

USAID



U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

# Environment Project Profile



Africa

Madagascar

687-0113/15

## Knowledge and Effective Policies for Environmental Management

**U**SAID developed the \$42 million *Knowledge and Effective Policies For Environmental Management* (KEPEM) program to support Madagascar's National Environmental Action Plan (NEAP). USAID also supports the NEAP through its *Sustainable Approaches to Viable Environmental Management* (SAVEM) initiative (see separate project profile), which is helping to develop conservation and development activities in tandem in protected areas. KEPEM, launched in 1992, is a six-year (1992-97) effort that provides \$33 million in nonproject assistance to help service Madagascar's \$3.98 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 environment plan process by focusing on the development of institutions, policies, and incentives affecting the long-term sustainability of natural resource 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 nonproject 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.

### Highlights for FY 1993-94

- Funded workshop to promote policy dialogue between government and NGOs on natural resource management. Supported draft legislation that strengthens the role of NGOs in sustainable community development.
- Supported policy reforms mandating environmental review processes for investment projects, adjusting forest revenues for rosewood and pine, and establishing a national environmental endowment fund.
- Madagascar's National Office of the Environment (ONE) is fully staffed and coordinating new legislative initiatives.
- Signed a contract with the U.S. firm Associates in Rural Development (ARD) for technical assistance and training.
- Studied land tenure and governance practices near four protected areas. Recommendations to be discussed at a series of workshops starting in September 1994 and considered by ONE in policy development.

### Project at a Glance

**Funding:** Life-of-Project \$42,000,000  
Biodiversity Percentage 90%

**Project Duration:** FY 1992-97

**Implementors:**

Madagascar's National Office of the Environment  
USAID/Madagascar  
Land Tenure Center of the University of Wisconsin  
Associates in Rural Development, Inc.

**USAID Project Officer:**

Robert Hanchett/USAID/Madagascar

## Background

Madagascar's wealth of biological diversity and extraordinarily high percentage of endemic species make it one of the world's most critical sites for conservation. Rapid deforestation and widespread erosion, driven by severe poverty and a high rate of population growth, make the need for preserving the country's natural areas urgent.

The government of Madagascar is attempting to address these issues and the institutional problems contributing to them. With the support of multiple donors—which includes the World Bank, USAID, World Wildlife Fund, and the United Nations Development Programme—the government of Madagascar in 1988 initiated the 15-year NEAP to reform institutional and policy structures to promote sustainable natural resource management in Madagascar.

## Project Implementation

Key policy reforms to be supported under the program fall into three categories. These include strengthening the capacity of ONE to develop and monitor environmental policy, generating natural resource revenue and pricing resources, and facilitating local-level natural resource management initiatives 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 environment office and defining their roles in implementing and monitoring that policy, developing work plans to evaluate the impacts of policy reform, and establishing 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 better reflect market prices and replacement costs, increasing

revenues to be returned to maintaining natural forests, developing management plans for natural forests under exploitation, and strengthening legal provisions for local people working to manage resources sustainably.

The third category entails improving the legislative framework regarding the creation and operation of local-level organizations and nongovernmental organizations (NGOs) 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 large institutional contract has been signed with ARD to provide technical assistance and training in developing the institutional capacity of the ONE, revising forest policy, managing natural forests, and operating the endowment fund operation.

Research to clarify the current capacity of local resource users to govern and manage natural resources in a sustainable manner is a key precursor to actual reform. ONE is addressing this issue through studies completed over the last 12 months. The Land Tenure Center of the University of Wisconsin (through a cooperative agreement) and ARD (through a buy-in<sup>1</sup> to USAID's *Decentralization, Finance and Management Project*) researched issues of land and resource tenure and local governance in areas surrounding four protected areas. The research will lead to policy recommendations to be discussed at a series of workshops that started in September 1994.

## Project Progress

A policy dialogue, begun with the government of Madagascar and NGOs 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.

ONE is fully staffed and functioning, legislation mandating environmental review processes for investment projects has been passed, 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 Environment Endowment Fund, and final drafting of NGO legislation is under way. Support in developing the endowment legislation has been provided through USAID's *Environmental and Natural Resources Policy and Training* project.

The groundwork having been laid for KEPEM to proceed, the project's operational stage is now getting under way. The grant's first *tranche*<sup>2</sup> has been disbursed to the government of Madagascar. Once the government has formally approved the draft endowment law and the revised NGO code, the second disbursement was scheduled for October 1994. ARD has two staff in ONE to support its implementation of the environmental action plan and accompanying policy reforms.

Madagascar has faced problems in establishing institutional changes to protect the environment and been buffeted by severe political instability for almost two years. For example, ONE has suffered from political turnover and fluctuating support. It has recently established its mandate in policy development and faces the difficult task of developing consensus among its constituent agencies. Another example seems to be that the roles and responsibilities of various environmental agencies remain unclear. This probably relates to the creation of three new agencies by the national plan process. Yet the general feeling coming out of the national plan's midterm review has been positive in its assessment of Madagascar's potential for environmental reform.<sup>3</sup>

—Kara Page, *Datex*

6/24/94

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<sup>1</sup> A buy-in occurs when a donor agency contributes funds to a pre-existing project for a specific purpose.

<sup>2</sup> A disbursement of funds.

<sup>3</sup> National Office of the Environment, *Mid-Term Review of the EPI Environment Program* (Antananarivo, Madagascar: ONE, unpublished report, 1994).