resources-development policy

Task: ■ Assist the Board of Directors and the staff to develop a strategic resource-development plan and fund-raising strategies both internal and international.

- Assist in developing campaigns for special purposes: special events; gifts and bequests; soliciting corporations & companies and private foundations.

Output: A resources-development policy focused on donors interested in funding the Foundation.

- Timing:**
- Policy in place about June 1996;
 - Experimentation, Sept 1996 to March 1997;
 - Evaluation, March 1997;
 - Adjustment, May 1997.

OBJECTIVE 12: Set up and implement a communications and public relations policy.

- Task:**
- Assist the foundation establish effective communications with different sectors within its sphere of activity.
 - Help define the specific type of communication media appropriate for each sector: the grantees (local communities, Non-profit organizations, academies, research centers, government agencies), donors (internal and international), financial advisors, other funding groups such as international NPOs, companies and governments, educators, and public.
 - Develop attractive publications and visual material in the form of a comprehensive annual report, newsletters, brochures on different topics, photographs, videos, slide presentations and audio tapes.
 - Develop access to media, newspapers, radio and TV on the national and local levels.

Output Establishment of a high quality corporate image through public relations materials adapted to each component of the Foundation's constituency.

- Timing:**
- Some preliminary action and documents produced about December 1995;
 - Policy in place about June 1996;
 - Experimentation, March 1996 to March 1997;
 - Evaluation, January 1997 to end of March 1997;
 - Adjustment, April, May and June 1997.

OBJECTIVE 13: Elaborate a training plan for the Board of Directors and the staff of the Foundation

Task: Analyze the specific areas where training is needed.

Output: A draft training plan.

Timing: Ongoing process.

ANNEX

ANNEX A - LIST OF REPORTS AND DOCUMENTS SUBMITTED TO USAID

No	NAME	Date of submission	By
1	- Team management - Workshop Report	April 94	Cathryn Goddard Coverdale
2	- Accroissement des revenus forestiers - Analyse des permis forestiers - Situation actuelle et proposition de réformes	June 94	Deborah Hines ARD
3	Rapport sur l'Atelier de Planification du Projet KEPEM	June 94	Cathryn Goddard Coverdale
4	KEPEM Annual Workplan	February 94	ARD/KEPEM
5	Atelier National sur la Clarification des Rôles et Mandats dans la Gestion de l'Environnement	November 94	Cathryn Goddard Coverdale
6	ARD/KEPEM First Semi-Annual Report	January 95	ARD/KEPEM
7	Interim Training Plan	December 94	ARD/KEPEM
8	Property Inventory	December 94	ARD/KEPEM
9	Etude sur la Clarification des Rôles et Mandats dans la Gestion de l'Environnement	January 95	Cathryn Goddard Coverdale
10	Avant- projet de loi "Fondation d'Utilité Publique"	February 95	Egide Cantin MIN.FIN, JURECO
11	Avant-projet de loi "Fondation d'Utilité Publique"	February 95	Egide Cantin Comité Ad Hoc
12	Avant-projet de loi "Foundation on Environment "TANY MEVA"	July 94	Egide CANTIN MIN.FIN MPA Cabinet Juridique
13	ARD/KEPEM Annual Report 1994 and Annual Workplan 1995	February 95	ARD/KEPEM

ANNEX B - WORKSHOPS/SEMINARS SCHEDULE FOR 1995

COMPONENT I: INSTITUTIONAL SUPPORT FOR EAP IMPLEMENTATION

OBJECTIVE	SEMINAR/WORKSHOP	NUMBER	DATE
1- Develop the institutional capacity of ONE	Performance Criteria (Teambuilding)		18 - 21 March
	Institutional strategy and development plan (National Workshop)		22 - 24 May
2- Reinforce ONE's capacity to develop its human and information resources	Proposition of a national strategy and policy for EIMS		3 - 4 May
	International workshop on environmental evaluation policy and procedures		5 - 7 April
3- Formulate environmental and sectoral policies	Workshop on the validation and implementation of international conventions recommendations		28 - 29 November
	Workshop on coordination and Procedures Manual		26 - 28 April
4- Develop an ecologically sustainable investment code	Validation of the diagnosis of investment code		23 - 27 October
5- Develop guidelines for increasing national environmental awareness pertaining to environmental policy	Awareness campaign workshop		9 - 16 June

ANNEX C - COMMENTS ON SELECTED OPTIONS FOR THE LEGAL ESTABLISHMENT OF THE FOUNDATION

The accepted legal framework in Madagascar is based on the French model. This framework deals only very generally with Non-Profit Organizations (NPO). Moreover, the French model divides the regulatory framework which could apply to NPOs into four categories: the law; the implementation decree; the statutes; and by-laws. Such a model differs from that found in each State in the U.S. and many other European countries. Elsewhere laws or Civil Codes include:

- a) what is generally found in the equivalent of a French decree and in a well written statutes of an NPO; and
- b) a basic definition of the internal operational rules (by-laws).

Considering these constraints, the legal framework does not provide an adequate legal and juridical basis to ensure the safety of the assets that the founders provide to such institutions and may arise opportunities for conflict of interest. It has been found necessary to ensure that a legal structure exists that provides adequate guarantees of integrity and provides legal mechanism to sue in cases of conflict of interest between the responsibilities of individuals and/or organizations.

Initially, several approaches that might be used to create a legal structure necessary to allow the effective operation of the EEF were analyzed.

1. Establishing the Endowment Fund through a specific Parliamentary law;
2. Changing the Associations Act (60-133) significantly so as to protect the Fund's administration and management by including the Fund's operating statute in this Act;
3. Changing the Associations Act (60-133) to provide legal recognition of a model for statutes governing associations;
4. Establishing the Fund under the existing Associations Act (60-133) and governing the administration and management through statutes and by-laws; and
5. Establishing the Fund through a new general law dealing with Foundations.

Each option has its advantages and disadvantages, and these are discussed and briefly analyzed below.

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1) Establishment through a specific parliamentary law.

The creation of a foundation through a specific parliament law seldom occurs. When foundations are created through such a specific law, they are commonly created as Non-Profit corporations.

1. Advantages:

- a. Creation by a legislative body gives an institution a highly visible seal of approval;
- b. A legislative body can exempt an institution from requirements that apply to regular organizations;
- c. A legislative body can give direct tax exemptions; and
- d. The legal text can be customized according to the needs of the EEF without having to consider the needs or concerns of other kinds of organizations that might be affected by generic changes in the Association Act.

2. Disadvantages:

- a. The development of a legal text specific to the proposed Endowment Fund might take considerable time because there are few legal references on theⁿ subject and no relevant precedents in Madagascar;
- b. Lobbying a legislative body is usually a time-consuming process, and legislators may have a vision of the institution's structure and mission that differs from that of the initial advocates (a common result is an outcome dependent on bargaining and compromise that will not allow the foundation to achieve its mission adequately);
- c. A legislature can impose specific requirements not applicable to other organizations; and
- d. If the need subsequently arises to amend the law, further legislative involvement will be required.

2) Major changes to the existing Associations Act

1. Advantages

- a. Major changes in Madagascar's existing Associations Act would help to secure the EEF's administration and management through the inclusion of the statute in the Act.
- b. The Fund's board of directors would have considerable flexibility to amend the elements included in the request for establishment and the articles of the internal regulation of the organization.
- c. Through this approach, statutes are minimal and generally include the following items:
 - names of the applicants;
 - head office;
 - names of temporary board members;
 - mission or purpose of the organization;
 - other specific provisions; and
 - a declaration under oath.

Similarly, the approach allows organizations to establish their by-laws.

- d. Criteria that govern non-profit organizations are enriched, allowing these organizations to reach the same level of professionalism and responsibility as companies.
- e. Board members cannot ignore or modify their responsibilities, the rules and terms of functioning, code of behavior, power and duties of each decision-making body according to their own particular interests.
- f. Changing the actual Association Act in order to include the EEF will help to support the process already initiated by the Malagasy Non-Profit Associations for revising this act.

2. Disadvantages

- a. The process for changing the Associations Act will take a long time to reach a consensus required from all concerned parties.

Actually, more than 50% of the associations or organizations registered under the Non-Profit associations Act are not Non-Profit organizations and they take advantage of the loop-holes in the law to avoid the regulations proscribed by the

appropriate organization law. These include cooperative organizations, small businesses (SARL), unions, commercial groups, and so on. These organizations are unwilling to change either the basis of the law or its specific provisions since such modifications as required to protect true Not-For-Profit Organizations, would render the law less appropriate to their needs.

- b. Some topics necessary for the operation of the foundation such as fiscal statutes or investment regulations for example, should be regulated by other laws. This suggests that it may be necessary to change several laws. This entails many difficulties and would be very time consuming.
- c. The actual definition of an Non-Profit Association will have to be changed for Non-Profit Organization and this could cause some serious problems.

3) Minor changes in the Associations Act

Minor changes could be made to modify the current context of the Associations Act through clarification of some articles that at present can be interpreted differently thereby making them either too restrictive or too liberal.

1. Advantages:

- a. Minor modifications to the Associations Act could be achieved relatively quickly.
- b. Legislative agreement by Decree to one standard statutes governing non-profit corporations could be reached simultaneously with approval of the modifications of the law.
- c. The option of an approved act and standard statute approved in a decree, allows greater flexibility as compared to the previous option. This flexibility is measured in terms of its durability and the amendment procedures.

2. Disadvantages:

- a. The rules established by standard statute through legislative action (decree) are not as well protected from fluctuations in political power as are those included in a law because they are easier to amend.

If this option is selected, the most stringent administrative rules will always be an important political challenge, and one can foresee some laxness in the enforcement of these clauses.

- b. The legislature could impose a standard statute that might restrict the Fund's ability to function if this standard statute is not sufficiently stringent.
- c. The law never imposes a standard statute but simply refers to it. It is just a non-binding recommendation and it is up to the organization to adopt the suggested statute.

4) Establishment under the existing Associations Act

This option is not recommended. It refers to the current practice of establishing and operating an association. The existing Act needs clarification, and the issues of administration and management of organizations are inadequate for the intended purposes of the Fund.

1. Advantages

- a. This option allows for the quickest action because it does not require any legislative action.

2. Disadvantages

- a. Due to the new nature of the EEF and its purpose, the Associations Act does not provide sufficient administrative and managerial provisions for protecting the Fund's finances.
- b. The process of incorporating into a foundation's statutes items that should be in the law risks conflict of interest. This is because those subject to the statute will also be the individuals determining what the statute will be.
- c. In a lawsuit, one cannot claim omissions in statute, whether intentional or not.
- d. Members of boards of directors can agree to stringent standards when the organization is established but can change them when empowered to do so.
- e. The funds entrusted to the board members' management should be considered totally external. The board members have no personal financial stake in the organization, which may lead to oversight and laxness.

5) Establishment of the Fund through a new general law on Foundations.

This option is feasible but it is not USAID's role to promote or initiate a general law in Madagascar considering the particular subject and the real possibility of loss of control and mismanagement of the patrimony of the foundation. If this were to occur, the responsibility could be seen to lie with the initiator and the initiator's credibility could be severely compromised.

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This option could happen either rapidly or not, depending on the comprehension and the willingness of the government to promote or initiate a general law on Public Utility Foundation.

However, this option is not a panacea and may not address all the topics we would like the law take into account in order to ensure the safety of the patrimony of the foundation from potential conflicts of interest pertaining either to the investment or the grants. As with the other options, it will never be certain what the law will entail until the law is passed by the National Assembly.

Selected Options

The Endowment Fund could not be established under the current Associations Act because the Act does not provide sufficient legal protection to guarantee that the Fund's considerable assets will be secure. Consequently, based on the analyzed precedents, it was decided, in the early stages of the process to pursue the option capable of providing appropriate legal authority and protection for the EEF and its operation in the least period of time. In doing this, it was anticipated that the specific draft law to create the foundation will provide the basic instrument for experimenting with the formation of this kind of institution. Through this experiment, it was hoped to develop the general law for the foundation in the two to three years following the approval of the first law. Once the general law will have been approved by the National Assembly, the EEF could be switched to be covered by its provisions.

At the same time as the development of a specific law for the establishment of the EEF, it was decided, as a second option to be developed, a draft law concerning the restructuring of the existing Non-Profit Associations. This draft was shared, discussed and negotiated with all organizations interested in clarifying the status of the true Non-Profit organizations.

ANNEX D - SOME CONCEPTS DEVELOPED IN THE NEW PUBLIC UTILITY LAW

1 - What is a foundation compared with other types of organization?

A foundation is an organization which results from an act whereby a person or a legal entity irrevocably allocates the whole or part of its assets for the durable fulfillment of a socially beneficial purpose.

The biggest distinction from a common organization is that there is usually no membership; an exclusive Board of Trustee manages the assets without the control of any membership; and a foundation works solely for a socially beneficial purpose.

2 - Private interest / social utility.

The distinction between a private interest (trust) and a social utility (foundation) is as follows: a trust results from an act whereby a person, the settlor, transfers property from his patrimony to another patrimony constituted by him which he appropriates to a particular and private purpose.

3 - The concept of sheltered foundation.

The concept of sheltered foundation is very close and almost the same of the concept of "field-of-interest funds" in the United States. Field-of-interest funds are created by donors with a limit distribution of funds for a specific purpose within the foundation's mandate. Usually, this type of fund takes advantage of the same fiscal regime as sheltered foundations and can have its own Board of Trustees to decide which grants the sheltered foundation awards in its specific field of interest. These sheltered foundations do not have the statute of a legal person.

Among the many advantages the creation of a sheltered foundation has for a donor, the most important is the economy of scale that this kind of foundation has in aspects such as the investment of the patrimony in commune for a better return at a lower cost.

4 - The regulations for the reception of donations and bequests.

This concept is new in Madagascar and pertains to how and under which circumstances and rules a foundation can be created by legacies or received gifts.

5 - The distinction between financial institutions and non-profit organizations.

It has taken a lot of explanation to convince Malagasy counterparts and others that an Institution with a large amount of money to invest in order to obtain the best return possible on is investment could be something other than a financial institution regulated by the law

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pertaining to this kind of institution. The importance of the concept of a Non-Profit Organization lies here.

6 - The power of this kind of Institution in field of investment coupled with the concept of presumed sound investment.

The initial concern in Madagascar regarding the large amount of money the foundation will manage was based on the capacity of the foundation to monopolize some sector of the commercial or industrial field.

With the development of the new concept of "presumed sound investment" and the restrictions placed on the possibility of holding large amounts of shares in one company, the Government was willing to allow the foundation the usual rights of an organization rather than imposing the more restrictive rules that Non-Profit associations are obliged to follow.

7 - The management of patrimony by the board.

This new concept has been introduced for the Non-Profit organizations. It pertains to the obligations and duty of the administrator towards the administration of property. There exist few provisions such as those in the draft law for Madagascar. Those that do exist are exclusively for commercial or industrial purposes and they are very limited.

8 - The Fiscal regime.

A new Fiscal regime expressly for this type of institution was developed. After negotiations with the tax office, a very basic regime was established which can be readily adapted once the performance of this kind of institution becomes clear.

9 - Restrictions on the capacity of the Board of Trustees pertain to their reappointment.

Though this was a new concept, it was very well received by the funders. They appreciated the real possibility of conflict of interest in this area.

10 - Conflict of interest.

This concept is not new in Madagascar because the concept of insider trading is well known. In financial institution law, there are some provisions concerning potential conflict of interest.

With the draft law, this concept is developed for the first time in a law applicable to a Non-Profit organization in Madagascar. It covers all aspects of the organization.

11 - Committees of the Foundation.

In Madagascar, Non-Profit organizations are familiar with the concept of having committees for specific tasks. The problem lies in the fact that these committees are often

control committees or executive committees which do not have specific regulations in the law regarding their designation or level of responsibility. These kinds of committees were originated by the former Socialist regime as a way to control an organization; they provoke conflict of interest within the administration of the organization. The concept of these committees has been introduced in the law, as has the level of their responsibility and the way they are designated.

12 - Measures of supervision and control.

The kind of control and who can control the organization are clearly defined. The processes that a controller is obliged to follow and the controller's powers are also clearly outlined.

ANNEX E - CALENDAR OF ACTIVITIES PER COMPONENT

COMPONENT II - NATURAL RESOURCES PRICING AND NATURAL FOREST MANAGEMENT

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II-A FORESTRY REVENUE GENERATION
 Gerold Grosenick, Forest Economist

OBJECTIVE	TASKS	OUTPUT	T I M I N G													
			Feb	March	April	May	June	July	August	Sept	Oct	Nov	Dec	Jan.		
OE 1 Develop a national table of revised fees for timber	1. Estimate the residual stumpage value for commercial timber	Report on estimates of residual stumpage values	■	■												
	2. Estimate the replacement costs for commercial timber species	Report on estimates of replacement cost for commercial timber	■	■												
	3. Estimate the cost of administering timber sales	Analysis of administrative costs for timber sale		■												
	4. Determine assessment of forestry charges	Analysis of different types of forest charges				■										
OE 2 Increase the efficiency of forestry revenue system	1. Organize workshops on forest harvesting practices	A proposal for improved control of harvesting permits		■												
	2. Prepare administrative forms to implement the a/m proposals	Printed permits, and other reporting forms					■									
	3. Training for implementation of new procedures	Trained forestry agents							■							
	4. Monitor implementation progress									■	■	■	■	■	■	■
OE 3 Coordinate the KEPEM forestry activities	1. Help DEF coordinate all activities in forest management & planning	Internal coordination strategy for of DEF, SPEF & donors	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	2. Coordinate KEPEM/DEF training program with other donors & projects	Training program with minimum duplication of efforts	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	3. Coordinate LTTA & STTA activities for DEF	SOW for STTA, schedules & calendars of collaboration	■	■	■	■	■	■	■	■	■	■	■	■	■	■
	4. Monitor progress toward DEF/KEPEM goals	Periodic reports documenting progress	■	■	■	■	■	■	■	■	■	■	■	■	■	■

