

**MOVEMENT FORWARD ON  
ENVIRONMENTAL SUSTAINABLE  
FINANCE IN MADAGASCAR**

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# **MOVEMENT FORWARD ON ENVIRONMENTAL SUSTAINABLE FINANCE IN MADAGASCAR**

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# Introduction

My visit to Madagascar was originally requested by USAID to a) participate in a “Journee de Reflexion” workshop focused on issues of sustainable financing for the environment in Madagascar; and b) to help outline an IRG/PAGE approach towards sustainable financing for the next year based in part on the recent PE2 mid-term evaluation. During my stay I was asked to contribute towards resolution of a number of other issues: contract revision negotiations with USAID; representing the IRG home office on some personnel matters; review of a draft IRG/PAGE communications strategy, and review/revisions of PAGE small grants manual.

# Sustainable Financing -Towards PE3 and Beyond (I.R. 3.2)

## Journee de Reflexion

The Journee de Reflexion was a major success, according to participants. It served the purpose of further introducing sustainable finance concepts and experience to most of the key PE2 government actors. Attendance was very good and most senior officials participated actively throughout the two half-day sessions. The discussions at the end of the journee, very ably facilitated by Philip DeCosse, demonstrated that key actors (MOE, ONE, ANGAP, Tany Meva, international PVOs – CI and WWF, and finally donors -USAID andSMB) were aware of the critical importance of sustainable financing for PE3 and beyond and were willing to organize themselves to take some initial actions.

Leon Rajaobelina of CI, a former Minister of Finance, was clearly in his element in discussing debt-for-nature swaps and other elements of sustainable financing. With his background he is an excellent “bridge” between the worlds of finance and environment. Leon was selected by consensus to be the head of the “noyau dur” (core group) that would further explore issues of sustainable finance in support of the government’s committee de pilotage (not yet established) for the planning of PE3. IRG/PAGE was asked to be the secretariat for the noyau dur.

The first step is for the secretariat to prepare and send to participants a summary of the results of that “journee”.

## IRG/PAGE Follow-up Actions Recommended

a) Issue “Journee” summary; b) Philip and Jean-Roland meet with Leon when he returns to discuss next steps for IRG to support the noyau dur. The priorities identified at the Journee – including improved financial management and new/improved sources of revenue for sustainable finance fit perfectly with IRG/PAGE objectives. I recommend that IRG/PAGE work very closely with Leon and the “noyau dur” and encourage timely movement and action.

Working with the "noyau dur" or the PE3 Committee de Pilotage, PAGE might also provide technical support for the development of a "Financial Sustainability Plan for PE3 and Beyond" that would provide estimates of funding needs

(assuming some critical improvements in cost reduction and financial management) for PE3 and for a "post PE3 period"; and estimates of revenues that might be sought from new sources of sustainable financing.

Finally, if requested, IRG/PAGE could provide support to the "hoyau dur" for several of the 5 key "enjeux" to sustainable financing identified by the "Journee": Gestion de Finances, Professionalism and Marketing. The other two enjeux mentioned in the meetings - Political Will and Lobbying - are less appropriate for expatriate support.

## Interest in Specific Sustainable Financing (SF) Mechanisms

A variety of possible sources of SF were presented at the Journee. Although the group consensus was to find a way to finance the full range of PE3 components, in subsequent discussions it became clear that the key actors are already becoming realistic in linking potential sources of revenue with specific uses (or program components). In my view both approaches have some validity and can be carried out simultaneously. A broad sustainable financing strategy prepared by the GRM could be a useful document for discussions with the donor community regarding PE3 – discussions that are scheduled to begin with the donors (per Andy Keck and Bienvenu Rajaonson) by the end of 2000.

Meanwhile key actors want to take action now to explore the feasibility of specific sources of sustainable finance. At a meeting with USAID and IRG/PAGE on personnel matters July 13 (where I represented the IRG Washington office), the Minister of Environment moved the discussion quickly to sustainable finance issues. He asked me how I thought that ANGAP and the protected areas might be financed in a sustainable manner. He (and the DG) responded positively as I outlined "one option" that I indicated might be feasible -- a Parks trust fund endowed with GEF PE3 funds. This idea has been under exploration by ANGAP, with PAGE/MIRAY support for a number of months. GEF interest in endowing a parks fund is likely, I added, since the GEF board appears to be convinced that GEF projects providing endowments for trust funds have been successful in the past in other countries. The normal preconditions for GEF funding are present in Madagascar ("biodiversity of global significance" and need for "incremental cost funding" for the national park system). I said that, based on a very initial analysis of present operational costs for ANGAP headquarters, the two regional offices and Class A parks, a well managed endowment of approximately \$20 million could probably provide annual revenues adequate to finance 50% of the operational costs for these units.

When we turned to the FFN and FFR as possible sources of sustainable funding, the Minister said that he saw these funds being used to ensure the sustainable financing of the classified forests. The Minister then mentioned his interest in other sources of finance for other elements of the PE3 program: Bio-Prospecting, Carbon sequestration (“Kyoto”) funds for reforestation, and, finally fiscal incentives (such as the proposed FMG5/per litre tax on gasoline).

I indicated that IRG/PAGE was willing to work with the Ministry in exploring these areas and others (such as debt swaps and PL480 funding); but also added that improving financial management was just as important a priority for IRG/PAGE and would probably be a precondition for significant donor financing for a trust fund and other donor-supported revenue sources.

In my discussions July 13 with the GEF/IBRD liaison (Bienvenu Rajaonson) and with USAID (Lisa Gaylord and the FSN staff) on July 11, 12 and 13, the concept of linking a endowing a Parks Fund to provide sustainable financing for ANGAP and PAs, and using the FFN/FFR to provide sustainable financing for classified forests and community forestry appeared to be more and more commonly accepted.

USAID’s initial idea of the Biodiversity Trust Fund funded by GEF may still be a viable idea, if the scope of the program had reasonable limits - e.g. national parks with perhaps one additional component (which most likely would have to be biodiversity related). Several GEF-funded trust fund projects and their resulting trust fund institutions have been entitled “biodiversity funds” since biodiversity is one of the GEF’s four priority program areas.

# Issues and Opportunities: The Establishment of a “Parks Fund” Financed by GEF

## Opportunity

GEF has been a major financial contributor to the Madagascar National Environment Program during its first two 5-year phases, and has financed a significant portion of ANGAP and Park system operational costs during Phase II (EP2). Madagascar and its national park system fit well into GEF program priorities (biodiversity of "global significance", and a very evident need for "incremental cost" funding to ensure that PAs can be sustained). The 1998 GEF evaluation of trust funds worldwide<sup>1</sup> strongly recommended continued and expanded GEF support for environment trust funds as a funding mechanism to ensure sustainable financing for priority programs. Since then the GEF board has approved a number of new trust fund projects and will soon consider approval of several others. Providing an endowment for a Madagascar Parks Fund would be a much wiser investment of Phase III GEF funds than continuing to finance the annual operating costs of the park service and national parks. ANGAP is already moving towards meeting much of possible GEF conditionality for such a project through: a) development of a long-term strategy - the Plan GRAP; b) and improvements in financial management.

## Issues

Based on worldwide experience in establishing trust funds in the past, one should anticipate several key issues that will need careful resolution during the design phase for a new parks fund. Five such issues are discussed below. Normally 1-2 years are needed to adequately discuss and reach consensus on these issues and to meet any additional preconditions established by a major donor such as the GEF.

## Governance

Donor-funded trust funds are traditionally governed by a board of directors made up largely of private citizens acting in their personal capacity; and are not public-

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<sup>1</sup> GEF Experience with Conservation Trust Funds; Evaluation Report # 1-99.



sector dominated.<sup>2</sup> At the same time, government commitment to the national parks system and to the trust fund is a critical factor of trust fund success in other countries. Government officials, who have managed almost all National Environment Program funding to date, are likely to be initially uncomfortable with the concepts of a) placing a large chunk of PE3 GEF funds into a non-government institution (essentially an institution out of government's direct control); and b) depending on that non-government institution for critical annual funding of ANGAP operational costs.<sup>3</sup>

## Location of the Parks Fund

Should the new Parks Fund be placed under the Tany Meva organizational umbrella or should it be established as an independent (second) environment trust fund in Madagascar? Mexico's Nature Conservation Fund is an example of a trust fund with both a small grant "window" and a parks "window". However, in some other countries (Brazil) a "forced marriage" of organizations with two very different objectives has ended in organizational divorce after years of inefficient operations.

## "National Consensus"

On the need for a parks fund, its objectives and on the fund's governance structure: Many successful trust funds benefit from a very positive public image and a remarkable degree of acceptance among environment organizations. This is attributed primarily to the success of a lengthy consultation process (regional meetings of stakeholders and the public throughout the country, etc.) led by renowned national leaders PRIOR to making a final decision on the governance and location of a new trust fund.

## Leadership

Where large trust funds have been successful, respected national figures from the environment/conservation, finance and political sectors have been personally involved in leading the initial consultation process. In most cases these well-

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<sup>2</sup> Public sector dominated funds have suffered from changes in political regime. Peru's FONANPE (Fund for Natural Areas Protected by the State) is a classic case where a government-dominated board of directors (and trust fund objectives) were radically changed each time a new government took power.

<sup>3</sup> Tany Meva is not a relevant example to alleviate these concerns since it makes grants only to non-government organizations - NGOs and CBOs. Also, 6 of 9 board members are public sector officials.

respected individuals have made a long-term commitment to provide leadership for the new trust fund as members of the board of directors.

## Legislation

As discussed in more detail below (re: Tany Meva) Madagascar's Foundation Law (Loi #95-028) is much more detailed and restrictive than foundation laws in other countries (especially on governance issues, restrictions on investment of endowment resources, financial management). Prior to the creation of a new Parks trust fund, this law will need to be revised; or a new law specific to the new trust fund will be needed.

## Funding

Three types of funding will be needed:

- Project preparation funding that might be provided by GEF's small project fund, managed by UNDP, or in-kind by PAGE and other international organizations;
- Funding to capitalize an endowment: Based on very preliminary calculations using ANGAP 2000-2002 program costs estimates, an endowment of approximately \$20 million from GEF would be sufficient to ensure annual revenues to cover 50% of the operational costs of ANGAP and Class A Protected Areas. The remaining 50% might be provided as GRM counterpart (the GRM presently provides 30% of these costs, according to PE2 financing tables) and through a portion of park entrance fees (that could finance perhaps as much as 20% for PA operational costs).<sup>4</sup> Other donor support should be solicited to increase the endowment to enable coverage of Class B and C protected areas.

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<sup>4</sup> The costs of ANGAP headquarters and its regional offices are budgeted by ANGAP at approximately US\$2million per year between 2000 and 2002. Although specific costs figures for each Class A Protected Area are not available, operating costs have been estimated at \$3/hectare or approximately \$1.43 million per year. Obviously, future savings in operational costs are possible given the very high ratio of headquarters to PA costs presently (2 to 1.43).

Assuming for the moment that \$3.43 million were needed annually and no cost savings could be found, a GEF endowment might be expected to finance approximately 50% of those costs - or \$1.715million per year.

A \$20 million endowment could generate a 10% annual return if it is well managed in international markets. Approximately 15% of that return will be needed each year to fund the operational costs of the trust fund; leaving approximately \$1.73 million in revenues available for program activities.

At present, only three Class A parks generate sufficient revenues from entrance fees to meet a 20% objective (after 1/2 of the fees are set aside for community projects). An increase in entrance fees may be

- Special grant funding from other sources to finance the first two years of trust fund operating costs: Donor grant funding of initial trust fund operating costs allows the fund to re-invest and increase the size of its endowment - essential for ensuring that the initial endowment can be maintained over time. Bilateral donors, the MacArthur Foundation, WWF and CI are among the donors that have funded these initial trust fund operating costs in other countries.

## First Steps Towards Establishment of a National Parks Fund

Based on experience in other countries, a great deal of work is required to reach a national consensus regarding the need for a national parks fund, its objectives, its location and its system of governance. Commitment to the concept must be gained from the government, the environmental community, and the broader public in Madagascar. This process is typically led by a Trust Fund (TF) Working Group of individuals that represent the key environmental actors and constituents. The Working Group is usually supported by a secretariat that provides administrative and technical support to the Working Group (logistics for meetings, prepare meeting agendas and minutes, hire STTA as needed for special studies or analyses, etc.).

In Madagascar, the TF Working Group might operate as a sub-committee of the Noyau Dur established during the Journee de Reflexion and, eventually, as a group officially sanctioned by the PE3 Committee de Pilotage when it is established. Alternatively, it might be established by the Minister of Environment, ideally in concert with the Director General of ANGAP.

Activities of the Working Group might include:

- Hold stakeholder meetings throughout the country to publicize the concept of a Parks Fund and receive input from the stakeholders and the public at large;
- Inform themselves about the best practices of existing parks funds
- Encourage a variety of donors to support the concept. Even if GEF funds are available for all or most of an endowment, other donor financial support should be sought for a) project preparation activities and related studies; and b) operational costs for the first two years of the trust funds existence.

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feasible for some parks, and cross-subsidies would be needed to meet a general requirement for 20% of PA funding to be "self generated".

- Identify and authorize analyses and studies needed to resolve key issues (e.g. changes needed in the existing Law on Foundations)
- Liaise with the GEF to ensure that preconditions for GEF funding are identified and addressed in a timely manner.

## **Areas of Possible IRG/PAGE Assistance:**

- IRG/PAGE has already been asked to provide secretariat support for the new Sustainable Finance "noyau dur", established at the Journe de Reflexion. This function might be extended to support a Parks Fund Working Group.
- IRG should identify and propose an international consultant with experience in establishing new trust funds. This person should be available to travel to Madagascar periodically over 1-2 years to provide continuing expert advice to the Working Group. Also specialized expertise in areas such as trust fund financial management and investment of endowment resources will probably be needed. {I have already identified bilingual international experts willing to carry out these responsibilities}.
- IRG should provide key documents from other trust funds as models to the Working Group (e.g. Trust Fund Legislation, Trust Fund By-Laws, Financial Management Regulations, Investment Guidelines).
- IRG should organize a visit by members of the Working Group to 1-2 successful parks funds to give a view of how key issues have been resolved and to better understand trust fund operations.
- IRG should facilitate and financially support WG participation in the I.P.G. sponsored meeting of African Environmental Trust Funds, tentatively planned for the first half of 2001 at a location in Africa.
- IRG should identify point persons in Tana and in Washington to support the possible establishment of a parks trust fund.

# Issues and Opportunities: PL 480 Generations and Their Use

Since Bill Kaschak is expected to visit Madagascar soon for the second stage of his “Feasibility Study on PL 480 as a Sustainable Financing Mechanism for the Environmental Sector”, I did not attempt to move this issue forward. However, in our broad discussions a few important points were raised:

- the mission’s initial reaction to Bill’s presentation at USAID were “very mixed”. As yet, there is no consensus within USAID; further analysis is clearly needed.
- The Mission Director sees PL480 as a growing resource for the mission especially as dollar funding decreases.
- A PL 480 specialist, Pedro Carrillo, has been hired as a PSC to manage the PL 480 portfolio from the PHN Office under the direction of Sue Anthony. Carrillo formerly worked in USAID/Peru on PL 480 programs (he is Peruvian) and has a Ph.D. in Food Science from Rutgers University.
- Uses of PL 480 generated funds: PHN Officer Sue Anthony indicated her understanding that revenue generated by PL 480 monetization and/or sales must be used for “food security” as presently defined by USDA and USAID. This includes food policy, production, transformation, storage and use (such as health sector child survival programs). Using this definition, elements of the National Environment program that might be funded from generations could include ANAE (Soil conservation and improved agriculture technology) and possibly Gelose (improved community control of natural resources, including soils).

An additional question that needs to be explored is whether present USDA and USAID practice will allow generations to flow into a “trust fund”- type mechanism rather than being used for immediate (and visible) programs managed by U.S. PVOs.

Both Lisa and Sue stated that the Mission Director's initial preferred use of PL480 generated funds was for rural roads – which, while important, would not contribute to financial sustainability of the PE3 portfolio.

- I obtained a copy of the recent CRS proposal for 416b funding that I'm carrying to Washington for Bill Kaschak.

# Issues and Opportunities: Other Revenue Generating Possibilities

These include fiscal incentives, debt-for-nature swaps, bioprospecting fees, park entrance fees, and green taxes among others.

The only value-added that I can provide on these issues without doing more detailed research and analysis is:

- **Bioprospecting:** The Merck agreement in Central America is the oft-quoted model for a bioprospecting program. There is little evidence that it has resulted in significant revenues to the signatory countries or to indigenous peoples living in the forests where the bioprospecting takes place.

Over the past few months, the Brazilian Minister for the Amazon, Mary Allegreti, has announced her desire to establish a bioprospecting program in the Amazon. The announcement reportedly led to immediate controversy and the status of a prospective agreement is as yet unclear.

- **Debt-for-Nature swaps:** While the prospect of a USG debt-for-nature swap seems remote, KFW (Germany) is apparently seeking a swap opportunity. Other bilateral governments and London Club (private sector bank) creditors may also be open to such arrangements for Madagascar where debt repayment is most illusive until the economy revives substantially.

# Tany Meva (I.R. 3.1): Meetings with Tany Meva and Possible Next Steps for IRG/PAGE

## Background

Lisa Gaylord, Asif Shaik, Philip DeCosse and I met on July 5 with Rajoana Andriamananjara (Raj), the President of Tany Meva's Board of Directors and Laurent Rasolofonirina, Tany Meva's Executive Secretary. Lisa used the occasion to inform the president that she was now CTO for IRG/PAGE and to express her hope that USAID and PAGE could provide useful assistance to Tany Meva. Raj warmly welcomed us but stated that previous PAGE overtures had assumed that Tany Meva needed help and appeared to define Tany Meva's needs without their participation. Raj welcomed the new approach that Lisa was bringing and opened the door for future IRG/PAGE assistance to Tany Meva.

Following up on this overture, I talked with Laurent during the Journee de Reflexion and offered to meet with him to discuss possible solutions to some of the Tany Meva constraints (esp. financial and investment-related) that he had delineated during his presentation at the Journee. Prior to that July 11 meeting with him and his deputy, Henri Rabesahala, he sent me copies of the Law that was passed to allow for the creation of T.M. (Loi #95-028 Portant Creation des Fondations à Madagascar), the Interministerial Decree #300/96 "concerning recognition of public benefit of the Malagasy Foundation in Environment "Tany Meva"; and the T.M By-Laws. All of the documents have been left with Olga Rasoarimanana for the T.M. file.

## Results of July 11 Meeting

Investment of T. M endowment: Article 57, item #5 of the Loi allows T.M to invest in stocks in a "bourse reconnu par l'Etat Malgache". I advised T.M. that this should be interpreted to allow investments in any stock exchange where the Malagasy Government had invested its own resources (e.g. "reconnu" by the GRM). It is very likely that this includes the New York Stock Exchange as well as the Paris "bourse"; therefore there should not be an legal constraint to investing Tany Meva funds in common stocks on these markets.

Apparently the T.M. board of directors is quite conservative and is only recently been willing to allow investments in money market funds in addition to bonds.

The board has not yet allowed T.M funds to be invested in common stock. The board presently has no members that are experienced in financial investment; the closest is a member who works for an international accounting firm. I strongly recommended that an experienced banker or investment specialist be added to the board and to any board investment sub-committee.

T.M. was unsuccessful in 1998 in attempts to find an “agences de placement” for its investments abroad because only \$2 million was available to invest. Future plans include investing an additional \$2 million portion of their \$12 million endowment overseas, despite some exchange rate losses that will be incurred. This amount will hopefully be sufficient to interest an investment firm in managing T.M.’s foreign assets, following an investment plan as normally recommended by Foundation donors.

In my view, the legal reserve requirement of the Loi (5% of investment return must be applied annually until an amount equivalent to 10% of the total endowment is set aside in a reserve for possible dissolution) duplicates the objectives of other provisions of the Law that prevent any reduction of the endowment capital. No other foundation that I have reviewed must follow such a “reserve” restriction.

In overall terms the Loi is much too rigid and restrictive. It includes detailed requirements that are normally left for a foundation to establish in its By-Laws. This rigidity may be a reason that apparently no other foundations have been created under this law. Laurent indicated that one other foundation - for the handicapped – has been established in Madagascar subsequent to this law, but was established under its own law. Loi # 95-028 would probably need to be either modified or a new law created as a precondition for GEF or other donor support for any new trust fund/foundation in Madagascar.

The Board of Directors is largely composed of public servants (6 of 9 Members). This composition may contribute to its very conservative decision making, especially regarding investment of the endowment, thus far. However, term limits will expire for some board members next year (terms are limited to two consecutive three-year periods). This should provide an opportunity to attract additional skills and talent to the board.

Valerie, Jean Roland and I toured the T.M. offices with Laurant. T.M. presently has nine full-time staff (of which I counted only one “Program Officer”). The staff composition appears to be the two leaders, one program officer and clerical, financial and administrative personnel.



## Areas of Possible IRG/PAGE Assistance

I explained to the T.M. leadership that there are five basic areas where assistance might be provided by PAGE: a) investment advice and financial management; b) fundraising; c) governance; d) program (grant) management; and e) foundation strategy.

In response to Henri's question "How can IRG/PAGE provide us with assistance", I indicated that that PAGE would be "demand driven" responding to their requests. But I added that I had already identified a number of very experienced foundation/trust fund specialists that had indicated their interest in providing STTA to T.M. if requested. I left with Laurent and Henri copies of the resumes of Richard Sutton (a bilingual foundation investment advisor) and Melissa Moye (bilingual independent consultant). We also discussed Ricardo Bayon (formerly of IUCN, now an independent consultant who Laurent told me was married to a Malgache) and Crispin Gregoire, director of the International unit of the National Center for Non-Profit Boards [John to provide CVs].

I indicated that T.M. would also probably benefit from participating in the I.P.G. (Interagency Planning Group on Environment Funds) program of information exchange and periodic meetings of environment foundation leaders and technical specialists; and that IRG might facilitate their participation in IPG meetings. I gave them a copy of a recent IPG email that identified Scott Smith and Mary McClellan of The Nature Conservancy as the new co-coordinators of the IPG (vice Jane Jacqz of UNDP who has retired). I informed them that Smith had advised me that an IPG Africa Working Group was being formed with probable 3-year funding from the MacArthur Foundation and a meeting of environment trust funds in Africa was tentatively being planned for the first half of 2001.

Finally I indicated that IRG might assist with "training" of staff as well as expanding the horizons of board members through visits to one or two well-managed and successful trust funds.

I indicated that, working with IRG in Washington, I might serve as an intermediary to identify and brief personnel for STTA tasks requested by T.M., to provide T.M. with a window into IPG meetings and other opportunities, and to pass them useful models of documents from other environmental funds. Both Laurent and Henri said they would very much welcome such a role.

## Next Steps

Laurent indicated that the Board would meet soon and planned to identify areas of weaknesses that should be addressed. He implied that IRG/PAGE assistance would be requested soon.

I recommend that IRG/PAGE respond positively to any initial adhoc requests. Once we have a track record of working well with T.M. and we have an improved understanding of the foundation's operations, we might become a bit more proscriptive in suggesting a carefully planned program of future assistance.

### **Encouraging Greater Civil Society and Public Participation in EP3 and in Achieving Environmental Objectives**

The recent EP2 mid-course external evaluation stressed that they found very little public understanding and public participation in the NEP program to date; and that it was often viewed as a program "of the government and the donors". Changing the public's passive attitude towards PE2 and towards stewardship of Madagascar's environmental heritage is a major long-term challenge. Working closely with "civil society" is also a key USAID objective. IRG/PAGE has been asked to assist in this process through its "communications program".

During the course of several discussions with Holisoa and Philip DeCosse, two significant concepts emerged:

- What is desired might better be called "Behavior Change Communication" (BCC), a series of communication-based activities that are standard features of most donor funded health programs. Their objective is not simply to "inform" but to eventually elicit changes in personal behavior. BCC activities may be directed to the public at large (i.e. anti-smoking ads in the U.S.), but normally are viewed to be more effective when they are directed to smaller target groups (such as church groups, women's associations and fraternal organizations).

The first steps in developing a BCC program are to determine what behavior change is needed, what messages and activities might induce behavior change, and who are the target audiences. In the case of PAGE, the messages might initially flow from the elements of the PAGE program mandate (especially EIA).

- Small grants can play a key role in encouraging more public participation in environmental issues facing the NEAP. For example, grant proposals could be

solicited for studies or essays that address "green taxes in Madagascar" - whether they are appropriate, which taxes would work best, how to encourage the public to pay green taxes, etc. The solicitation should elicit responses from academic institutions, NGOs, think tanks, etc.

Similarly, grant proposals might be solicited for studies or essays that address EIA issues such as - how can the public participate in the EIA process, how best to inform members of the judicial system about EIA requirements, who should do EIAs- only foreign investors or also Malagasy investors. The questions outlined in the solicitation should be designed to be provocative.

Finally, grant proposals might be solicited in a specific geographic area (e.g. a LDI program region) to discuss key issues and concerns related to the environmental programs and possible solutions in that region.

The objective of these small-grant activities, in my view, is NOT to find an answer to a key EP2 problem (although that might occur). These small-grant programs would be successful, in my view, if they successfully encouraged a much broader participation of non-governmental actors in thinking about aspects of the NEAP program.