



Annex 6a

Environmental and Social Impact Assessment (ESIA)

to the GCF Funding Proposal

*Adaptation of agricultural value chains to climate change in Madagascar
– PrAda 2+*

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Table of contents

Table of contents	ii
List of Tables	i
List of Figures	i
Abbreviations	ii
1. Introduction	5
2. Project description	9
2.1 Project objective and components	9
2.2 Implementation arrangements	10
2.3 Accredited Entity and Executing Entities	11
2.4 Other key project partners	12
2.5 Governance and management	12
2.6 Stakeholder engagement during project development	13
3. Legal and institutional framework	17
3.1 International treaties, conventions, and agreements	17
3.2 National policies and legal framework	17
3.3 National policy and strategies/agreements relating to environmental and social standards	19
4. Environmental and social standards	21
4.1 GCF Environmental and Social Policy	21
4.1.1 Indigenous Peoples Policy	23
4.1.2 Gender equality	24
4.1.3 Sexual exploitation, abuse, and harassment (SEAH)	24
4.2 German government environmental and social policies and standards	25
4.2.1 Gender equality	25
4.2.2 Sexual exploitation, abuse, and harassment (SEAH)	26
5. Environmental and social baseline situation in the target regions	28
5.1 Project implementation regions and districts	28
5.2 Socio-economic profile	29
5.2.1 Demography	29
5.2.2 Social structure and community management	31
5.2.3 Gender equality and women's empowerment	32
5.2.4 Employment	33
5.2.5 Agriculture	33
5.2.6 Access to land and natural resources	36
5.2.7 Access to financial goods and services	36
5.2.8 Role of cooperatives	37
5.2.9 Cultural Heritage Sites	38
5.3 Environmental profile	38
5.3.1 Geography and climate	38
5.3.2 Water	39
5.3.3 Biodiversity and forests	39
5.3.4 Regional profile	40
5.3.5 Climate hazards and impacts	41
6. Environmental and social impact assessment	42
6.1 Summary of assessment (project level)	43
6.2 ESS 1: Assessment and management of environmental and social risks and impacts	50
6.2.1 Assessment	50
6.2.2 Impact rating	51
6.2.3 Mitigation and management measures	51
6.3 ESS 2: Labour and working conditions	52

6.3.1	Assessment.....	52
6.3.2	Impact rating.....	52
6.3.3	Mitigation and management measures.....	52
6.4	ESS 3: Resource efficiency and pollution prevention	52
6.4.1	Assessment.....	52
6.4.2	Impact rating.....	52
6.4.3	Mitigation and management measures.....	52
6.5	ESS 4: Community health, safety and security.....	53
6.5.1	Assessment.....	53
6.5.2	Impact rating:.....	53
6.5.3	Mitigation and management measures.....	53
6.6	ESS 5: Land acquisition and involuntary resettlement	54
6.6.1	Assessment.....	54
6.6.2	Impact rating.....	54
6.6.3	Mitigation and management measures.....	54
6.7	ESS 6: Biodiversity conservation and sustainable management of living natural resources.....	55
6.7.1	Assessment.....	55
6.7.2	Impact rating.....	55
6.7.3	Mitigation and management measures.....	55
6.8	ESS 7: Indigenous peoples.....	55
6.8.1	Assessment.....	55
6.9	ESS 8: Cultural heritage.....	56
6.9.1	Assessment.....	56
6.10	ESS 9: Stakeholder engagement and information disclosure	56
6.10.1	Assessment.....	56
6.10.2	Impact rating.....	57
6.10.3	Mitigation and management measures.....	57
6.11	E&S assessment of final beneficiary projects	57
6.11.1	Key elements of FDA's on-granting mechanism.....	57
6.11.2	Assessment of E&S risks for final beneficiary projects	61
7.	References.....	65
	Annex 1 – Guidelines for developing a Grievance Redress Mechanism (GRM).....	68

List of Tables

Table 1: Overview of GCF's new (ad interim) ESS Standards	22
Table 2: Project districts in each region	28
Table 3: Key socio-economic indicators	30
Table 4: Unemployment rate in project regions	33
Table 5: Corresponding ESS policies	42
Table 6: Possible negative impacts of the project	44
Table 7: Overview of final beneficiary project	57
Table 8: CRA measures and VCs eligible for funding	59
Table 9: Grant amount and eligible cost categories per final beneficiary	60
Table 10: Environmental and social impacts of promoted and funded adaptation measures (Sub-activity 2.1.2.1)	61

List of Figures

Figure 1: PrAda 2+ project design	9
Figure 2: Legal arrangements	11
Figure 3: Project oversight	13
Figure 4: Map of the project regions	28

Abbreviations

AE	Accredited Entity
AMA	Accreditation Master Agreement
AVSF	Agronomes et Vétérinaires Sans Frontières Agronomists and Veterinarians Without Borders
BMZ	German Federal Ministry for Economic Cooperation and Development
BNCCCREDD+	Le Bureau National des Changements Climatiques, du Carbone et de la Réduction des Emissions dues à la Déforestation et Dégradation des Forêts National Office for Climate Change, Carbon and Reducing Emissions from Deforestation and Forest Degradation
CI	Conservation International
CIRAE	<i>Circonscriptions de l'Agriculture et de l'Elevage</i> Regional Agriculture and Livestock Divisions
COBA	Local grassroots communities
COFAV	Fandriana Vondrozo Forest Corridor
CR/CRA	Climate resilient/climate-resilient agriculture
CSO	Civil Society Organisation
DGM	General Directorate of Meteorology
DRAE	Regional Directorate for Agriculture and Environment
EE	Executing Entity
E&S	Environmental and Social
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESH	Environment, Health and Safety
ESS	Environmental and Social Safeguards
EU	European Union
EUR	Euro
FAA	Funded Activity Agreement
FDA	Fonds de Développement Agricole Agricultural Development Fund
FPIC	Free, Prior, and Informed Consent
FP	Funding Proposal
GA	Gender Analysis
GAP	Gender Action Plan
GBV	Gender-Based Violence
GCF	Green Climate Fund
GDP	Gross domestic product
GELOSE	Law No. 96-025 on local management of renewable natural resources
GII	Gender Inequality Index
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH

GRM	Grievance Redress Mechanism
GSDM	Groupement Semis Direct Madagascar
GVEC	Village savings and credit groups
ILO	International Labour Organisation
IP	Indigenous Peoples
IPCC	Intergovernmental Panel on Climate Change
IPP	Indigenous Peoples Policy
iPCA	Integrated Peace and Conflict Analysis
IFC	International Finance Corporation (World Bank Group)
MECIE	Decree no. 99-954 amended by Decree no. 2004-167 on the compatibility of investments with the environment
MEDD	Ministère de l'Environnement et du Développement Durable Ministry of Environment and Sustainable Development
M&E	Monitoring and Evaluation
MFI	Micro-Finance Institution
MINAE	Ministère de l'Agriculture et de l'Elevage Ministry of Agriculture and Livestock
MRV	Monitoring, Reporting and Verification
NDA	National Designated Authority (for the GCF)
NDC	Nationally Determined Contribution (to the Paris Agreement of the UNFCCC)
ND-GAIN	Notre Dame Global Adaptation Initiative
PGE	Politique Générale de l'Etat General Policy of the State
PMC	Project Management Committee
PNLCC	National Policy on Combatting Climate Change
PNA	National Climate Change Adaptation Plan
PS	Performance Standards
PSC	Project Steering Committee
REDD+	Reducing Emissions from Deforestation and Forest Degradation
RESP	Revised Environmental and Social Policy
SDG	Sustainable Development Goal
SEAH	Sexual Exploitation, Abuse and Harassment
SEP	Stakeholder Engagement Plan
S+G	Safeguards+Gender (Management System of GIZ)
SNAB	National Strategy to Develop Agrobusiness (2020)
SNDER	National Strategy for the Development of Rural Entrepreneurship (2019)
SNDCoop	National Strategy for Cooperative development in Madagascar 2019-2028
SNFAR	National Strategy for Agricultural & Rural Training (2012)
SSP	Farmer Services Strategy
TA	Technical Assistance

UCP	Anosy Cooperative Union
UNDRIP	United Nations Declaration on the Rights of Indigenous Peoples
UNFCCC	United Nations Framework Convention on Climate Change
USD	US Dollar
VOI	Vondron'Olona Ifotony (local grassroots community)
VC	Value chain
VSLA	Village Savings and Loan Association

1. Executive Summary

The Environmental and Social Impact Assessment (ESIA) for the "Adaptation of Agricultural Value Chains to Climate Change in Madagascar – PrAda 2+" (PrAda 2+) evaluates potential environmental and social risks and impacts associated with the project's implementation. PrAda 2+ aims to enhance the climate resilience of smallholder farmers and value chain actors in Madagascar by promoting climate-resilient agricultural practices, improving access to financial services, and strengthening agricultural service delivery and market linkages. The ESIA ensures that the project aligns with GCF Environmental and Social Safeguards (ESS), national regulations, and international standards.

The ESIA underscores the project's commitment to environmental sustainability and social equity, ensuring compliance with Madagascar's national policies, GCF standards, and German government regulations. It also serves as the foundation for developing a set of measures and robust monitoring and reporting system to track environmental and social performance throughout implementation through the implementation, as outlines in the Environmental and Social Management Plan (ESMP).

Project Scope and Objectives

PrAda 2+ builds upon lessons from the baseline project and targets six regions in Madagascar, focusing on five key value chains: **coffee, cloves, vanilla, pepper, and peanuts**. The project integrates three components:

1. **Climate-Resilient Production Systems** – Scaling up CRA practices and promoting sustainable farming techniques.
2. **Financial Services for CRA Investments** – Enhancing financial inclusion and access to tailored financial products for smallholder farmers.
3. **Enabling Entrepreneurial and Institutional Environment for climate-resilient agricultural services** – Strengthening institutions, promoting value chain linkages, and improving access to agricultural services.

Environmental and Social Risks and Mitigation Measures

The ESIA identifies potential adverse impacts that may arise from project activities and outlines mitigation strategies to minimize risks. The project is classified as "Category B" (Medium Risk) under GCF's ESS framework, as risks are localized, reversible, and manageable with appropriate mitigation measures. The following table provides an overview of the GCF Environmental and Social Safeguards (ESS) relevant to the proposed project.

Key identified risks and mitigation actions include:

- **ESS 1 - E&S Risk Management (Medium risk):** Institutional capacity limitations may affect risk monitoring. The project will implement an Environmental and Social Management Plan (ESMP), a Gender Action Plan (GAP), set up a Stakeholder Engagement Plan (SEP) and a gender-responsive Grievance Redress Mechanism (GRM) for risk oversight.
- **ESS 2 - Labor and Working Conditions (Medium risk):** Risks include non-compliance with labor standards and SEAH incidents. The project will enforce decent work conditions, establish a gender-responsive GRM, implement a Code of Conduct prohibiting SEAH, and provide training on SEAH risks.
- **ESS 3 - Resource Efficiency and Pollution Prevention (Medium risk):** Risks include soil degradation and improper use of inputs. The project will provide training on

Climate-Resilient Agriculture (CRA), promote sustainable agricultural practices (e.g., vegetative stripes) and restrict pesticide use.

- **ESS 4 - Community Health and Safety (Low risk):** Social tensions may arise from competition for grants and misappropriation risks affecting Village Savings and Loan Associations (VSLAs). Transparent selection processes, wide dissemination of project activities and training with VSLAs members will be implemented.
- **ESS 5 - Land Acquisition and Resettlement (Low risk):** No physical displacement is anticipated, but economic displacement risks will be mitigated through sustainable land-use practices and income-diversification strategies.
- **ESS 6 - Biodiversity Conservation (Medium risk):** Risks include forest encroachment and biodiversity loss. The project will provide training on biodiversity conservation, protect critical habitats, restrict agricultural expansion and fund the implementation of promoted adaptation measures through the FDA on-granting mechanism.
- **ESS 7 - Indigenous Peoples (Not triggered):** No Indigenous Peoples have been identified in the project areas and no project activities will take place in areas where indigenous peoples reside. However, continuous screening and consultations will be conducted throughout project implementation to ensure that activities do not take place in Indigenous People's lands.
- **ESS 8 - Cultural Heritage (Not triggered):** There is minimal chance of encountering cultural heritage site in project areas.
- **ESS 9 - Stakeholder Engagement and Information Disclosure (Low risk):** The project may face limited engagement of women and vulnerable groups and the risk of excluding local knowledge. The project will implement a SEP to ensure inclusive participation, continue public awareness activities, and promote the participation of local authorities and traditional leaders.

2. Introduction

The majority of Madagascar's population relies on small-scale rainfed agriculture, including food and cash crop production. However, changing climate conditions are negatively affecting agricultural productivity, particularly in the southern (Androy and Anosy), southeastern (Atsimo-Atsinanana, Vatovavy and Fitovinany), and eastern (Atsinanana) regions. The effects of climate change are already a reality in these areas with increasing temperatures, decreasing precipitation and intense tropical cyclones making landfall. These regions are particularly vulnerable to climate change impacts due to their high poverty levels and dependency on agriculture for income generation and livelihoods. As a result, the impacts of climate change are further impairing the already low agricultural productivity, putting food security, income generation in key value chains (VCs) and livelihoods of rural communities increasingly at risk.

The proposed project for GCF funding "*Adaptation of agricultural value chains to climate change in Madagascar – PrAda 2+*", hereby named PrAda 2+, intends to address these climate risks through meaningful adaptation measures directed to smallholder farmers and other local actors engaged in agricultural value chains in Madagascar. To achieve its overall objective, the project will work through three interlinked components to i) introduce and/or scale up the effective use of climate-resilient agriculture (CRA) technologies and practices, ii) foster financial services for CRA and iii) enhance access to agricultural services and markets for local VC actors. Furthermore, PrAda 2+ will strengthen capacities of partner government institutions at the national, regional and local levels and promote robust monitoring and knowledge sharing.

This document presents the Environmental and Social Impact Assessment (ESIA) proposed by the Accredited Entity (AE), Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as part of the Environmental and Social Safeguards (ESS) management approach of the GCF project. The project's ESS management approach guarantees that the project will achieve overall environmental and social sustainability, in compliance with the GCF's Environmental and Social Policy; the German government policy and standards on environmental and social risks and sustainability; and the National legislation in country, as well as international standards on safeguards management and good practice.

The ESIA identifies potential negative impacts (treated as risks) and co-benefits that the project activities may have on the natural and human environment. Based on the ESIA, risk mitigation measures are defined and compiled in a separate Environmental and Social Management Plan (ESMP). The ESMP defines how the measures will be implemented, by whom, and when, constituting the operational plan during project implementation. Considering that all project activities are fully designed, districts and target regions determined, and that specific adaptation measures promoted by the project are delimited, environmental and social risks can already be identified at the project level (presented in this ESIA) as well as appropriate mitigation measures as depicted in the ESMP. In addition, a gender analysis (GA) and a gender action plan (GAP) are prepared as separate documents.

The ESS as well as the gender documents were produced using primary and secondary information, in particular, several rounds of consultations with relevant stakeholders in the project regions and a desk review of existing literature and project information. A summary of the conducted stakeholder consultations and a stakeholder engagement plan are presented in Annex 7b and 7a, respectively.

The proposed project is classified as "Category B" or "medium risk" according to the environmental and social (E&S) risk classification. The medium-risk rating indicates that although there are potential limited adverse impacts from the project's activities, they are site-specific and can be addressed through dedicated mitigation measures, avoiding, mitigating and/or managing these risks and their potential adverse impacts. Category-B activities, or moderate-risk activities, include only risks and impacts considered limited, with a low to moderate expected magnitude. Also, projected risks and impacts are few in number, contained within the footprint of the activities, largely reversible, and readily mitigated through generally accepted mitigation measures and good international industry practices.

Conversely, the project aims to create a positive environmental and social impact on the targeted beneficiaries in Southern and Southeastern Madagascar. By promoting climate-resilient agricultural practices, the project will contribute to environmental protection and biodiversity while enhancing the economic resilience of smallholder farmers through improved livelihoods. It is important to note, however, that this assessment primarily focuses on the negative impacts, so as to identify measures that avoid and/or mitigate the project's potential adverse effects.

GCF policy requires that all accredited entities undertake environmental and social assessments, including of transboundary risks and impacts to ensure that the activities proposed for GCF financing align with the environmental and social safeguards pursuant to GCF's ESS standards and policy. It should be noted that this ESIA document is built on the new (draft) ESS standards of GCF¹.

¹ For further reference: [Microsoft Word - GCF Draft ESS_20220331_for issue.docx \(greenclimate.fund\)](#)

3. Project description

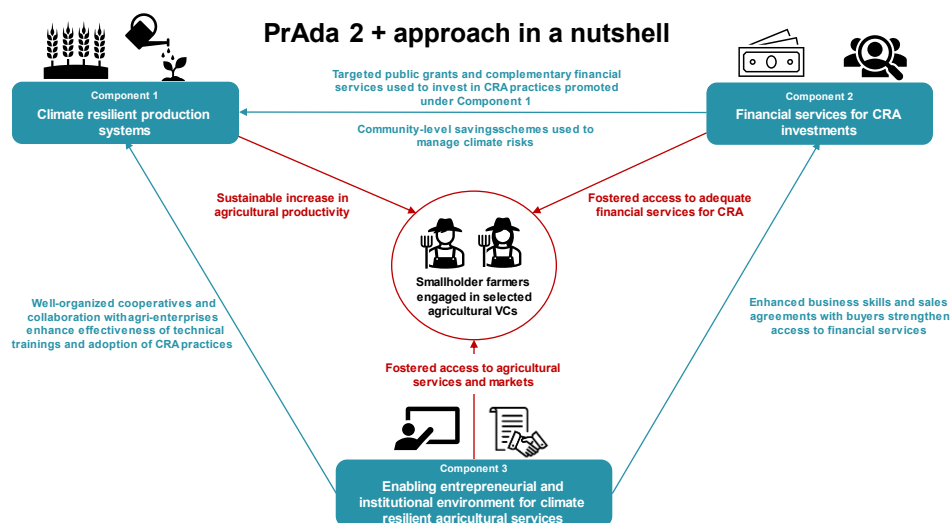
3.1 Project objective and components

Building on results of successfully piloted approaches and learnings from its baseline projects (PrAda 1: 2017-2022; and on-going PrAda 2: 2022-2026), the proposed project intends to address several climate risks through effective adaptation measures directed to smallholder farmers and other local actors engaged in agricultural value chains in Madagascar. The project will directly benefit 314,800 people, and indirectly 2,650,00 people, representing 49% of the population of the six project regions and 11% of Madagascar's entire population.

More specifically, PrAda 2+ will enhance the climate resilience of smallholder farmers and other local actors engaged in agricultural VCs in project regions by introducing a shift towards a climate-resilient agricultural sector in Madagascar, with a focus on five key VCs, namely: coffee, clove, peanut, pepper, and vanilla. This shift is coherent with the country's priorities as laid out in several national policy documents, notably with the country-led vision of a climate-resilient, inclusive and modern agricultural sector, capable of lifting smallholder farmers out of poverty. The project will work through three complementary components to, i) introduce and/or scale up the effective use of climate resilient agriculture (CRA) technologies and practices, ii) foster financial services for climate-resilient agriculture (CRA) and, iii) enhance access to agricultural services and markets for local VC actors (see Figure 1)². Consequently, the project's components are:

- i. Climate resilient production systems
- ii. Financial services for CRA investments
- iii. Enabling entrepreneurial and institutional environment for climate-resilient agricultural services

Figure 1: PrAda 2+ project design



Source: GIZ

Capacity development for agricultural service providers in the public and private sector, institutional strengthening, as well as robust monitoring and knowledge-sharing of the project's results and good practices are cross-cutting interventions in all three Components and will support the sustainability of the proposed interventions as well as their replication across other rural areas of Madagascar. In addition, PrAda 2+ will contribute to improved food security of smallholder farmers and gender-responsive approaches integrated into climate-resilient VC development, thereby fostering the socio-economic development of women smallholders (project co-benefits).

² For a more detailed description of the project design, please refer to section B.3 in the FP document or chapter 7 under Annex 2 – Feasibility Study.

Within the six project regions, PrAda 2+ specifically targets smallholder farmers and other local actors responding to their high dependency on agriculture for livelihoods and the existing very high poverty levels. This emphasis on a highly vulnerable part of the rural population in regions with significant poverty rates is an important cornerstone of the overall project approach. In this respect, the project will not persuade any farmers to change their cultivated crops to one or more of the selected VCs (e.g., changing food crop production to cash crop production). Instead, it focuses on farmers already active in at least one of the VCs and on how to improve the productivity and climate resilience of their production systems, based on the self-determined entrepreneurial decisions of these farmers.

Female smallholder farmers and their particular vulnerabilities have been considered for the project design and implementation. Be it in female-headed households (between 23.8% and 38.4% in the project regions) or as part of male-headed households – women play important roles in the economic activities related to each of the selected VCs. This includes, but is not limited to, weeding, harvesting, post-harvest picking and sorting, as well as packaging. At the same time, existing gender inequalities in the Malagasy society are also deeply rooted in the agricultural sector and tend to exacerbate the vulnerability of women, as they oftentimes exhibit more limited access to inputs, market information or capital, and are frequently excluded from decision-making processes, among other factors. A gender-responsive approach is therefore necessary to ensure that all smallholder farmers – men and women – can be effectively supported by the project (GIZ, 2021).³

This Funding Proposal seeks to combine GCF with BMZ resources, and potentially leverage additional private finance, for a continuation and scale-up of the PrAda approach, allowing for a longer project duration, a significantly higher impact potential with a broader geographical scope (six instead of three regions) as well as additional results regarding the enabling conditions and environments that can promote a paradigm shift towards climate-resilient value chains in the agricultural sector in Madagascar. Complementing and adjusting PrAda's approach based on the learnings from implementation represents a strategic opportunity to achieve impacts at scale and to contribute to a paradigm shift in Madagascar's agricultural sector.

3.2 Implementation arrangements

GIZ, serving as both the AE and one of the project's Executing Entities (EE), brings significant implementation experience in the project regions, including regional offices, well-established partner networks, contacts with local authorities and communities as well as in-depth knowledge of local contexts and barriers. This underlines the project's ability to achieve impacts at scale both within the implementation regions of PrAda and the additional regions targeted by PrAda 2+.

Alongside GIZ, the Agricultural Development Fund (*Fonds de Développement Agricole*, FDA), as the other EE, is particularly crucial for the project's scalability and sustainability potential: FDA is an established and permanent public financing vehicle with regional offices in the entire country, whose capacities and modes of operation will be reinforced by the project to enable sustainable and long-term support for CRA across Madagascar. The project will also work with additional key partners from the public and private sector, such as, the Ministry of Agriculture and Livestock (*Ministère de l'Agriculture et de l'Élevage*, MINAE), the Ministry of Environment and Sustainable Development (*Ministère de l'Environnement et du Développement Durable*, MEDD), the National Office for Climate Change, Carbon and Reducing Emissions from Deforestation and Forest Degradation (*Le Bureau National des Changements Climatiques, du Carbone et de la Réduction des Emissions dues à la Déforestation et Dégradation des Forêts*, BNCCCREDD+) and Micro-Finance Institutions (MFI), among others.

³ A Gender Assessment and a Gender Action Plan are available in Annex 8a, 8b of the FP package.

3.3 Accredited Entity and Executing Entities

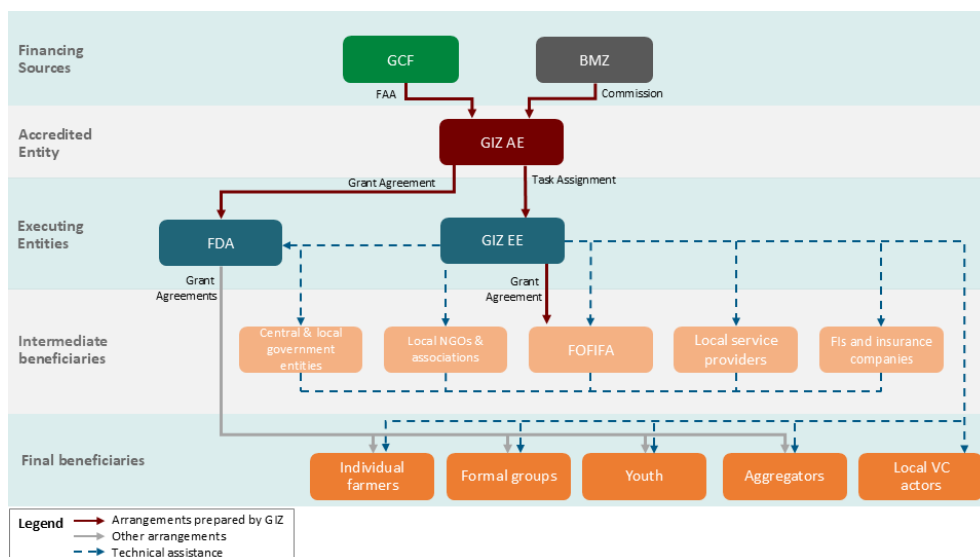
Role of GIZ as Accredited Entity (AE)

In its capacity as AE, GIZ will assume oversight responsibility of the project, as defined in the Accreditation Master Agreement (AMA) between GCF and GIZ. GIZ will administer project proceeds on behalf of GCF and provide oversight, guidance, and quality assurance of the involved Executing Entities through its relevant headquarter units as well as accompany monitoring and ensure regular reporting. In order to implement the project, GIZ AE will enter into the following legal arrangements:

- The commission by the German Federal Ministry for Economic Cooperation and Development (BMZ) to implement the GCF project.
- The Funded Activity Agreement (FAA) between GCF and GIZ as basis for the transfer of GCF proceeds to GIZ.
- A subsidiary agreement (i.e., grant agreement) with FDA (as EE) based on GIZ's standard operating procedures for grant agreements.

Additionally, there will be an internal task assignment from GIZ AE to GIZ EE for the implementation of the project.

Figure 2: Legal arrangements



Source: GIZ

Role of GIZ as Executing Entity (EE)

GIZ has a long-standing presence in Madagascar and a dedicated track record in the implementation of climate change-related projects in the country. All GIZ projects are undertaken with the approval of and in close coordination with the government of Madagascar, based on the German-Malagasy Framework Agreement on Development Cooperation signed in 1962. Climate change is a key element of GIZ support in Madagascar: since 2014 alone, projects with a combined budget of Euro 178.4 million have been implemented, of which climate change projects have accounted for Euro 138.6 million (including co-financing up to Euro 162.2 million). GIZ has been operating in Madagascar since 1982 and currently employs approximately 400 local and international staff, most of them Malagasy nationals. In its capacity as EE, GIZ will implement its (Sub-)Activities with due diligence and efficiency. It will be responsible for:

- Managing the project budget of GIZ.
- Monitoring implementation.
- Liaising with the GIZ country office in Madagascar regarding budget and finances, records management, human resources, and procurement.

- Reporting to the German Embassy and BMZ regarding Germany's financial contribution to the project, as well as the overall progress of project implementation.
- Coordinating project implementation with the FDA, counterparts, other relevant donors, and projects operating in the same technical and/or geographical area, as applicable.
- Liaising with and reporting to the Project Steering Committee (PSC).
- Liaising with and reporting to, national line ministries involved in the project, as well as the National Designated Authority (NDA).
- Supporting the establishment and management of the PMC.
- Concluding further grants as required (e.g. with PIK).⁴

Role of FDA as Executing Entity

FDA represents the main public financing vehicle to support farmers, associations and cooperatives of farmers in rural Madagascar. FDA's key mandate is to administer funds from various sources and channel these towards farmers to enhance agricultural production, productivity, and revenues. FDA operates through 22 regional offices, in addition to the central branch in the capital. Within the proposed project, FDA will serve as an EE for Output 2.1 (Public on-granting mechanism for CRA) and will have a crucial role in the intended flow of funds to final beneficiaries.

3.4 Other key project partners

Role of MEDD and BNCCCREDD+ as NDA

The Ministry of Environment and Sustainable Development (MEDD) is the host institution of the National Office for Climate Change, Carbon and Reducing Emissions from Deforestation and Forest Degradation (BNCCCREDD+), which serves as Madagascar's National Designated Authority (NDA). In this role, and in line with its overall mandate, BNCCCREDD+ will be an important actor for the project oversight and implementation. Specifically, it will play an important role in Output 3.3 (Institutional capacities and knowledge to support CR VCs) regarding the sharing of lessons learned and the dissemination of proven innovations beyond the project regions, thereby contributing to the scalability and replicability of the project. BNCCCREDD+ will also be a vital stakeholder for the M&E system of the proposed project, ensuring that relevant methodologies and results comply with and feed into the national M&E system.

Role of MINAE as political partner

MINAE is the responsible line ministry to develop, implement and coordinate the General Policy of the State (*Politique Générale de l'Etat*, PGE) in matters related to agriculture, livestock as well as related research. In addition to its regulatory role, MINAE ensures local implementation of the sectoral policies, strategies and priorities through its decentralised branches on regional (DRAE) and district levels (CIRAE). Within the proposed project, GIZ will provide technical and financial assistance to regional offices (DRAEs), supporting selected activities under Component 1 (on adapted crop varieties, among others) and Component 3 (focused on enhancing entrepreneurial skills, strengthening institutions and disseminating knowledge to support CR VCs).

Additional project partners

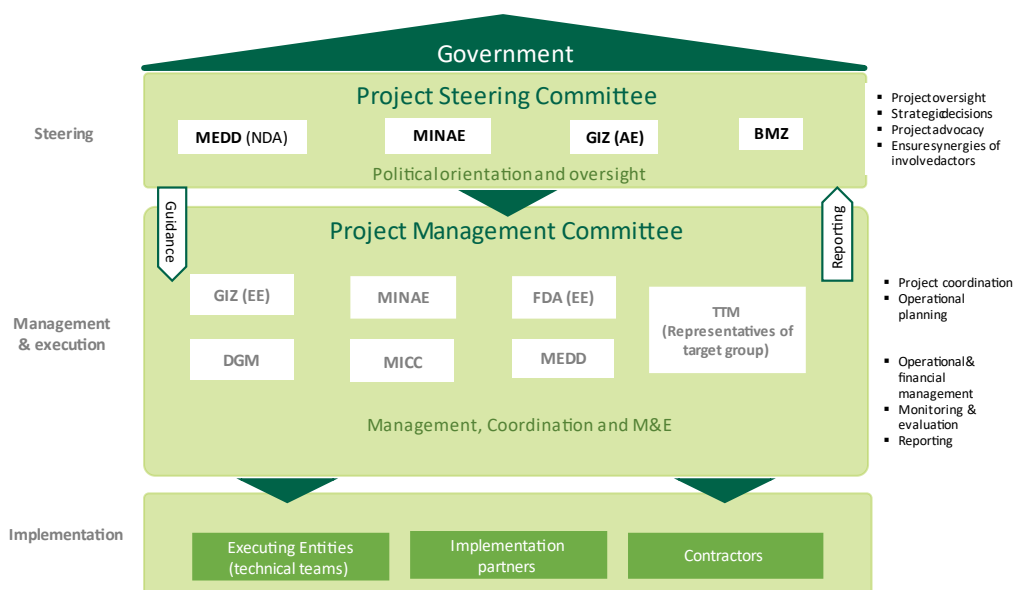
In addition to the EEs mentioned above, the project will collaborate with a range of project partners from the public and private sectors as well as local research institutions and civil society organisations (CSO) (see Chapter 4.1 of Annex 2).

3.5 Governance and management

As visualised in Figure 3, project steering will be ensured by a Steering Committee and a Project Management Committee, both assuming complementary roles.

⁴ A preliminary list of implementing partners (under GIZ EE) supporting project activities is available in Chapter 8.1 of the Feasibility Study (Annex 2).

Figure 3: Project oversight



Source: GIZ

Responsible mainly for political orientation and oversight, members of the PSC will include MEDD, in its role as NDA, MINAE, as political partner, along with BMZ, and GIZ in its role as AE. The PSC will have at least one planned meeting per year in addition to ad hoc meetings held as necessary. Decisions of the PSC will be taken by consensus.

Based on the guidance and decisions of the PSC, the PMC will serve as the main body for management and implementation of the project. The PMC will serve as a bridge between the political orientation of the project provided by the PSC and the day-to-day management of the project provided by GIZ EE. The PMC will hold documented bi-annual meetings where project progress and emerging issues will be discussed and addressed. If needed, thematic working groups may be established to facilitate in-depth coordination of cross-cutting activities, such as those related to safeguards, gender or interventions at municipality level.

Member institutions of the PMC will include:

- GIZ and FDA, as Executing Entities.
- MINAE, as political partner and the ministry responsible for agriculture and livestock policy matters.
- MEDD, national project partner, both as the ministry responsible for climate change and as host institution of the NDA.
- The Ministry of Industrialisation, Trade and Consumption (*Ministère de l'Industrialisation, du Commerce et de la Consommation*, MICC), and DGM as key national project partners.
- Chambers of Agriculture (*Tranoben'ny Tantsaha Mpamokatra*, TTM), as institutional representatives of the final beneficiaries.

As and when necessary or desirable, extended PMC meetings can also be organised, involving PMC members and additional invitees – from the public and private sectors and from civil society – to address specific technical, geographical, or sectoral issues.

3.6 Stakeholder engagement during project development

Several rounds of consultations with key stakeholders have been conducted during the development of the proposed project. PrAda 2+ takes into account the results of the extensive stakeholder engagement processes carried out during the Concept-Note, and Funding-Proposal stages. As part of the latter stage, in 2023, various stakeholder groups were consulted in the project regions, including women, traditional/village chiefs, NGO/associations, farmer groups, informal producer groups, cooperatives,

vulnerable⁵ groups and project partners, among others. Feedback gathered from these consultations has been instrumental in identifying potential risks and impacts related to project implementation, including⁶:

Regional/local authorities

Authorities highlighted the importance of aligning the proposed project activities with local needs, particularly those of local producers. In this context, the following needs of local producers were identified:

- i) On-site technical support: local technicians should conduct trainings for farmers to improve the quality of agricultural practices and provide regular advice for implementation.
- ii) Promotion of agroforestry practices: sustainable management of natural resources, including solutions to improve soil health, such as the introduction of leguminous plants to foster soil regeneration.
- iii) Strengthening of networks with market operators: enhancing connections between producers and market operators to facilitate market access for their agricultural products.

These needs have been considered in the design of PrAda 2+ and are integrated within the project activities, mainly under Outputs 1.3 (CRA practices are applied and complemented by other income-generating activities), 3.1 (Entrepreneurial skills and organisational capacities of smallholder farmers are improved) and 3.2 (Market access for smallholder farmers, cooperatives and local MSMEs is improved).

Additional suggestions to promote the development of the value chains and foster socio-economic and environmental progress include introducing climate-resilient varieties for both food and cash crops, renewing aging plantations, particularly for coffee and cloves, and improving coordination among various support organisations and producers to minimise duplication and overlaps in meetings and interventions.

Women and vulnerable groups

In consulted communities, decision-making is predominantly controlled by men, often excluding women's voices. Women expressing dissent may face moral violence or exclusion from community gatherings. Such practice has become a social norm (tradition/culture), accepted, and internalised by most women. In contrast, formal organisations, such as associations and cooperatives, operate under structured and gender-neutral principles, with clearly defined roles and responsibilities, promoting equal participation. In these professional contexts, women and men contribute equally to decision-making, fostering greater equality.

In consultations, women reported that agricultural tasks are shared equitably between men and women, with both contributing to optimise production. However, some women noted being excluded from the lucrative vanilla value chain, as men, perceiving it as requiring technical expertise, often deem women less competent and prefer to handle it themselves to minimize risk.

In the Androy region, women described greater independence in farming, undertaking tasks traditionally assigned to men, such as ploughing fields, livestock care, and sowing. This autonomy stems from two dynamics: women's strong entrepreneurial capacity, often surpassing that of men, and economic hardships that drive households to maximise production. Women's involvement in traditionally male-dominated roles reflects both their desire to showcase competence and the need to adapt to financial

⁵ During the stakeholder consultation, the community identified specific criteria to recognize individuals who may be particularly vulnerable in certain situations. These criteria include being a single, divorced, or widowed woman; living in extreme poverty; lacking external support, such as from family or partners; or seniors living alone. Additionally, the number of children is considered a vulnerability factor, as having fewer than two children can limit access to family labour and increase an individual's vulnerability to hardship.

⁶ An overview of the exchanges held can be found under Annex 7b - Summary of consultations and Annex 7a - Stakeholder Engagement Plan.

constraints, despite the traditional expectation that men bear the primary responsibility for family support. These pressures, combined with their role as heads of households, increasingly motivate women to engage in income-generating activities.

The early onset of childbearing among women reinforces their vulnerability. Women expressed interest in cultivating perennial (cash) crops as a strategy for securing long-term income. They explained that children often assist with farming during weekends and holidays to reduce labour and production costs. Married women, however, face restrictions on directly using inherited land, relying on contractual arrangements like renting or sharecropping due to cultural norms. Even when they hold inheritance rights, these norms often prevent them from using the land independently, requiring marital arrangements to ensure inherited land remains within their family.

In terms of project activities, women emphasized the need for regular monitoring by local facilitators or technicians to ensure their active participation in production system and the importance of establishing local childcare facilities to support their engagement. Women also suggested the use of seeds adapted to local climatic conditions, better marketing support to sell all production at competitive prices, and partnerships with distribution channels to enhance market access.

Communities

Community representatives shared key insights into local dynamics, particularly concerning the roles of men and women and their interactions within the community. Traditionally, family decision-making lies with the eldest man, who is regarded as the family representative and is respected by all members. Men bear a significant social burden, tasked with ensuring the economic well-being of their families, including children, wives, sisters, and parents. This societal structure grants men supreme authority, regardless of their individual positions, and is widely accepted as a social norm.

Moreover, as expressed by women during community meetings, their voices are often suppressed in decision-making processes, even though both men and women have the right to attend. This exclusion reflects a form of gender-based inequality and leaves many women feeling marginalised and powerless to voice their demands. Such dynamics perpetuate a sense of inferiority among women in society, diminishing their motivation to participate actively in farming and other productive activities.

The representative also noted a reluctance among producers to form associations or cooperatives, citing a lack of motivation and conviction. This hesitancy is due to two factors: first, uncertainty about the tangible benefits of group membership and second, a noticeable lack of management skills within these groups. Most associations have been founded through external initiatives and, despite efforts to provide training and skills transfer, leaders often fail to share acquired knowledge with members. This gap undermines the commitment and engagement of members, further discouraging the formation or active participation in new associations.

Association of producers

The associations of producers highlighted several vulnerabilities faced by farmers, including limited access to land for cash crops or rice paddies and the absence of formal contracts within the sector. As a result, farmers are unable to rely on regular and secure income, contributing financial instability and increased economic risk for families and communities. Additionally, due to the high cost of labour, some household heads involve their children in family farming activities.

Regarding the use of financial products, representatives described the challenges faced by Village Savings and Loan Associations (VSLAs). These include local insecurity, such as the risk of theft and violence stemming from leaks of information about their holdings and savings. Cultural beliefs, limited financial management skills, and insufficient agricultural production—exacerbated by changing climatic conditions—also discourage producers from taking loans. These issues increase the likelihood of asset seizures by microfinance institutions, further jeopardizing producers' livelihoods.

The producers also identified barriers to market access, citing poor road infrastructure and high transportation costs, which limit their ability to reach major exporting operators. Local collectors dominate local markets, restricting trading opportunities for small producers. Additionally, producers lack knowledge of preservation techniques needed for perishable products, further constraining market access.

A lack of coordination among development projects in the region was another concern. Producers noted that overlapping initiatives often promote conflicting techniques within the same value chain, causing confusion and limiting their effectiveness. Many producers feel disconnected from support initiatives, perceiving them as more focused on project outcomes than their actual needs. Illiteracy among a significant number of producers further complicates the adoption of advanced agricultural practices promoted by development partners.

Their recommendations for project activities are in line with those from the local authorities. Key proposals include assigning local technicians to support producers in their farming practices, providing seeds to enhance agricultural production, and setting up nurseries for the cultivation of young plants. They emphasized the importance of promoting sustainable agricultural practices, particularly agroforestry, to ensure environmentally friendly and long-term solutions. Overall, the associations indicated that support should focus on export value chains, particularly for crops like coffee, cloves, pepper and vanilla, encompassing technical assistance, improved market access and farm management training. Additionally, the associations highlighted the need to amplify women's voices within organizations through dedicated training on positive masculinity, while also addressing market challenges by promoting collaboration with larger operators to bypass local collectors and secure better prices for farmers. The inclusion of fishing as a potential productive activity was suggested, along with the establishment of cooperatives and small-to-medium enterprises to strengthen the value chain. To facilitate targeted interventions and tailored support, they proposed the creation of a comprehensive database of cash crop producers.

Lastly, the associations recommended involving local authorities, such as decentralised technical services, mayors, and fokontany chiefs, to raise awareness and conduct information sessions on CRA. Increasing local authorities' engagement in promoting adaptation measures could significantly encourage its adoption among farmers. Effective communication with communities was emphasized as vital for ensuring outreach, fostering trust, and enhancing the project's social acceptance.

4. Legal and institutional framework⁷

4.1 International treaties, conventions, and agreements

The Government of Madagascar has adopted and ratified several international treaties, conventions and agreements related to climate change, labour and human rights. The most relevant are:

- **Climate change:** Madagascar is state-party to international agreements on Biodiversity, Climate Change, Climate Change-Kyoto Protocol, Desertification, Endangered Species, Hazardous Wastes, Law of the Sea, Marine Life Conservation, Ozone Layer Protection, Ship Pollution, and Wetlands. The country ratified the Paris Agreement in September 2016.
- **Labour:** 51 conventions and 2 protocols regulating labour, child labour, employment, and equality of treatment have been ratified by Madagascar (ILO, n.d.).
- **Human rights:** Madagascar has ratified 13 of the 18 International Human Rights instruments (OHCHR, n.d.).

4.2 National policies and legal framework

Agriculture

The agricultural policy and strategies, implemented by MINAE, aim to ensure food self-sufficiency in Madagascar. This objective is pursued primarily by, i) increasing food production and, ii) developing agribusiness, cash crops and market-oriented livestock. The national agricultural strategy plans to improve the production of alternative food and cash crops by modernising value chains as well as enhancing farmers' professionalisation, thus improving agribusiness and competitiveness of cash products. The strategy encourages public-private partnerships and private sector investments in new agricultural areas.

An overview of the key policies and strategies for the agricultural sector are presented below:

- National Strategy for Cooperative development in Madagascar 2019-2028 (SNDCoop)
- National Strategy to Face Climate Change in Agriculture-Livestock-Fishery 2012-2025
- National Strategy to Develop Agrobusiness (2020) (SNAB)
- Farmer Services Strategy: Strategic framework (SSP)
- Law Governing Cooperative Societies in Madagascar (2023)
- National Strategy for the Development of Rural Entrepreneurship (2019) (SNDER)
- National Strategy for Agricultural & Rural Training (2012) (SNFAR)

Other general environmental frameworks and relevant laws and regulations are summarised below.

Reference on setting environmental and social standards for an investment project

- **Law no. 2015-003 updating the Malagasy Environment Charter** defines the general principles and provisions for the operational implementation of the national environmental policy. Article 4 requires all public or private investment projects to carry out an environmental impact assessment.
- **Decree no. 99-954 amended by Decree no. 2004-167 on the compatibility of investments with the environment (MECIE decree)** sets out the rules and procedures ensuring compatibility of investments with the environment and defining the terms and procedures for public participation in environmental assessments. The decree explains the role and obligations of the project in relation to the environment, through the implementation of and compliance with the project's environmental management plan. In addition, the legislation defines the environmental impact assessment (EIA) as an environmental and social impact assessment,

⁷ Further information on key actors, relevant policies and legal framework can be found under Chapter 4 of the Feasibility Study - Annex 2.

which serves as the basis for setting environmental and social standards for a project (societal and/or developmental).

Forestry and Environment Sector

- **Forestry Law no. 97-017** lays down the governing principles on forest exploitation, felling permits and user rights, land clearance and vegetation fires, and reforestation.
- **Ordinance no. 60-127 establishing the regime for land clearing and vegetation fires, Ordinance no. 60-128 laying down the procedure for punishing infringements of forestry, hunting, fishing and nature protection legislation, and Decree no. 98-782 on the forestry exploitation regime** aim to limit forest degradation while controlling the various uses of the national forest area to ensure its sustainability. They set out various provisions including penalties designed to limit forest degradation and exploitation.
- **Decree no. 99-798 on the approval of biological control agents and biopesticides** provides information on the use, as well as controlling the import and export of biological control agents including biopesticides.
- **Decree no. 2000-383 on reforestation** defines the objective of reforestation activities in accordance with the Forestry Law no. 97-017. It describes the technical requirements for different types of reforestation, including for protection and ecological restoration, social purposes, as well as individual reforestation.
- **Law no. 96-025 on local management of renewable natural resources (GELOSE):** This law promotes community participation in the management of renewable natural resources through the transfer of management responsibilities. It establishes a tripartite contract among the Ministry of the Environment, the Commune concerned and the local community, focusing on forest areas highly threatened by human activities. The management authority is delegated to local grassroots communities called COBA (Vondron'Olon'Ifotony, VOI). An environmental specification is issued to the contractor, outlining objectives such as conservation and exploitation, as well as the conditions for management transfer and the resource zones involved.
- **Law no. 2001-122 laying down the conditions for implementing contractual management of State forests (GCF)** regulates the transfer of forest management to communities, with a specific scope and contractor comparable to GELOSE.

Agriculture and livestock sector

- **Ordinance no. 62-123 on the classification of Madagascar's land as a forestry, pastoral or agricultural zone:** It classifies land based on its intended use to ensure rational utilization of each plot, categorizing it into three types: i) Forestry zone and conservation land, ii) Pastoral land, iii) Land used for agriculture and intensive livestock farming. The ordinance sets out the provisions for each change of use of land by any user and the various measures to be taken in the event of infringement.
- **Law no. 66-025 on the cultivation of agricultural land:** This law defines the obligations of landowners (or anyone cultivating land) for agricultural purposes. It promotes the utilisation of unused agricultural land, regardless of size, allowing individuals (referred to as “de facto dwellers”) to cultivate land, even if they do hold title to it. The law sets out regulations aimed at putting land to productive use.

Water resources

- **Law no. 98-029 on the Water Code:** This law governs the management and protection of natural water resources, including surface and groundwater. It lays down provisions concerning, i) public ownership of water, ii) the protection of water quantity and quality, and iii) the environmental protection of aquatic resources. The legislation mandates an environmental impact assessment for any development likely to impact the aquatic ecosystem, including the construction of social or agricultural infrastructure (such as hydro-agricultural dams). Any project

involving such construction must adhere to the provisions of this law as well as the MECIE decree.

Land and Regional Planning Sector

- **Law no 2005-019 on the status of land** defines the general principles governing the various legal statuses of land, specifying private property (both titled and non-titled), the State domain (including public and private domains of the State), and other land with specific status. It specifies the land tenure systems that corresponds to each type of land status. A significant innovation of this legislation is the introduction of mechanisms for the acquisition of property rights, facilitated by the issuance of land certificates, and in contrast to the enhancement of land classified as *untitled* private property.

Gender

- By joining the 2030 Global Agenda for Sustainable Development and the 2063 Agenda for Africa, Madagascar has reaffirmed the importance of gender equality within its national policies. The country has developed several strategic documents to achieve this goal, including the "**National Policy for the Advancement of Women for a balanced development between men and women**", the **National Policy on Gender Equality** as well as **five-year action plans**. However, the national report assessing Madagascar's prioritisation of the SDGs has identified a critical need to review existing gender-related policies and strategies to more effectively achieve full participation and empowerment of women in society.
- **The Malagasy Constitution of 2010** sets out the principle of non-discrimination on the basis of gender.

4.3 National policy and strategies/agreements relating to environmental and social standards

The main national development policies and strategies regarding environmental and social topics comprehend the following:

- **General State Policy (PGE)** sets out the policy for Madagascar's emergence, supporting three key development strategies outlined in the government's general policy, i) support for women, young people and the most disadvantaged in an emerging nation, ii) food self-sufficiency and the emergence of a modern agricultural sector and, ii) sustainable management of natural resources (République de Madagascar, 2021).
- **Revised National Policy on Combating Climate Change (PNLCC)** re-emphasises adaptation as a national priority. This policy will be implemented through four strategic axes, focusing on i) increasing the country's mitigation contributions, ii) strengthening adaptation capacity, iii) mobilising adequate resources to reduce climate vulnerability, and, iv) promoting collaboration in strengthening climate actions (République de Madagascar, 2021).
- **National Climate Change Adaptation Plan (PNA) Madagascar** is in line with the commitments made by Madagascar since its ratification of the United Nations Framework Convention on Climate Change (UNFCCC). This plan details the implementation plan for the PNLCC for several development sectors including agriculture-livestock-fisheries, water resources, public health, biodiversity and forestry, coastal zones, infrastructure, as well as climate risk and disaster management and reduction (MEDD, 2021).
- **National strategy REDD+** (Reducing Emissions from Deforestation and Forest Degradation): In response to the severe degradation of its natural resources, Madagascar has been participating in the REDD+ mechanism since 2008. Established by Decree no. 2018-500, the national REDD+ strategy provides a framework for the institutionalisation of Madagascar's commitment and adopts a multi-sectoral approach, enabling the country to access funding from forest carbon credits for the promotion of sustainable management of forest resources. REDD+

aims at contributing to a 14% reduction in greenhouse gas emissions from the forestry sector by 2030 by increasing forest cover and controlling deforestation and forest degradation in its investment zones (MEDD, 2018).

- **National gender and climate change strategy** recognises the correlation between gender and the impacts of climate change, Madagascar has developed a national gender and climate change strategy, aligned with the PNLCC. This strategy seeks to incorporate gender considerations into climate-related policies, strategies and programmes, ensuring the active participation of women and vulnerable groups in climate action while also promoting their economic empowerment (MEDD, 2023).
- **National Water, Sanitation and Hygiene Strategy (2013-2018):** Faced with significant challenges related to access to drinking water, sanitation and hygiene, Madagascar developed a national water, sanitation and hygiene strategy in 2013. It aims to enhance drinking water access and improving the availability of latrines in both urban and rural areas (Ministère de l'eau, 2013).
- **National social protection policy:** Since 2014, Madagascar has been working actively to develop a national social protection policy in response to the widespread extreme poverty impacting a significant portion of its population. The aim of this policy is to decrease the number of people living in extreme poverty by 15% (MPPSPF, 2015).
- **Environmental and Social Management Plan (FP 026):** This is a case study of a GCF-funded project in Madagascar, which overlaps with some of the intervention areas of the PrAda 2+ project, in the Fandriana Vondrozo Forest Corridor (COFAV). The COFAV-area serves as the reservoir of water and other natural resources for the eastern and south-eastern regions. The document provides information on the environmental and social characteristics of this area, focusing on the zone in and around COFAV, detailing various natural risks and assessing potential impacts of the project's intervention on the environment and local communities (Conservation internationale CI, 2016).

5. Environmental and social standards

5.1 GCF Environmental and Social Policy

GCF's "Environmental and Social Policy" (GCF, 2021a) (decision B.19/10⁸, paragraph (b)) is an overarching policy framework for promoting the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development. Through this policy, GCF requires all GCF-supported activities to commit to:

- Avoiding, and where avoidance is impossible, mitigating adverse impacts to people and the environment,
- enhancing equitable access to development benefits,
- giving due consideration to vulnerable and marginalised populations, groups, and individuals, local communities, ethnic groups and minorities (included in the definition of Indigenous Peoples), and other marginalised groups of people and individuals that are affected or potentially affected by GCF-financed activities.

GCF policy requires that accredited entities undertake an assessment of environmental and social risk, including transboundary risks and impacts, to ensure that all activities proposed for GCF financing meet the environmental and social safeguards pursuant to the ESS standards of GCF policy. The environmental and social assessment is to be conducted in a manner that follows good international industry practices, identifies best alternatives and allows for an integrated and balanced view of the environmental and social risks and impacts pursuant to GCF standards and requirements of the accredited entities, considers the environmental and social factors that can affect the achievement of intended results, and shall include, where applicable, upstream and downstream environmental and social risks and impacts and impacts on ecosystems as well as identify opportunities to enhance the positive environmental and social outcomes and benefits.

Currently, GCF uses the International Finance Corporation (IFC) Performance Standards (PS) as its interim ESS Standards, as adopted by the GCF board in 2014. The detailed description of these standards can be found on IFC's website⁹.

- PS1: Assessment and Management of Environmental and Social Risks and Impacts
- PS2: Labour and Working Conditions
- PS3: Resource Efficiency and Pollution Prevention
- PS4: Community Health, Safety and Security
- PS5: Land Acquisition and Involuntary Resettlement
- PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS7: Indigenous Peoples
- PS8: Cultural Heritage

As GCF is in the process of developing its own environmental and social standards, the present document adopts the structure of the new GCF ESS as envisaged¹⁰:

- ESS1: Assessment and Management of Environmental and Social Risks and Impacts
- ESS2: Labour and Working Conditions
- ESS3: Resource Efficiency and Pollution Prevention
- ESS4: Community Health, Safety and Security
- ESS5: Land Acquisition and Involuntary Resettlement
- ESS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources

⁸ [Environmental and Social Management System: Environmental and Social Policy | Green Climate Fund](#)

⁹ See more at: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards

¹⁰ Find the full draft of the proposed standards with more detailed information as a "red-line-version" (in track-changes mode) [ess-full-document-red-line-version.pdf \(greenclimate.fund\)](#) and [Virtual Stakeholder Consultation on the development of the GCF's new ESS – Stage 3: Proposed full draft | Green Climate Fund](#)

- ESS7: Indigenous Peoples
- ESS8: Cultural Heritage
- ESS9: Stakeholder Engagement and Information Disclosure

Table 1: Overview of GCF's new (ad interim) ESS Standards

ESS standard	Description
ESS 1: Assessment and management of environmental and social risks and impacts	<p>ESS 1 sets out the entities' responsibilities for assessing, managing, monitoring, and reporting on environmental and social risks and impacts associated with each stage of an activity financed by GCF, to achieve environmental and social outcomes consistent with the Environmental and Social Standards. Entities carry out an environmental and social impact assessment (ESIA) of GCF-financed activities to assess the environmental and social risks, impacts, co-benefits and dependencies of the project. Included in ESS 1 are now:</p> <ul style="list-style-type: none"> • Climate change resilience and adaptation: understand project physical and transitional climate risks, provide guidance on how best to assess and manage these risks, support co-benefits, and minimise mal-adaptation, consideration of natural hazard and disaster analysis and the need to align with the Paris Agreement. • Contextual Risk Assessment and Human Rights provisions (GIZ: context and human rights analysis (iPCA)): if significant risks are identified that project activities lead to negative impacts regarding conflict, fragility, violence (incl. SEAH) or human rights violations (discrimination, social cohesion, corruption, access to services, civil rights, digitalisation, eviction, etc.). • The Grievance Redress Mechanism (GRM) will also be covered under this standard.
ESS 2: Labour and working conditions	<p>ESS 2 recognises that the pursuit of economic growth through employment creation and income generation should be accompanied by protection of and respect for the fundamental rights of workers. ESS 2 establishes the need for fair treatment, including safe and healthy working conditions.</p>
ESS 3: Resource efficiency and pollution prevention	<p>ESS 3 recognises that increased economic activity and urbanisation often generate increased levels of pollution to air, water, and land, and consume finite resources in a manner that may threaten people and the environment at the local, regional, and global level. ESS 3 outlines the requirements for managing resource use and pollution prevention, including following circular economy and responsible investment principles. Greenhouse gas emissions and embodied carbon are considered in this Standard. Where projects will involve the installation of physical infrastructure, they need to address opportunities to improve the resource efficiency. Projects that are expected to produce more than 25,000 tons of CO₂- equivalent annually, need to quantify and disclose emissions. Climate change mitigation is considered in this Standard too.</p>
ESS 4: Community health, safety and security	<p>ESS 4 concerns responsible practices to reduce health, safety, and security risks to communities. The safeguarding of personnel and property in accordance with relevant human rights principles is explained. ESS 4 has a focus on community exposure to impacts and risks due to project activities, equipment, and infrastructure. The relevance of climate adaptation in managing these issues takes on greater importance with the frequently modifying baseline, including changes to settlement locations and community compositions. This Standard acknowledges that infrastructure activities can impact people and natural resources outside the footprint and that public authorities play a key role in promoting health, safety, and security of the public. The Standard addresses the responsibility of relevant entities to avoid or minimise risks and impacts to community, health, safety, and security which might arise from project-related activities.</p>

ESS standard	Description
ESS 5: Land acquisition and involuntary resettlement	ESS 5 addresses the management of land acquisition, restrictions on land use, access to assets and natural resources, physical or economic displacement, and involuntary resettlement where this is unavoidable. This includes consideration of mitigation measures such as fair compensation and improvements to and living conditions. ESS 5 considers how issues concerning land acquisition and involuntary resettlement are to be managed. Over the decade since the Standard was developed, there has been increased emphasis on social issues, especially the sensitivities of this topic, and related lessons learned have been shared.
ESS 6: Biodiversity conservation and sustainable management of living natural resources	ESS 6 recognises that protecting and conserving biodiversity, maintaining ecosystem services, and managing living natural resources adequately are fundamental to sustainable development and presents how to achieve this. The strong links between climate change and biodiversity mean that current crises in both domains are heavily inter-twined.
ESS 7: Indigenous peoples	ESS 7 has an objective to minimise negative impacts, foster respect for human rights, dignity, and culture of indigenous populations, and promote development benefits in culturally appropriate ways. This includes consideration of Free, Prior, and Informed Consent (FPIC) of the Affected Communities of Indigenous Peoples, and respecting and preserving the culture, knowledge, and practices of Indigenous Peoples. ESS 7 considers how Indigenous Peoples (IPs) issues are to be incorporated in the management and implementation of GCF-financed activities. In 2018, GCF published its Indigenous Peoples Policy (IPP). The process for producing the IPP included careful review and analysis of other investors' approach. The result was a carefully worded and detailed policy.
ESS 8: Cultural heritage	ESS 8 aims to guide companies in protecting cultural heritage from adverse impacts of project activities and supporting its preservation. This includes protecting cultural heritage from adverse impacts and promoting the equitable sharing of benefits from the use of cultural heritage. When cultural heritage is a significant project issue, this includes the requirement for a Cultural Heritage Management Plan.
ESS 9: Stakeholder engagement and information disclosure	ESS 9 is a new proposed standard to promote open and transparent engagement between the entity, its workers, worker representatives, local communities and affected persons and, where appropriate, other stakeholders. This uses the stakeholder aspects of ESS 1 as its starting point. Effective stakeholder engagement includes information disclosure, meaningful consultation, and appropriate levels of participation by those affected by project affects and interested in project outcomes.

Source: GIZ

5.1.1 Indigenous Peoples Policy

The GCF Indigenous Peoples Policy (GCF, 2018) applies whenever indigenous peoples are present in, have, or had a collective attachment or right to areas where GCF-financed activities are implemented. This includes indigenous peoples who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area.

The Policy (decision B.19/11¹¹) recognises that indigenous peoples often have identities and aspirations that are distinct from mainstream groups in national societies and are disadvantaged by traditional models of mitigation, adaptation, and development. In many instances, indigenous peoples are among the most economically marginalised and vulnerable segments of the population. The economic, social, and legal status of indigenous peoples frequently limit their capacity to defend their rights to, and interests in, land, territories, and natural and cultural resources, and may restrict their ability to participate in and benefit from development initiatives and climate change actions. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives or communities. The GCF Board of Directors has additionally approved an Indigenous Peoples Policy (decision GCF.B.19/11). The Indigenous Peoples Policy applies to the GCF, AEs and National Designated Authorities (NDAs). The policy includes stringent safeguards for all projects/programmes that include indigenous people (IPs). People potentially affected by the programme can include “ethnic groups”, which are considered equivalent to “indigenous people” by the definition used in the Indigenous Peoples Policy. If ESS 7 is applicable, an IPP is prepared as separate document.

5.1.2 Gender equality

The GCF gender policy (GCF, 2019a) (decision B.24/12¹²) recognises that gender relations, roles and responsibilities exercise important influence on women’s and men’s access to and control over decisions, assets and resources, information, and knowledge. It also recognises that impacts of climate change can exacerbate existing gender inequalities. The Gender Policy further acknowledges that climate change initiatives are more sustainable, equitable and more likely to achieve their objectives when gender equality and women’s empowerment considerations are integrated into the design and implementation of projects. Further, GCF Gender Policy recognises that women and vulnerable communities are also part of the solution to climate change and should, therefore, be effectively engaged in discussions and decisions affecting them.

The GCF Gender policy has three main objectives:

- To support climate change interventions and innovations through a comprehensive gender approach, applied both within the institution and by its network of partners, including accredited entities (AEs), national designated authorities (NDAs) and focal points, and delivery partners for activities under the GCF Readiness and Preparatory Support Programme;
- To promote climate investments that:
 - advance gender equality through climate change mitigation and adaptation actions, and
 - minimise social, gender-related and climate-related risks in all climate change actions;
- To contribute to reducing the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities and exclusions through GCF climate investments that mainstream gender equality issues.

A gender analysis (GA) and a gender action plan (GAP) are prepared as separate documents.

5.1.3 Sexual exploitation, abuse, and harassment (SEAH)

Sexual Exploitation and Sexual Abuse violate human dignity and universally recognised international legal norms and standards and have always been considered unacceptable. Sexual Harassment typically results from a culture of discrimination and privilege, based on unequal relations and power dynamics. The GCF Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (GCF, 2019b) (GCF, 2021b) establishes a zero tolerance-policy for SEAH. It sets clear obligations for GCF Covered Individuals and its Counterparties to prevent and respond to SEAH, and to refrain from condoning, encouraging, participating in, or engaging in SEAH.

¹¹ [Indigenous Peoples Policy | Green Climate Fund](#)

¹² [Updated Gender Policy and Action Plan 2020–2023 | Green Climate Fund](#)

In addition, GCF's Revised Environmental and Social Policy (RESP)¹³ establishes that all GCF-supported activities will commit to avoid, and wherever avoidance is impossible, mitigate the risk of SEAH to people impacted by GCF-financed activities. RESP requires, inter alia, that in incidences of SEAH, i) there is an established accessible and inclusive survivor-centred and gender-responsive grievance redress mechanisms in place, including specific procedures for SEAH and, ii) modalities provide timely services and redress to survivors.

5.2 German government environmental and social policies and standards

As an implementing agency of the German government, GIZ is legally bound to German law and regulations in environmental and social safeguarding. Additionally, specific government policies for the operations of GIZ apply.

Since 2017, GIZ has been using a Safeguards+Gender Management System¹⁴ at every stage of commission management in all GIZ business sectors and with all commissioning parties. Specialists at the Safeguards+Gender Desk at GIZ's headquarters ensure compliance with its rules and regulations and advise on analysis and risk assessment as well as the identification of adequate mitigation measures, but also on opportunities for co-benefits in the safeguard policy areas of environment, climate protection and adaptation to climate change, conflict and context sensitivity, human rights, and gender. For climate risk, the assessment includes risks significantly affecting climate resilience (i.e. adaptive capacity) of people, ecosystems and/or infrastructure, as well as greenhouse gas emissions caused by project activities.

GIZ's S+G management has been assessed as compliant with the GCF's environmental and social policy as part of GIZ's accreditation as an executing entity for the GCF in 2017. GIZ received re-accreditation in early 2024.

5.2.1 Gender equality

The German Government pursues a feminist-centric foreign and development policy. The policy approach is guided by the following principles: a gender-transformative, intersectional, and human rights-based approach, an inclusive gender understanding, the promotion of the rights, representation and resources of women and girls and marginalised groups, promoting joint multilateral action and built on close cooperation with (feminist) civil society. The German Ministry for Economic Cooperation and Development (BMZ) aims at increasing the share of projects/programmes targeting gender equality as a significant objective to 85% and projects/programmes pursuing gender equality and the empowerment of women as its primary goal to 8% by 2025. Both the BMZ¹⁵ and the German Foreign Office¹⁶ launched these new strategies in March 2023. In addition, the BMZ launched a new Gender Action Plan in autumn 2023.

GIZ's Gender Strategy "Gender reloaded: Vision needs Attitude – Attitude meets Action"¹⁷ provides guidance and a solid accountability framework for the promotion of equal rights and opportunities for all people regardless of gender, sexual orientation, and gender identity within GIZ and in the framework of our cooperation with development partners and commissioning parties. With its so-called Gender Architecture, dedicated experts and more than 500 gender focal persons, in addition to its Safeguards+Gender Management System, GIZ is well-placed to meet the requirements of GCF's Gender Policy in its roll-out and implementation of Germany's feminist foreign and development policy.

¹³ GCF B.BM-2021/18 Revised environmental and social policy

¹⁴ [Safeguards+Gender management system \(giz.de\)](https://www.giz.de/en/about-giz/our-approach/safeguards-gender-management-system)

¹⁵ [Feminist development policy | BMZ](https://www.bmz.de/en/our-work/feminist-development-policy)

¹⁶ [Feminist Foreign Policy - Federal Foreign Office \(auswaertiges-amt.de\)](https://www.auswaertiges-amt.de/en/feminist-foreign-policy)

¹⁷ [GIZ Gender Strategy. Gender reloaded: Vision needs Attitude – Attitude meets Action](https://www.giz.de/en/about-giz/our-approach/gender-strategy)

5.2.2 Sexual exploitation, abuse, and harassment (SEAH)

GIZ Policy does not tolerate any form of sexual exploitation, abuse, and harassment in the company and all employees must follow GIZ policy banning sexual harassment at the workplace, as anchored in

- the GIZ Code of Ethics
- the GIZ Code of Conduct
- the GIZ Human Rights Policy.

GIZ promotes a corporate culture based on universal ethical values and principles¹⁸. Integrity, honesty, respect for human dignity, openness and non-discrimination are at the heart of this culture; GIZ categorically rejects corruption and bribery and stands for human rights¹⁹.

GIZ's ethical principles, values and beliefs are set out in a Code of Ethics²⁰. Its purpose is to guide the actions of GIZ's workforce and those we work with. GIZ has in place a specific policy banning sexual harassment at the workplace, referring to existing sanction in its HR policy. Since 2021, a dedicated unit within the Compliance and Integrity division is responsible for SEAH and also provides a complaint mechanism.

The protection of whistle-blowers²¹ is a high priority. The Compliance and Integrity division²² investigates all reports of violations of GZ's Code of Conduct, discrimination, sexual misconduct, work harassment (bullying) or (other) serious compliance violations. It ensures that all reports are followed-up with, and that any response contains appropriate consequences.

Children's rights are an essential component of GIZ's approach to human rights. GIZ takes responsibility for protecting children seriously in its business activities. The GIZ Child Protection Policy²³ is aligned with GIZ's Code of Ethics, GIZ's value system. Its policy is guided by international legal frameworks on children's rights.

As part of the contextual risk assessment and human rights provisions (ESS 1, ESS 4), various forms of violence as contextual phenomena in the project context, such as physical, sexual, psychological and/or structural violence, power, force and/or threats, power relations in general, discrimination of population groups, corruption patterns, are analysed, and addressed if such risks are identified. With regards to executing entities, GIZ's focus is set on strengthening the organisations' capacities to deal with SEAH cases through their prevention mechanisms.

a. Complaints and Whistleblowing

GIZ's established Whistleblowing System²⁴ offers different reporting channels that can also be used anonymously and by anyone. Complaints and reports on legal violations, rule-breaking or regulatory infringement by employees or third parties (e.g. contracted service providers, funding recipients) in relation to the work of GIZ, can be submitted through an online Whistleblower Portal on the following issues, especially:

- Corruption and bribery,
- Misappropriation, fraud and embezzlement,
- Conflicts of interest,
- Sexual misconduct and sexual exploitation,
- Violations of human rights,
- Violations of environment-related obligations (violations of environmental law).

¹⁸ [Ethics and Integrity \(giz.de\)](https://www.giz.de/en/ethics-integrity)

¹⁹ [GIZ Human Rights Policy](https://www.giz.de/en/human-rights-policy)

²⁰ [Code of ethics.pdf \(giz.de\)](https://www.giz.de/en/code-of-ethics)

²¹ [Introduction \(bkms-system.com\)](https://www.bkms-system.com/en/introduction)

²² [Compliance \(giz.de\)](https://www.giz.de/en/compliance)

²³ [Kinderschutzpolicy-en \(giz.de\)](https://www.giz.de/en/kinderschutzpolicy-en)

²⁴ [GIZ Whistleblowing](https://www.giz.de/en/whistleblowing)

A corporate division, GIZ's Compliance & Integrity is charged with the administration of the system. GIZ follows up on all reports and ensures resolute and fair investigation, using a standardised and transparent processing procedure. GIZ's Code of Conduct stipulates that no one providing information in justified cases suffer any disadvantage as a result unless involved in an infringement of the Code or other regulation himself. Complaints and reports can be filed with any GIZ country or project office, in writing or by requesting a meeting, if required.

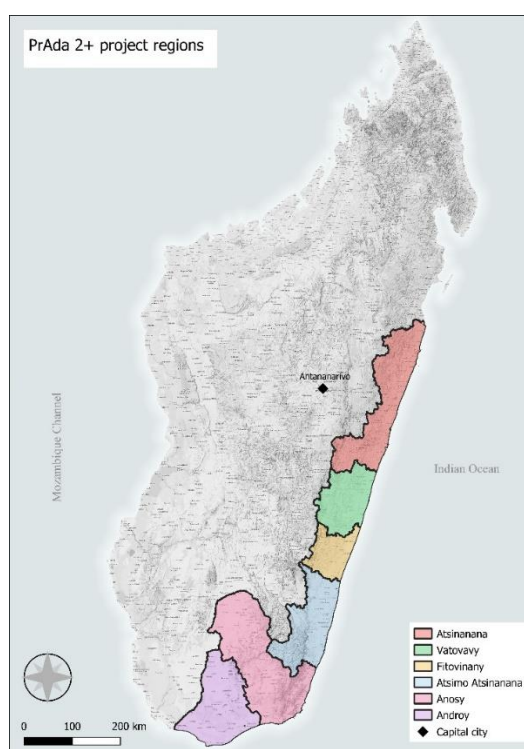
A Grievance Redress Mechanism (GRM) will be established, to address grievances or complaint that may occur raised by beneficiaries or third-party actors during implementation. The GRM will consider a gender-responsive approach to effectively handle SEAH-related grievances. Guidelines for the mechanism is provided in the Appendix of this document.

6. Environmental and social baseline situation in the target regions

6.1 Project implementation regions and districts

The proposed project will target six regions of Madagascar: Androy and Anosy in the Southern part of the country, Atsimo-Atsinanana, Vatovavy and Fitovinany (previously Vatovavy-Fitovinany) in the south-eastern part, and Atsinanana in the eastern part (see Figure 4). The project regions and corresponding target districts, listed in Table 2, were selected based on a detailed analysis of their socio-economic context, climate change parameters, and implementation and sustainability potential. All six regions exhibit a high to very high proportion of the rural population relying on agriculture, ranging from 72.3% to 92.4% (INSTAT Madagascar, 2020). These regions are also priority development areas for the government of Madagascar, in particular those in the South-eastern and Eastern parts of the country, which are considered among the poorest of the country with very high monetary poverty levels. These regions have significant untapped agricultural potential for producing important cash crops, making them promising areas for economic development.

Figure 4: Map of the project regions



Source: GIZ

Table 2. Project districts in each region

Androy	Anosy	Atsimo-Atsinanana	Vatovavy	Fitovinany	Atsinanana
Bekily	Betroka	Farafangana	Mananjary	Vohipeno	Toamasina II
Ambovombe	Taolagnaro	Vondrozo	Ifanadiana	Manakara Atsimo	Mahanoro
Beloha	Amboasary Atsimo	Vagaindrano	Nosy Varika	Ikongo	Brickaville
Tsihombe					Vatomandry

Source: GIZ

Socio-economic context

The regions located in southern and south-eastern Madagascar exhibit extremely low development indicators. Five of the six target regions (Androy, Anosy, Atsimo-Atsinanana, Vatovavy and Fitovinany) are characterised by a combination of very high levels of monetary poverty of around 90% and more than 80% of the population relying on agriculture for their livelihood. Context and barriers analyses have further revealed that agricultural productivity is low due to various factors, including unsustainable farming practices, lack of mechanisation, limited access to irrigation, and quality crops, as well as limited institutional and technical support. The socio-economic context highlights the urgent need to promote agricultural activities for higher incomes and more secured livelihoods in these five regions. Although the sixth target region, Atsinanana, displays slightly more favourable socio-economic indicators, monetary poverty levels still exceed 70%. Its inclusion in PrAda 2+ corresponds to its strategic value in engaging with the private sector, as it is the location of Madagascar's largest port and economic hub, Toamasina.

Climate change vulnerability

Madagascar faces very high risks of climate change impact. Global adaptation and vulnerability indices, such as the Notre Dame Global Adaptation Initiative (ND-GAIN), rank the country at position 169 out of 181 countries (where 1 represents the best score and 181 the worst). Within the country, the selected regions are among the most vulnerable to climate change, especially regarding the following climate hazards: increased temperatures, increased dry spells and droughts, extreme rainfall, and cyclone events. These hazards have detrimental effects on agriculture, directly threatening the livelihoods of the vast majority of the population. Observed climate change data already show negative trends, such as declining precipitation and increasing temperatures. As highlighted in the Climate Rationale (Annex 2a), expected climate change is likely to worsen impact on cash and food crop production, leading to significant income losses for smallholder farmers.

Other considerations

The selected regions are priority development areas for the government of Madagascar for several reasons. Located in the southern part of the country, Androy and Anosy (part of what is referred to as the 'Great South') are a focus due to their low development indices and their high exposure to droughts. Droughts aggravate hunger, food insecurity and malnutrition in these regions, in addition to poor infrastructure making these areas difficult to access. To better target development investments in these regions, the government promoted the development of an 'Emergency Plan of the Great South' in 2021. This plan defined sustainable strategies for rapid and concrete results in the fight against hunger, and for promoting the social and economic development of the Anosy and Androy regions. However, the plan was never fully implemented due to insufficient funding, leaving these regions underserved. As a result, these areas continue to face chronic development issues and require substantial additional funding and resources to address their persistent socio-economic challenges and adapt to the impacts of climate change. Without targeted financial support, the regions are unlikely to achieve sustainable development or improve the well-being of their populations.

In addition to the region's weak socio-economic indicators, with food insecurity and malnutrition prevalent along the eastern coast, these areas are of interest to the government due to their significant untapped agricultural potential for economically important cash crops. GIZ has a strong presence and implementation experience in these regions, with existing regional offices, a wide partner network, established contacts with local authorities and communities, and in-depth knowledge of local contexts and barriers, strengthening the project's ability to achieve impacts at scale.

6.2 Socio-economic profile

6.2.1 Demography

In 2020, Madagascar's population was projected to stand at 27 million people, with nearly 50% female (INSTAT Madagascar, 2020). According to World Bank estimates, the population reached approximately 30.4 million by 2023, with 49.9% female and 50.1% male. Although the Malagasy population is mostly

rural, migration to urban areas has intensified in the last two decades, leading to higher population growth rates in urban areas (World Bank, 2024). The urban population is concentrated mainly in Madagascar's capital, Antananarivo, and the cities Toamasina, Antsirabe, and Mahajanga, each with populations ranging from 200,000 to 300,000 inhabitants.

In line with national trends, and except for Atsinanana, more than 80% of the population in the project regions lives in rural areas, in particular in Atsimo-Atsinanana, Vatovavy and Fitovinany. Dependency on agriculture for livelihoods is considered high, with around 90% of the population relying on this sector. In Androy, Atsinanana, and Atsimo-Atsinanana, the population density more than doubled between 1993 and 2013, and there are significant increases in Anosy, Vatovavy and Fitovinany as well (Radomanana, 2020). Androy, Atsimo-Atsinanana, Vatovavy and Fitovinany are among the least urbanised regions in the country.

Overall, the six project regions show high levels of material poverty. Four of the six project regions show poverty ratios close to, or above 90% (Androy, Atsimo-Atsinanana, Vatovavy and Fitovinany), which is significantly higher than the national average of 76%. Poverty in Madagascar especially affects rural areas, where 83.4% of the population is poor, compared to 21.8% in urban areas. Table 3 summarises the key socio-economic indicators in the project regions.

Table 3: Key socio-economic indicators

	Total Population ²⁵	% of rural population	% of population relying on agriculture	Poverty ratio
Androy	966,708	90.4%	92.4%	95%
Anosy	858,988	83.8%	86.1%	88%
Atsimo-Atsinanana	1,095,667	92.8%	92.6%	95%
Vatovavy & Fitovinany	1,534,754	90.5%	91.8%	92%
Atsinanana	1,562,330	72.4%	72.3%	71.3%

Source: (INSTAT Madagascar, 2020)

Vulnerable and/or marginalised groups

Several groups in the project regions have been identified as vulnerable:

- **Women:** many women lack stable and sustainable income. Moreover, they often have limited access to land due to the absence of inheritance rights to agricultural land and are frequently excluded from community decision-making processes.
- **Socially excluded individuals²⁶:** this group includes stateless persons, single mothers, and people with disabilities. These individuals struggle to engage in income-generating activities, which hampers their ability to achieve economic independence.
- **Farming households living in extreme poverty:** these families often lack land and have limited access to local services, such as private agricultural credit, support from development projects, and public funding from FDA, due to insufficient resources for collateral and/or to meet their own contributions. They also experience food insecurity.
- **Non-members in cooperatives or farmers organisations:** farming households not participating in such groups are typically excluded from various services offered through them, such as technical assistance, agricultural credit, access to inputs and networks for selling their agricultural products.
- **Farming households exposed to climate change:** families residing in high-risk climate zones such as the eastern and south-eastern parts of Madagascar, where there is a high risk of cyclone

²⁵ Corresponds to population projections for 2020. INSTAT Madagascar. (2020). Resultats globaux du RGPH-3 de 2018 de Madagascar – Annex 1.

²⁶ For example, in the Vatovavy region, twins are seen as unusual and considered a source of misfortune. This perception hinders their integration to society and economy, leading to social exclusion and limited access to resources and opportunities.

occurrence, and in the southern part (Androy, part of Anosy), where periods of drought can last several months.

- Producers of cash crops: farmers focusing solely on cash crops, such as vanilla, pepper, cloves and coffee, are particularly vulnerable to fluctuating market prices and natural disasters that can threaten their livelihoods.

6.2.2 Social structure and community management

Madagascar is home to several ethnic groups, the Merina being the largest, followed by the Betsimisaraka and the Betsileo. There are also smaller minorities, including Comorans, Creole, French and Indians. Mirroring the country's ethnic diversity, the eastern and southeastern part of the country where the PrAda 2+ project will be operating, is home to several ethnic groups.

In the Atsinanana region, the Betsimisaraka ethnic group lives along the country's east coast. The Betsimisaraka are primarily sedentary, depending mainly on agriculture and fishing for their livelihood. The Vatovavy region is inhabited by the Antambahoaka and Antanala ethnic groups, whose main economic occupations are rice growing as well as slash-and-burn agriculture. The Fitovinany region is home to the Antaimoro ethnic group, while Atsimo-Atsinanana is inhabited by the Antaisaka and Antaifasy ethnic groups, known for practising sharecropping or farming. In Anosy, the Antanosy people excel in fishing, particularly along the east coast. The Antandroy, found in the Androy region, are nomadic people often migrating due to changing climatic conditions. Their main activities include raising cattle and small ruminants, alongside subsistence farming of crops such as maize, sorghum, millet and cassava.

Local governance is largely influenced by a hereditary system, described commonly as royalty. Control over kingdoms is based on lineage spanning generations within the same ethnic group. While the royalty system is referred to for local conflict management and community decision-making for traditional reasons, routine public affairs are managed by the *Fokontany* (village) chief (or mayor). The mayor represents the highest authority at the community level but must consult the king when a decision has a greater impact on the daily life of the community.

Social values within communities appear highly conservative, reflecting a strong awareness of hierarchy and social roles. A community management system rooted in the described system of royalty is in place in the Vatovavy, Fitovinany and Atsimo Atsinanana regions. The system comprises various social roles for the king as well as elders, known as *Tangalamena* or *Sojabe*. Elders are widely respected within the community and hold significant power in managing community affairs. In the Atsinanana, Anosy and Androy regions, village elders, referred to as *Tangalamena* or *Ray aman-dreny*, take on the responsibility of community management, acting as decision-makers particularly in remote areas where state authority, apart from the *Fokontany* chiefs, rarely intervenes.

Community management in rural areas is primarily the domain of royalty and elders, particularly with regard to maintaining traditions, resolving local conflicts, managing ancestral land, and establishing customary norms. Public affairs - such as population census, preparation of administrative documents (e.g., birth, marriage, and residence certificates), and tax collection - are managed by the *Fokontany* chief and the mayor.

In eastern and south-eastern Madagascar, elders or local kings play a vital role in societal organisation. Through community and bilateral consultations, they exercise responsibility for regulation and decision-making in the event of conflict with the aim of maintaining peace and social stability. Conflicts are typically addressed in community meetings where the involved parties present their cases. Elders or lineage chiefs then arbitrate based on social agreements outlined in the Dina (FAO, 2023a). These traditional conflict resolution bodies are grounded in social agreements established by the community (or Fokonolona). Communities generally prefer resolving conflicts through this traditional mechanism, rather than involving local authorities, such as the town hall or gendarmerie. Initiatives such as fostering networks of lead farmers, as promoted by the project, will contribute to social stability by strengthening social ties. This approach reduces the risk of conflict within the community and bolsters producer solidarity.

Stakeholders highlighted that local communities regard certain sites, such as *fasan-drazana* or *kibory* (meaning “ancestral tombs”) as cultural heritage, deeply connected to their community life. Ancestral, sacred land serves for rituals where the community connects with their ancestors to seek blessings. Sacred land is managed by complex customary rules, including requiring permission from the clan chief for access²⁷ and restricting land ownership. Managed by traditional structures led by the king and/or head of the lineage, women are often excluded from decision-making processes.

6.2.3 Gender equality and women's empowerment²⁸

Madagascar ranks 143 out of 191 countries in UNDP's Gender Inequality Index²⁹ (GII) (UNDP, 2021). Despite a slight improvement in the GII, from 0.675 in 1995 to 0.556 in 2021, Madagascar remains in the Low-Human Development Group, between Sudan and Gambia. Madagascar's performance in achieving gender equality is low compared to other Small Island Developing States (SIDS) and countries in the Sub-Saharan African (SSA) region, with the highest ratios for maternal mortality and adolescent birth. Only 17% of the seats in parliament are held by women compared to an average of 25% in SIDS and SSA and fewer women have reached a secondary level of education. However, Malagasy women are engaged in the labour market more actively than their peers in other countries and indeed very close to men's participation rate (81%, compared to 62% [SSA] and 50% [SIDS]).

Women represent half of the total resident population in the country, with the adolescent population representing the greater part of the Malagasy population for both, women and men. In both, rural and urban areas, the number of women is slightly higher than that of men: 51.9% in urban areas and 50.4% in rural areas (INSTAT Madagascar, 2020). Moreover, a quarter of households in Madagascar are headed by a woman. Female-headed households are more common (32%) in urban areas than in rural areas (23%). Androy, Anosy, Atsinanana and Atsimo-Atsinanana are among the regions with a high share of female-headed households ranging from 24.6% to 38.4%, above Madagascar's average rate of 24%.

The higher the level of education, the lower the parity between boys and girls at secondary and higher levels, to the detriment of rural girls, in particular. For girls aged 15 to 17 and 18 to 25 living in rural areas, school attendance stands at 10.3% and 5.3% compared to 43.5% for the age group between six and ten years. The increasing trend in school dropouts among older girls can be explained by a higher incidence of early marriage and pregnancy (INSTAT Madagascar, 2020). In Androy, Anosy, Atsimo-Atsinanana between 41% and 51% of women aged 15 to 49 have not received any formal education at all. Accordingly, these three regions present the highest rates of illiteracy compared to the other regions of southern Madagascar. In poor households, boys are more likely to continue schooling, as girls are predominantly destined for a traditional role. As a result, girls and women are less likely to have access to opportunities that enable independence. The prevalent situation maintains an unequal and inter-generational power relationship, placing men and boys before women and girls.

Traditions and customs are often at the root of women's subordination to their fathers, brothers, and husbands. In the south-eastern region, the power of local traditional authorities reinforces discrimination further as the social norm. The required consultation of authorities for important traditional events leads systematically to a predominance of, generally older, men. The fatalism and respect for ancestors characterising Malagasy society that maintain social norms, dissuade the community at the same time from disrupting the established order towards greater equality.

In summary, the project regions exhibit common patterns of stereotypical gender norms in the division of labour, with men predominantly assuming control and performing physically demanding tasks, and women focusing on a reproductive role, tending to work near house and village due to their household

²⁷ Strict access rules prohibit entry by foreigners or immigrants.

²⁸ Further information on gender issues can be found under Annex 8 to the FP.

²⁹ The Gender Inequality Index (GII) reflects gender-based disadvantage in achievement in three dimensions: reproductive health, empowerment and the labour market. The GII ranges from 0, where women and men fare equally, to 1, where one gender fares as poorly as possible in all measured dimensions. Lower GII values represent a better performance regarding gender inequality. More information on the calculation of the index can be found here: http://hdr.undp.org/sites/default/files/hdr2022_technical_notes.pdf

roles with limited mobility. The results from community consultations portray deeply ingrained gender roles, shaping the division of labour and time allocation within households. Similarities persist in the distribution of reproductive and productive work between men and women in the regions. However, women's dual burden of a reproductive role and the assumption of certain traditionally male responsibilities for single-headed households, along with limited mobility, points to evolving gender dynamics in the future, despite persistent ties to traditional norms.

6.2.4 Employment

As of 2022, the unemployment rate in Madagascar was 2.1%, down from 2.3% in 2021 (Trading Economics, 2023). An estimated 77.9% of households practice agriculture, including fishing and forestry, as an economic activity, and 36.1% of households breed cattle. The rate of working men engaged in formal employment is about four to five percentage points higher than that of women. In south-eastern and eastern Madagascar, the ratio of the active working population is lower than in Madagascar as a whole. Table 4 shows the unemployment rates for each project region, with three regions having higher rates than the national average (INSTAT Madagascar, 2020).

Table 4: Unemployment rate in project regions

Region	Unemployment Rate (%)
Androy	3.4
Anosy	3.6
Atsimo-Atsinanana	3.8
Vatovavy and Fitovinany	4.7
Atsinanana	5.1
Madagascar	4.2

Source: (INSTAT Madagascar, 2020)

Employment is higher in the southern regions of Madagascar than in the south-eastern and eastern regions, largely due to private mining investments in Anosy. The Rio Tinto-owned mines near Fort Dauphin in Anosy employ an estimated 3,300 people, 55% of whom are local Malagasy from Anosy and 33% are migrant Malagasy workers (Epstein, Heintz, Ndikumana, & Chang, 2010). The ratio of the employed population to the working-age population in Anosy is 65.6%, above the national average (INSTAT Madagascar, 2020). In Androy, the ratio is slightly higher than for Madagascar overall, at 61.5% (INSTAT Madagascar, 2020). Net employment rates are higher in rural Androy than in urban areas, at 96.9% and 94.2% respectively. Atsimo-Atsinanana is one of the regions with the lowest per capita income and highest rates of food insecurity in Madagascar (Lohr et al., 2022). Nearly 91% of its working population is engaged in agriculture, fishing, and forestry (INSTAT Madagascar, 2021). In Vatovavy and Fitovinany, the employment rate is 54.3% for men and 45.7% for women aged 15 to 59, with similar occupational patterns to Atsimo-Atsinanana, with wealthier households often rearing livestock such as cattle and pigs (USAID, 2019a). Atsinanana has an employment rate of 55.4% for men and 44.6% for women aged 15 to 59, and the highest unemployment rate among the six project regions at 5.1% (INSTAT Madagascar, 2021).

6.2.5 Agriculture

Agriculture is the backbone of the country's economy, both for employment and for its contribution to Madagascar's gross domestic product (GDP). The sector includes, both, subsistence farming and cash crops, yet productivity remains low due to socio-economic, institutional, and climatic factors such as droughts and cyclones. Despite these challenges, the majority of Madagascar's population is employed in agriculture, or a job linked to the sector. Agriculture remains the main occupation and continues to attract young men and women each year. Women represent 53% of the agricultural workforce (World Bank, 2018).

Madagascar's agriculture is characterized by its traditional agricultural practices: it is heavily dependent on rainfall, and farmers mainly use traditional tools like the *angady* (a shovel-like ploughing tool), axes, and machetes. The southeastern and eastern regions, with higher precipitation, hold greater irrigation potential, allowing for wet rice paddies, while the drier, southern regions occasionally rely on dry riverbeds for cultivation. Harvesting is done with sickles, and mechanised equipment is rarely used except on larger farms. Also, slash-and-burn agriculture is very common among smallholders in Madagascar, i.e. cutting down vegetation and burning it for soil preparation and clearing of space to grow crops. The practice is called *teviaala* or *tavy* if involving the clearing of old-growth forests, and it significantly contributes to deforestation, soil erosion, and forest fires.

Crop cultivation in the project regions varies based on climatic conditions, socio-economic factors, and cultural practices. Value chains differ in organisation and market orientation according to the type of cash crop. In Anosy, Androy, Atsimo-Atsinanana, Vatovavy, and Fitovinany, about 90% of households engage in agriculture for lack of alternative opportunities. In contrast, in Atsinanana only around 70% of households are engaged in agriculture, due to the regions lesser share of cultivable land as well as the presence of Tamatave. The country's second largest city is a main economic hub and offers diverse employment opportunities (INSTAT Madagascar, 2020).

Traditional agricultural practices

Slash-and-burn agriculture, *tavy* in Malagasy, is a widespread practice among smallholders, as it is considered a cost-effective and efficient land management tool for smallholders. Furthermore, *tavy*, as practised in Madagascar, involves a series of rituals to appease gods, ancestors and spirits believed to inhabit the land. Farmers cut down and burn surrounding trees before directly cultivating the land. The practice is deeply rooted in the rural farmers' traditional belief system and agricultural practices. Many farmers in eastern Madagascar believe that they would lose their sense of identity as farmers without these rituals. Moreover, migrants fleeing famine conditions in the southern regions often settle in protected forest areas to practice slash-and-burn agriculture (Hasina, 2014).

Fertiliser use remains low except for cash crops and market gardening. While farmers often use chemical plant-protection products to manage pests and diseases, they frequently do not follow recommended dosages due to lack of technical guidance. Despite traditional farming practices, there is a growing interest in, and shift towards, adopting agroecology and agroforestry techniques, driven by the efforts of various projects promoting sustainable agriculture in the project regions³⁰. An overview of the agricultural sector in each project region is presented below:

- **Anosy:** The eastern part of this region essentially produces cash and fruit crops, while food crops and livestock are prominent in the centre of the region, and peanuts and onions in the north. The main food crops cultivated in the region are rice, cassava and maize, whereas key cash crops include coffee, sisal, sugar cane, peanut and in some communes, also vanilla. The majority of the region – over 80 % of the agricultural land – is used for food crops (CREAM, 2013d).

Crops in Anosy are mainly cultivated using traditional tools and methods. The (shovel-like) *angady* is the most common ploughing tool, while axe and sickle are the most commonly used clearing and harvesting tools. Farmers rarely use mechanised equipment on farms, and manual ploughing is the most widely used method in the region (in 55% of farms). However, trampling by zebus and animal-drawn ploughing are also practiced, on 16.7% and 22.2% of plots, respectively (CREAM, 2013d). Fertiliser is used on about 12% of all farms in the region for beans, maize, rice, and sweet potato, typically consisting of manure (Weituschat, C., Waid, J., & Murken, L. , in preparation). During the focus-group discussions, farmers indicated their need for technical support and mentoring on fertiliser use for improving agricultural productivity for all cash crops. Lack of high-quality vanilla lianas and tree seedlings for cloves and pepper was also

³⁰ These practices have been enhanced by various projects, such as those run by the NGO Groupement Semis Direct Madagascar (GSDM), which aim to improve profitability while ensuring landscape, soil, water, and pest management in an environmentally friendly manner.

emphasised, while pest attacks and diseases were named as challenges, particularly in coffee production³¹.

- **Androy:** The economy of Androy is based on livestock and rain-fed food crops, with the majority of people living in small villages and practicing subsistence farming on small plots of land. Major food crops include rice, maize, millet, sorghum, cassava, sweet potatoes, and beans. Market garden crops such as tomatoes, peas, leafy vegetables, and potatoes are farmed when water is steadily available. The primary commercial crops grown in Androy include peanuts, sugar cane, and tobacco. Overall, crops are mainly cultivated using traditional tools and methods, with manual ploughing being more common, and ox-drawn ploughing occasionally used in soil tilling and ploughing (CREAM, 2014).

The area is characterized by a relatively low proportion of cultivated land and declining agricultural productivity, driven mostly by climate impacts such as droughts, and exacerbated by poor road infrastructure, among other factors, resulting in recurrent food crises and famines. The low agricultural productivity in the region and a declining number of cattle due to theft have left many households unable to subsist. Soil degradation and desertification are significant problems in Androy, reducing crop yields and limiting economic opportunities. Additionally, limited access to weather advisory services hinders farmers' ability to plan and manage their crops effectively. The sum of these challenges makes it difficult for families to maintain productive land, further contributing to poverty (Rasolofo, 2018).

- **Atsimo-Atsinanana:** Surveys indicate that farmed land accounts for about half of the estimated total cultivable area, which stands at approximately 160,000 ha. Key cultivars in the region include cloves, vanilla, coffee, rice, pepper, peanuts, as well as fruits such as bananas, jackfruit, and lychee. Rice is the main crop, both as a staple food and as a cash crop (CREAM, 2013b). Climatic conditions with more abundant rainfall than in the south allow for the cultivation of high-value cash crops like vanilla, coffee, cloves, and pepper. However, in this region, cash crops have not always been lucrative for smallholder farmers as international-market prices fluctuate (in part due to fluctuating quality) and post-harvest treatment and conditioning of crops are not widely accessible (GIZ, 2019). Access to weather advisories and climate smart technologies is limited in this region, similar to other regions in southern rural Madagascar (Razafindrakoto & Randriamamonjy, 2018). As in other regions, crops in Atsimo-Atsinanana are mainly cultivated using traditional tools and methods, with the shovel and the sickle being the most common tools, and slash-and-burn agriculture being practiced despite its contribution to environmental degradation (USADF, 2017).
- **Vatovavy and Fitovinany:** Rice cultivation is the main economic activity in the region. Rice is grown in irrigated fields, using irrigation systems, in rain-fed rice fields, and through intensive rice cultivation based on a technique developed in the 1980s in Madagascar. The region also produces substantial volumes of fruit crops like bananas, lychees, and citrus, most of which are sold domestically, with the exception of lychees, frequently grown for export. Coffee, pepper, vanilla, and sugar cane are the main cash crops in the region. While coffee production is particularly important, its production levels fluctuate significantly from year to year (CREAM, 2013c). The shovel is the most common ploughing tools, used by 57% of farmers, followed by zebu trampling at 15%, and mechanical plowing at just 0.4%. For weeding, the hoe is commonly used for food crops, while the machete is preferred for tree crops like coffee and pepper. Use of fertiliser is minimal (only 1.5% of farmers, with 80% of them relying on organic fertilisers (CREAM, 2013c).
- **Atsinanana:** Farmer livelihoods are primarily based on rice cultivation, with cash crops like coffee, clove, and pepper also playing a significant role (Spielman, Toman, & Sedik, 2010). Food crops such as rice, cassava, maize, and potato account for about 20-25% of total crop production in the region. Cash crops, including sugar cane, coffee, cloves, vanilla, and pepper,

³¹ According to the focus group organised in 14/07/2023.

account for another 30-35%, while fruit crops such as bananas, lychees, pineapples, and citrus represent 40%. Overall, coffee is the highest yielding cash crop, with 12,525 tons produced in 2018 (DRAE Atsinanana, 2018). Although livestock breeding is less extensive than in other regions, smallholders in Atsinanana also raise livestock such as cattle (zebus), pigs, and poultry, with pigs and poultry typically kept for household consumption. Farmers use traditional cultivation techniques such as slash-and-burn agriculture, crop rotation, as well as intercropping with beans and other crops (CREAM, 2013a).

Access to weather advisories in Atsinanana is limited, with most farmers relying on traditional knowledge and experience to plan planting and harvesting (Razafindrakoto & Randriamamonjy, 2018). Additionally, access to water is a significant issue for farmers in Atsinanana. During the dry season, many farmers struggle to obtain enough water to irrigate their crops, relying on traditional irrigation techniques such as building small dams and canals to collect and distribute water instead (Grass, 2019).

6.2.6 Access to land and natural resources

Access to land is heavily influenced by the social institutions governing land relations within communities (FAO, 2023a). Two land tenure systems can be identified in Madagascar, i) a formal system, and ii) a customary tenure system. Although the formal land certification system has been strengthened over the past two decades, customary tenure is still widely used across the country, with only 7% of the country's land being formally titled. In addition to inherited land, tenancy and sharecropping are the most common practices for accessing agricultural land (USAID, 2019b).

The formal system for land tenure was reformed with the introduction of the National Land Program in 2005, which aimed to simplify the former Torrens System³², and again in 2016, including recognition of land tenure for current users in the absence of title. Land certificates can still be challenged by a third party who presents a land title, provided latter document carries prevailing legal value. In the new Program, processes were decentralized at the *commune* level and certification became possible through local offices for land registration. While around 500 local offices have been established for program implementation, more than 1000 *communes* are estimated to not yet be covered.

In the customary social tenure system, land is regarded as a sacred heritage passed down from ancestors to communities. Land distribution is managed and endorsed by the head of the lineage – typically the king, *fokontany* chiefs or the eldest member – using so-called *petits papiers*³³ for registration. While these papers are recognised at the local government level, they do not carry the same legal value as titles under the formal land system (USAID, 2019b). Yet, most of agricultural land has been registered using the *petit papiers*, with land rights clearly defined and socially validated. Immigrants and foreigners are often excluded from land access for lack of social recognition within the community; they may secure land, however, if approved by the customary leader.

Under the customary system, once the presumption of state ownership was removed under the National Land Program, individuals could secure land by clearing it. The practice is, however, often applied by smallholder farmers also to forested land, which is excluded from the Program, legally remaining state land (Droge et al., 2022). Demographic pressure and limited access to fertile land drive farmers to continue such practice nonetheless (Government of Madagascar, 2018), contributing to forest degradation and loss of soil fertility.

6.2.7 Access to financial goods and services

Across the six project regions, access to formal financial goods and services is limited, particularly in rural areas. Commercial banks are only present in regional capitals, so rural agricultural value chain actors must rely on microfinance institutions (MFIs), cooperatives, village savings and loan associations (VSLAs), and/or village savings and credit groups (GVECs) for access to financial goods and services

³² Before the National Land Program in 2005, land certification was done through the Torrens System. This system was costly and slow: processes were around \$500 and could take up to six years. The customary system was created in response to the inefficacy of the Torrens System (USAID, 2019b).

³³ *Petits papiers* are registered in local land systems and provide information on the landholder, land area and use, and origin of the land. It is estimated that *petit papiers* are used for most agricultural and urban plots in the country (USAID, 2019b).

(AFC, 2023). Barriers to financial inclusion in the six regions include low literacy levels, limited financial education, limited collateral options for rural households, and a lack of relevant agriculture-specific financial products such as index-based agricultural insurance, or loans on the market (Alliance for Financial Inclusion, 2016); (AFC, 2023).

MFIs active in the project regions typically offer loans, microcredit, savings accounts, and other financial services. However, these financial products are generally not tailored to the needs of agricultural clients. One relevant product is the Grenier Commun Villageois (GCV) credit, providing cash flow through a loan while allowing farmers to store raw agricultural products in specific facilities until market prices become favourable. Despite the option's availability, a survey conducted in Anosy, Androy, and Atsimo-Atsinanana revealed no smallholders had yet applied for GCV credit (AFC, 2023).

In general, there is a relatively high demand for credit among smallholders, to (i) increase working capital for small businesses, (ii) finance agricultural work/animal husbandry, (iii) purchase equipment and/or material for agricultural work, and (iv) cover essential consumption needs, including living expenses. However, despite needs, only 11% of surveyed individuals had applied for credit from an MFI or bank, due to, both, eligibility difficulties when applying for credit, and a mismatch between credit supply and demand (applicant's needs exceeding the institution's financial capacity).

Many cooperatives across the project regions use their resources to provide credit to members for the purchase of agricultural inputs and equipment, as well as making group purchases of basic necessities (such as rice during the lean season, food products during a hurricane, etc.). Savings and credit groups like GVECs and VSLAs are another important source of financial services to farmers in the project regions. These self-managed groups are typically formed by members of a community, pooling savings and extending loans to each other (Andriamananjara, 2014). The practice can help to build trust as well as providing credit and other financial services where formal financial institutions are not available.

VSLAs typically offer low-interest loans to support entrepreneurial activities and personal expenses. The approach promotes financial inclusion by providing access to microcredit services to individuals excluded from traditional financial institutions, contributing to the economic empowerment of rural communities and the reduction of poverty. However, among active VSLAs in three of the project regions, interest rates are typically high at 10% per month and the maximum amount of credit is usually capped at three times the amount of savings deposited for a given member (AFC, 2023).

6.2.8 Role of cooperatives

There are several farming cooperatives operating in the target regions, organised in groups of smallholding farmers working together to improve their agricultural production and economic conditions (Goulding, 2015). They are often formed with the support of NGOs, government agencies, and/or other development partners (Razafindrakoto & Randriamamonjy, 2019). In Anosy, the Anosy Cooperative Union (UCP), established in 2011, comprises over 1,000 farmers who grow a variety of crops, including rice, cassava, maize, beans, and peanuts. The cooperative aims to promote sustainable agriculture practices, improve the quality and quantity of agricultural production, and increase farmers' incomes (USAID, 2016).

In Atsinanana, AgriCoop, the main agricultural cooperative, works with Agronomists and Veterinarians Without Borders (*Agronomes et Vétérinaires Sans Frontières*, AVSF) to sell organic vanilla to French buyers. In Androy, several cooperatives focus on diverse crops and livestock, providing a range of services to their members, including training and technical assistance, access to inputs and equipment, as well as marketing support. In Vatovavy and Fitovinany, cooperatives work in rice, cassava, coffee, and vanilla production, varying in size and membership, with some consisting of just a few farmers while others have hundreds of members (Redclift & Conteh, 2019). Notable among them is Sahanala, a large umbrella organization of several cooperatives operating jointly, that helps member farmers get higher prices for vanilla compared to other buyers. Farming cooperatives are also increasingly common in Atsimo-Atsinanana, where they play an important role in improving the

livelihoods of small-scale farmers in the region. Two prominent cooperatives in Atsimo-Atsinanana are MIRAY HINA and CEAFA, both actively engaging with the PrAda projects³⁴.

Focus group discussions were organised with cooperatives in all target regions. During these discussions, some farmers, particularly in Anosy, expressed reluctance to participate in cooperatives due to potential conflicts among members, poor communication from the cooperative's head, and limited knowledge of potential buyers³⁵. Similarly, cooperatives in Androy highlighted several challenges, including limited access to finance, inadequate infrastructure, and a lack of technical expertise. Despite these issues, cooperatives have proven to be an effective way for smallholder farmers to enhance their livelihoods and increase their resilience against economic and environmental shocks (CARE International, 2017).

6.2.9 Cultural Heritage Sites

Madagascar's natural and cultural heritage sites became eligible for inclusion in the UNESCO World Heritage List after the country ratified the convention in 1983. In 2007, the rainforests of the Atsinanana, a natural site consisting of six national parks renowned for their highly endemic biodiversity, were added to the list. However, in 2010, UNESCO placed the Atsinanana rainforests on the List of World Heritage in Danger due to a surge in illegal logging linked to the 2009-2013 political crisis in Madagascar. PrAda 2+ will not operate near cultural heritage sites and the chance of encountering such areas during implementation is negligible.

6.3 Environmental profile

6.3.1 Geography and climate

The Republic of Madagascar is an island nation covering a total area of 587,041 km². The island is located in the southwestern Indian Ocean, 400 kilometres from the southeastern coast of the African continent, across the Mozambique Channel. Madagascar's unique and varied climate stems from its topography and its location. As an island, it is subject to significant maritime influence and wind impacts, with cyclones occurring frequently. Madagascar includes five agroecological zones, namely arid, semi-arid, tropical savannah, humid forest, and high land. Each is characterised by specific levels of humidity and temperature, resulting in zone-specific agricultural and pastoral production systems (PIK, 2021).

Madagascar has two main seasons: the dry and cool season (*vanim-potoana ririnina*) and the rainy and hot season (*vanim-potoana fahavaratra*). The dry season runs from mid-April to mid-October and the rainy season comprises the rest of the year. Rainfall varies not only seasonally but also regionally according to trade-wind patterns and elevation. During the monsoon season, northern air currents bring heavy rain (in the summer) while the southern part of the country remains dry. The heaviest rains fall in the eastern and northern regions. In the drier months, rivers can run entirely dry, especially in the southern parts of Madagascar.

Located at the extreme south of the island, Androy and Anosy are drier and are more frequently impacted by drought than the other regions. Androy has a semi-arid to arid-tropical type climate, with aridity increasing from the north and north-east to the south and south-west of the region. Anosy is characterized by a humid tropical climate in the southern and south-eastern regions and a tropical, subhumid climate in the north. It is generally drier in the western part of the region (CREAM, 2013d; CREAM, 2014). The southern part of Madagascar is experiencing a four-year drought and famine. By contrast, Atsimo-Atsinanana, Vatovavy, Fitovinany, and Atsinanana are wetter regions, supporting a wider range of cash crops, fruit, and some of the rainforests that contribute to Madagascar's reputation for biodiversity.

³⁴ From the GIZ focus groups and surveys conducted between May and July 2023 (see Annex 2d. Market study for additional information).

³⁵ According to the focus group discussion organised in 14/07/2023.

6.3.2 Water

The south of Madagascar is more water-stressed than northern and central Madagascar. The northern regions receive about 3500 millimetres of precipitation annually, whereas the drought-prone south receives just 380 millimetres per year. Rivers ensure the primary water supply in the rainy parts of the highlands, the east coast, and in the north, while lakes and springs are used for water supply in the central highlands (USAID, 2021). Most rivers in southern Madagascar are temporary, disappearing during the dry season, and alternative groundwater sources are not always viable (USAID, 2021). Overall, the water regime is closely linked to that of precipitation. Any delay or irregularity affects the water supply. Groundwater is used mainly in the southern semi-arid areas and very little in the eastern wetlands. Despite the country's 3000 kilometres of rivers and streams, more than 58% of the population does not have access to safe drinking water (USAID, 2022). While water scarcity affects especially the south of Madagascar, issues involving water quality are ubiquitous, affecting both surface and groundwater resources.

Agriculture is a key driver of water consumption in the country. It is estimated to account for 96% of total water withdrawal for the period 2018-2022, followed by municipalities at 3% of total water withdrawal, and the industrial sector at 1% (FAO, 2022). The main irrigated crop in Madagascar is rice, and 72% of the 1.5 million hectares of irrigable land are equipped with drainage and irrigation infrastructure. Given the high cost of exploiting groundwater, irrigation uses surface water. (FAO, 2023b).

From 2018-2022, Madagascar confronted its worst drought in 40 years, affecting water availability and water use mainly in the southern region. In a typical year, the rainy season lasts from November through March. But recent years have brought below-average rainfall during this period, with water used for the irrigation drying up. As a result, southern Madagascar has had only one good harvest over the past five years. The persistent drought and devastation of farms have left more than a million people in southern Madagascar lacking reliable access to food. Much of the region was at a crisis level for food insecurity during the recent drought (the third level on a five-level scale) (NASA, 2021).

6.3.3 Biodiversity and forests

About 90% of species in Madagascar are endemic, and many are threatened with extinction due to habitat loss and fragmentation, agricultural expansion, invasive species, overharvesting, and climate change (Ganzhorn, Lowry, Schatz, & Sommer., 2001; Vieites, et al., 2009). From the dry, spiny forests of Androy to the rainforests of Atsinanana, Madagascar is one of the most biodiverse countries in the world. Its landscape is characterized by many types of forests, steppes, drylands, savannah, mangroves, and reefs, with tropical forests containing the highest levels of biodiversity (Convention on Biological Diversity, n.d.).

Madagascar has already lost nearly 80% of its natural areas, and at current deforestation rates (200,000 hectares per year) it is estimated that all of Madagascar's forests are lost within 25 years (Suzzi-Simmons, 2023). Deforestation has accelerated in recent years to expand agricultural lands, grazing areas, and increase harvesting of biomass for cooking fuels, contributing further to land degradation, with high rates of erosion and downstream flooding across the country, damaging infrastructure and vulnerable livelihoods (World Bank, 2022). Domestic migration between regions is also indirectly contributing to deforestation, as migrants fleeing famine conditions (in the driest areas of the south) into protected forest areas, where they practice slash-and-burn agriculture (Hasina, 2014).

The major threat to terrestrial ecosystems in Madagascar is deforestation. Slash-and-burn agriculture (coupled with increasing pressure for food and water availability) have caused extreme degradation of forests all over Madagascar. Deforestation is exacerbated by extreme climate events; for example, the Menabe region has lost over 60% of its forest cover over the last ten years as people have immigrated to avoid the southern drought. Eastern humid forests are predicted to contract fully by 2080, whereas western dry forests may shift to the east (Rakotondravony, et al., 2018).

Soils will also be greatly impacted by climate change. Increased temperatures and increased precipitation during the rainy season, as well as reduced rainfall in the dry season with increased drought

conditions will have negative effects on both soil health and stability. Higher rates of evapotranspiration will reduce soil moisture and increase soil degradation. Increased sedimentation, soil erosion, and siltation will compromise flat lowland areas. Sea-level rise will also lead to more coastal soil erosion and degradation, also leading to the reduction of the freshwater lens. Ensuing issues for agricultural production stand to exacerbate further food and water-security related problems (USAID, 2018).

6.3.4 Regional profile

- **Androy:** Surface water is particularly scarce in the region, as most precipitation infiltrates quickly into the soil and the largest rivers (the Menarandra, Manambovo, and Mandrare), which recede greatly or dry up completely during the dry season (USAID, 2021). Irrigation is uncommon throughout the region due to irregular water availability but is practiced in some areas of the Bekily district (CREAM, 2014).

Made up of drought-tolerant woody species, the dry spiny forests in Androy are ranked among the '200 most important ecoregions in the world' due to their biodiversity. While forests have the highest level of plant endemism in Madagascar (Elmqvist et al., 2007), forest cover has rapidly declined since the early 1970s as a result of cattle herding, timber harvesting, and charcoal production. Some patches of forest are considered sacred and remain untouched, even in heavily used forests (CREAM, 2014).

- **Anosy** region contains a great diversity of terrestrial ecosystems: rainforests, dry forests (bush), "savoka", savannahs and grasslands, but the region is experiencing a rapid decrease in the natural forests due to the expansion of grassy savannahs, as a result of bushfires, wildfires, clearing and massive wood-cutting for firewood and charcoal, etc. Coastal ecosystems are also affected by massive land clearing pressures, contributing to the degradation of marine ecosystems, coral reefs in particular (CREAM, 2013d).

The Tsitongambarika forest is the largest expanse of lowland humid forest in the region (around 60,509 hectares), providing important ecosystem services while supporting local livelihoods. Biologists recognise exceptionally high levels of biodiversity of flora and fauna and consider more than 80% of species as endemic. However, currently one to two per cent of the forest is being cleared per year for slash-and-burn agriculture, and over 10,000 hectares of forest have already been lost. Land degradation is also due to unsustainable logging and harvesting of fuelwood (Olsen et al., 2011).

- **Atsimo-Atsinanana:** Despite the region's dense hydrographic network, only 8.9% of the region's population has access to drinking water supplies protected from contamination. Irrigation is practiced by about half of the farmers in the region and is primarily used to grow rice. However, most farmers use canals and rainwater harvesting for irrigation, instead of more modern methods like pumping or using small dams (CREAM, 2013a).

The region contains primary and secondary forests, savannas and marsh vegetation. Secondary forests are essentially degraded primary forests, and the primary forests in Atsimo-Atsinanana cover only the mountainous interior. Still, they are home to hundreds of tree species and shrubs and thousands of tree animal species. The secondary forests develop on abandoned land post-cultivation. They are mainly found in the mountainous and coastal regions. Savannas form after repeated burning from cleaning and cultivation, and grassy formations cover the south-eastern zone and extend over the mid-hills. Marshes and swamps exist in the coastal areas (CREAM, 2013b).

- **Vatovavy and Fitovinany:** Streams, rivers, and natural springs are the main sources of drinking water in the two regions, but only 13.9% of the population has year-round access to safe drinking water, lower than the national average of 48% (USAID, 2018). Irrigation is practiced by around 48% of farmers in the region, using traditional methods such as rainwater harvesting and irrigation by canals. However, irrigated plots are often very small, and modern irrigation methods are infrequently used (CREAM, 2013c).

There are five main vegetation types: (retreating) primary forest, secondary (or savoka) forest, savannah, swamp vegetation, and agricultural zones (African Development Bank, 2018). The regions also have important natural parks like Ranomafana (one of the national parks with the highest biodiversity), the Fandriana-Vondrozo Corridor, and Marolambo Forest, with dense evergreen forests in high-altitude areas (CPGU, 2012). These regions have lost 16.9% of their forest cover between 2000 and 2016 due to slash-and-burn agriculture and forestry harvesting (Tojo-Mandaharisoa et al., 2022).

- **Atsinanana:** Rivers, wells, and street vendors selling water are the main sources of drinking water in the region, with running water only available for the district of Vatomandry. Only a small proportion of the region's farmers use irrigation, primarily for rice cultivation (CREAM, 2013a).

Covering an area of 663,545 hectares, the rainforests in Atsinanana enclose an extraordinary diversity of habitats, forming an almost continuous forest corridor from Ranomafana to Andringitra National Park and are also home to many threatened and endemic plant species, harbouring members of at least 97 of the country's 209 endemic plant genera and five of its six endemic families (UNESCO, 2023). However, the rainforest is threatened by deforestation, with a gross annual deforestation rate of 1.16% for the period 2000 to 2019 (REDD+ Madagascar, 2021).

6.3.5 Climate hazards and impacts

Historical climate change analysis and recent surveys of smallholder farmers indicate that changing climatic conditions have already become reality for farmers in the project regions. Data show rising temperatures and, particularly over the past ten years, a (modest) trend of decreasing precipitation. Although interannual variability in precipitation remains strong, surveys confirm that smallholders perceive more frequent and severe droughts, as well as changes in the onset and duration of the rainy season, as significant climate hazards affecting their livelihoods. Additionally, Madagascar, particularly its southeastern coast, is highly exposed to cyclones, averaging two per year between 2000 and 2020.

In summary, anthropogenic climate change in Madagascar manifests through increasing temperatures (both in terms of means and extremes), decreasing total precipitation, longer dry spells, shifts in rainy-season onset, and more intense tropical cyclones. It may also potentially result in fewer heavy-rainfall days, although this finding is not consistent with the Intergovernmental Panel on Climate Change (IPCC) assessment projecting "increases in heavy precipitation and pluvial flooding [for Madagascar]" (IPCC, 2021).

Climate impacts on crops incur significant negative consequences for the livelihoods of the rural population. While the crop-specific impacts are different for each VC, most of them eventually result in a decrease in either quantity or quality of the yields (depending on the scenario), leading to a reduced household income. Given the already precarious socio-economic baseline situation and the high level of dependency on agriculture in the target regions, climate change has severe consequences on the smallholder farmers and their families, notably in the form of rising (extreme) poverty levels and higher levels of food insecurity and malnutrition. In combination with the effects of other past and current crises (COVID-19 pandemic, Ukraine crisis) on prices for agricultural inputs and food, climate change thus severely threatens the livelihoods of smallholder farmers and other local VC actors.

7. Environmental and social impact assessment

This chapter assesses the potential negative environmental and social impacts of the proposed project activities³⁶. The assessment has been done at two levels: a) the project level (6.2-6.10) and b) the beneficiary projects level (6.11). The impacts are assessed against the policies and standards of the project's ESS reference framework, namely the [GCF Environmental and Social Policy](#), and its own environmental and social standards (ESS):

Table 5: Corresponding ESS policies

E&S topics	Corresponding ESS or policy
Climate change mitigation	GCF E&S policy, ESS3
Climate change adaptation	GCF E&S policy
Assessment and Management of environmental and social risks and impacts	ESS1
Labour and Working Conditions	ESS2
Resource Efficiency and Pollution Prevention	ESS3
Community Health, Safety and Security	ESS4
Land Acquisition and Involuntary Resettlement	ESS5
Biodiversity Conservation and Sustainable Management of Living Natural Resources	ESS6
Indigenous Peoples	ESS7
Cultural Heritage	ESS8
Stakeholder Engagement and Information Disclosure	ESS9
Human rights	GCF E&S policy, ESS4, ESS5, ESS7, ESS8, ESS9
Risks of conflicts, fragility and violence	GIZ S+G system, ESS4, ESS5, ESS7, ESS8, ESS9
Gender and SEAH	GCF E&S policy, GIZ Gender Policy, ESS4

Source: GIZ

For each impact, risk mitigation measures to address negative impacts are identified and their assumed effectiveness stated. Based on this, it is concluded whether an ESS is triggered and whether an in-depth assessment for this specific ESS might be required. The objective of the assessment is to achieve compliance with the ESS reference framework. Mitigation measures based on the results of this assessment will be integrated into the ESMP and operationalised during project implementation. A Stakeholder Engagement Plan and Summary of Consultations (Annex 7), Gender Analysis (Annex 8a) and Gender Action Plan (GAP, Annex 8b) are available in addition to the ESS documents.

According to GIZ and GCF safeguard systems, projects are rated based on potential unintended negative impacts, or environmental and social (E&S) risks, derived from implementation:

- **Category A - High risk:** Activities with significant adverse environmental and/or social risks that are diverse, irreversible, or unprecedented.
- **Category B - Medium risk:** Activities with limited adverse environmental and/or social risks and/or impacts that are few in number, site-specific, largely reversible, and manageable through mitigation measures.
- **Category C – Minimal or No risk:** Activities with minimal or no adverse environmental or social risks and/or impacts.

³⁶ Project benefits, considered as positive impacts, are detailed in section D.3 of the FP and in Chapter 11 of the Feasibility Study (Annex 2).

Each project is assigned an overall risk category based on the highest single E&S risk identified, and not by averaging risks. In addition to unintended negative impacts, external risks arising from the project's broader context or environment are considered, as well as those highlighted by the stakeholders during consultations conducted in developing this Funding Proposal.

Risk assessment criteria:

Risks are assessed using the following dimensions:

- **Mitigation potential:** The ease of addressing risks using mitigation measures and best international practices.
- **Reversibility:** The extent to which risks or impacts can be reversed.
- **Spatial extent:** The geographic reach of risks and impacts.
- **Duration:** Whether impacts are temporary or permanent.

7.1 Summary of assessment (project level)

6.1 This project is categorized as Category B (medium risk) in adherence with GCF's principles and GIZ's S+G Management System. Risks associated with the project are generally localised, temporary, and largely reversible, with limited adverse impacts that can be mitigated through appropriate measures. Table 6 outlines the negative impacts of the proposed project activities and their relation to triggered ESS standards.

Table 6: Possible negative impacts of the project (project level)

ESS	Risk of negative impact	Related project activity	Risk mitigation measure	Assumed Risk mitigation effectiveness	ESS triggered?
ESS 1	<p>Medium</p> <p>The project aligns with a Medium Risk category.</p> <p>Environmental and social risks may occur mostly in relation to pollution generation, SEAH, biodiversity loss and ineffective stakeholder engagement. However, these risks are localised, temporary and have manageable impacts.</p> <p>Potential risks due to insufficient institutional capacities to monitor, report and manage identified E&S risks.</p> <p>Potential risks related to the intensification of agriculture, which could lead to maladaptation.</p>	<p>Cross-cutting</p> <p>Activity 1.3.1 Activity 1.3.2 Activity 2.1.2</p>	<p>Hire one dedicated ESS & Gender specialist.</p> <p>Set up an Environmental and Social Management Plan (ESMP) to manage potential risks and establish a project Grievance Mechanism (GRM) to handle complaints.</p> <p>Operationalise the GAP and ensure that the GRM is gender-responsive, train project staff and launch awareness-campaigns on SEAH avoidance.</p> <p>Set up a Stakeholder Engagement Plan (SEP) to ensure meaningful, locally adapted, and gender-responsive engagement with stakeholders.</p> <p>Support and fund the implementation of promoted adaptation measures, ensuring alignment with the project's risk category and compliance with the ESIA and ESMP. A detailed assessment of the promoted measures is available in Assessment of E&S risks for final beneficiary projects</p> <p>The final beneficiary projects are categorized as Category C in adherence with GCF's principles and GIZ's S+G Management System. Activities to be implemented by final beneficiaries will have minimal or no adverse environmental or social risks and/or impacts. Table 10 outlines the</p>	Medium	Yes

			<p>assessed eligible measures, their potential risks and associated potential negative impacts as well as the risk assessment and subsequent risk rating. Given that the measures under the FDA on-granting mechanism are anticipated to be low risk, no further preparation of safeguards documents (i.e. ESIA/ESMP) and advance public disclosure will need to be conducted.</p> <p>Table 10.</p>		
ESS 2	<p>Medium</p> <p>Potential risks of non-compliance with labour standards and decent working conditions, including lack of adequate grievance mechanisms.</p> <p>Potential SEAH risks in project interventions involving community interactions, collaboration with other project partners and interactions among project staff. (e.g., training sessions, capacity-building to project partners, etc.</p>	<p>Cross-cutting</p> <p>Cross-cutting, particularly Activity 1.1.1 Activity 1.1.2 Activity 1.3.1 Activity 1.3.2 Activity 2.3.1 Activity 2.3.2 Activity 3.1.1</p>	<p>Conduct awareness raising with relevant groups on the importance of compliance with rules and regulations concerning working conditions and labour laws.</p> <p>Establish a project gender-responsive GRM to facilitate the timely reporting of complaints and concerns, including conflicts between employees and employers.</p> <p>Implement the Gender Action Plan (GAP), which includes dedicated measures for SEAH risks such as SEAH awareness-campaigns, a survivor-centred and gender-responsive GRM, equipped to handle SEAH issues³⁷.the development of a Code of Conduct prohibiting SEAH.</p>	Medium	Yes
ESS 3	<p>Medium</p> <p>Potential pollution risks from improper management of agricultural inputs during CRA implementation and other income-generating activities, and soil degradation from continued use of pesticides/herbicides, and unsustainable agricultural practices, such as slash-and-burn agriculture.</p>	<p>Activity 1.3.1 Activity 1.3.2 Activity 2.1.2</p>	<p>Provide capacity building and training on CRA practices for farmers, partners and extension staff, and conduct awareness-raising on the risks associated with pesticide/herbicide use and unsustainable agricultural practices, such as slash-and-burn agriculture.</p>	Low-Medium	Yes

³⁷ Please refer to Annex 1 of this document for guidelines on developing a GRM, including a protocol for addressing SEAH issues.

			<p>Use of pesticides/herbicides will be avoided in project activities. The project will not support the procurement of herbicides/pesticides.</p> <p>Promote adaptation measures that lower the likelihood of pesticides/herbicides use, such as selecting adapted plants for the vegetative strips (push-pull system) or covering the soil.</p> <p>Fund the implementation of promoted adaptation measures through the FDA on-granting mechanism, ensuring alignment with the project's risk category and compliance with the ESIA and ESMP. A detailed assessment of the promoted measures is available in Assessment of E&S risks for final beneficiary projects</p> <p>The final beneficiary projects are categorized as Category C in adherence with GCF's principles and GIZ's S+G Management System. Activities to be implemented by final beneficiaries will have minimal or no adverse environmental or social risks and/or impacts. Table 10 outlines the assessed eligible measures, their potential risks and associated potential negative impacts as well as the risk assessment and subsequent risk rating. Given that the measures under the FDA on-granting mechanism are anticipated to be low risk, no further preparation of safeguards documents (i.e. ESIA/ESMP) and advance public disclosure will need to be conducted.</p> <p>Table 10.</p>		
ESS 4	<p>Low</p> <p>Social tensions may arise in the context of competition for FDA grants or other project activities.</p>	Cross-cutting	<p>Ensure transparent and fair selection process based on eligibility criteria for final beneficiaries and selection criteria for proposed projects within the FDA's grant mechanism and raise awareness among farmers about the available support.</p>	Medium	Yes

	<p>Misappropriation and theft incidents affecting VSLAs could lead to tensions or disputes within communities.</p> <p>Potential SEAH risks in project interventions requiring involving community interactions, collaboration with other project partners and interactions among project staff. (e.g., training sessions, capacity-building to project partners, etc.).</p>	<p>Activity 2.3.1</p> <p>Cross-cutting (see ESS 2)</p>	<p>Continue consultations, public awareness raising and wide dissemination of proposed activities to relevant stakeholders at national, regional and local levels, to avoid misinformation about the project and ensure inclusive outreach, with culturally sensitive communication plans.</p> <p>Awareness raising sessions and training with VSLA members on the benefits, and importance of transparency and accountability within VSLAs.</p> <p>Implement the Gender Action Plan (GAP), which includes dedicated measures for SEAH risks such as SEAH awareness-campaigns, a survivor-centred and gender-responsive GRM, equipped to handle SEAH issues, and the development of a Code of Conduct prohibiting SEAH.</p>		
ESS 5	<p>Low</p> <p>Potential economic displacement due to restrictions on land use and changes in agricultural practices affecting livelihoods.</p>	<p>Activity 1.3.1</p> <p>Activity 1.3.2</p>	<p>Promote income diversification strategies, such as CRA practices and complementary economic activities, to reduce reliance on restricted resources.</p> <p>Support farmers in the implementation of CRA practices and other income-generating activities through local training and demonstration plots and raise awareness on the proposed activities and potential benefits that could be obtained.</p>	Low-Medium	Yes
ESS 6	<p>Medium</p> <p>Risk of loss of biodiversity due to introduction of invasive species and agroforestry measures.</p>	<p>Activity 1.2.1</p> <p>Activity 1.2.2</p> <p>Activity 1.3.1</p> <p>Activity 1.3.2</p> <p>Activity 2.1.2</p> <p>Activity 3.1.1</p>	<p>Capacity building, training and awareness-raising for farmers, partners and extension staff related to CRA practices, biodiversity conservation and the risks associated with unsustainable practices that might affect the environment and the wellbeing of local communities.</p>	Medium	Yes

	Improved economic opportunities from the VCs may inadvertently increase pressure on forests and other ecosystems, leading to forest encroachment and shifting agriculture.		<p>Protect critical habitats (e.g., protected forest areas) from invasive species and promote crop diversification.</p> <p>The project will not support the expansion of agriculture. Instead, it will focus on improving practices on land already under agricultural use by farmers who have been engaged in the target VC, thus, disincentivising extending or changing crop production.</p> <p>Fund the implementation of promoted adaptation measures through the FDA on-granting mechanism, ensuring alignment with the project's risk category and compliance with the ESIA and ESMP.</p>		
ESS 7	<p>Not triggered</p> <p>No Indigenous Peoples were identified in the project areas.</p>	Not applicable	<p>Conduct regular screenings (e.g., site visits, community consultations) to detect any unexpected presence of Indigenous Peoples in project areas.</p> <p>Implement and monitor the SEP proposed for this project, ensuring inclusive consultations to capture and address any concerns related to Indigenous Peoples.</p> <p>Adhere to the Exclusion List of the project.</p>	High	No
ESS 8	<p>Not triggered</p> <p>Minimal chance of encountering cultural heritage sites in project areas.</p>	Not applicable	Not applicable	N/A	No
ESS 9	<p>Low</p> <p>Limited engagement of local communities, particularly women and vulnerable groups, during the implementation of the project could undermine stakeholder collaboration, limiting project success.</p>	Cross-cutting	<p>Implement and monitor the SEP proposed for this project.</p> <p>Continue consultations, public awareness raising and wide dissemination of proposed activities to relevant stakeholders at national, regional and local levels, to avoid misinformation about the</p>	Medium	Yes

	<p>Risks of excluding views and local knowledge of minorities living in the project areas where interventions will be implemented.</p> <p>Potential SEAH risks in project interventions involving community interactions, collaboration with other project partners and interactions among project staff. (e.g., training sessions, capacity-building to project partners, etc.). and inadequate SEAH-specific grievance mechanisms.</p>	<p>project and ensure inclusive outreach, with culturally sensitive communication plans.</p> <p>Promote the participation of local authorities and traditional leaders to facilitate knowledge dissemination among their communities.</p> <p>Implement the Gender Action Plan (GAP), which includes dedicated measures for SEAH risks such as SEAH awareness-campaigns, a survivor-centred and gender-responsive GRM, equipped to handle SEAH issues, and the development of a Code of Conduct prohibiting SEAH.</p>		
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Source: GIZ

7.2 ESS 1: Assessment and management of environmental and social risks and impacts

7.2.1 Assessment

Positive impacts and opportunities

The project's primary goal is to strengthen adaptation to climate change in Madagascar through the promotion of CRA practices. This focus is expected to generate positive environmental and social outcomes, including improved livelihoods for smallholder farmers, enhanced food security, and strengthened climate resilience. By introducing sustainable practices, the project can mitigate some of the adverse effects of climate change, such as soil erosion, declining agricultural productivity, and biodiversity loss. Furthermore, the project emphasises inclusivity and capacity building, which are likely to empower marginalised groups and strengthen community resilience. These opportunities lower the project's overall risk profile.

Despite its positive impacts, the proposed activities carry potential low to medium risks linked to several ESSs. If not adequately managed, these could result in unintended negative impacts. The following key risks contribute to the **Medium risk rating**:

Environmental risks

- Intensification of agriculture, if not managed sustainably, could lead to overuse of natural resources, soil degradation, and biodiversity loss. These risks could inadvertently result in maladaptation, where the project exacerbates vulnerabilities instead of reducing them.
- Slash-and-burn practices, prevalent in the project area, though not promoted by the project, could undermine CRA efforts and exacerbate deforestation.

Social risks

- The project operates in regions with existing social tensions over resource access. Conflicts between local households and migrants, especially in resource-scarce areas, pose a risk to community stability and project outcomes.
- Village Savings and Loan Associations (VSLAs) may face risks of theft and fraud, leading to conflicts and reduced trust in project mechanisms.
- Sexual Exploitation, Abuse, and Harassment (SEAH) risks exist in community interactions, training programmes, and financial operations.

Governance and Operational risks

- Weak institutional frameworks and limited capacity for environmental and social management could hinder effective implementation of the ESMP, GAP, SEP, and grievance redress mechanisms.
- Lack of adaptive management frameworks may weaken the ability to dynamically mitigate risks and respond effectively to observed impacts.

Assessment on conflicts and violation of human rights

ESS 1 requires a comprehensive assessment of environmental and social risks, including potential conflicts and human rights violations that could arise as unintended consequences of project activities. The project will operate in a context where access to land, water, and other natural resources is often limited, particularly in regions impacted by climate change. These constraints may increase competition for these resources, leading to social tensions between local communities and migrants or among different stakeholder groups. Additionally, vulnerable groups such as women, migrants, and landless farmers, may face exclusion from project benefits, limited participation in decision-making, or exploitation through unsafe labour practices. Moreover, insufficient engagement with local communities may lead to misunderstandings about the proposed project. Such perceptions could escalate into disputes or social tensions, undermining community cohesion and project objectives.

GCF's E&S policy, as well as GIZ's safeguards management system, put a significant emphasis on avoiding infringement of the human rights of others and address adverse human rights impacts that those ventures may cause or contribute to. Each of the ESSs has elements related to human rights dimensions that a project may face during its operations. For the present project, human rights risks and impacts are essentially related to working conditions, SEAH, Gender equality and gender-based violence, and are respectively assessed under the relevant ESS category. By following the respective plans (ESMP and GAP) the project properly prevents and mitigates potential human rights issues arising from the different ESS categories.

7.2.2 Impact rating

The overall impact under ESS 1 is assessed as Medium. Environmental and social risks are primarily associated with pollution generation, SEAH, biodiversity loss and ineffective stakeholder engagement. Additional risks include insufficient institutional capacities to monitor, report and manage identified E&S risks, as well as maladaptation resulting from the intensification of agriculture. However, these risks are localised, temporary and have manageable impacts through feasible and effective mitigation measures.

7.2.3 Mitigation and management measures

- Allocate budget to recruit a dedicated Environmental, Social, and Gender specialist to manage the different E&S risks identified and support the implementation of the ESMP.
- Develop a comprehensive ESMP to manage identified risks and establish clear responsibilities, timelines, and resources needed to ensure accountability across all levels of implementation.
- Design and implement a gender-responsive GRM to handle complaints that is accessible to all stakeholders, including marginalised groups such as women, youth and migrants and ensure culturally appropriate channels for submitting grievances (e.g., digital tools, dropboxes, etc.)
- Implement the GAP by integrating gender-responsive approaches into project activities.
- Conduct targeted training for project staff on gender and implement awareness campaigns on SEAH avoidance.
- Develop and implement a SEP to ensure meaningful, locally adapted, and gender-responsive engagement with stakeholders.
- Facilitate the implementation of context-appropriate adaptation measures and provide training, technical assistance, and awareness programmes to farmers.
- Use local trainers and field demonstrations to ensure practices are well understood and adopted.
- Promote sustainable agricultural techniques such as agroforestry and crop diversification to minimise risks of resource overuse or biodiversity loss.
- Provide funding to support the implementation of adaptation measures and ensure alignment with the project's risk category and the project's ESIA and ESMP. A detailed assessment of the promoted measures is available in Assessment of E&S risks for final beneficiary projects

The final beneficiary projects are categorized as Category C in adherence with GCF's principles and GIZ's S+G Management System. Activities to be implemented by final beneficiaries will have minimal or no adverse environmental or social risks and/or impacts. Table 10 outlines the assessed eligible measures, their potential risks and associated potential negative impacts as well as the risk assessment and subsequent risk rating. Given that the measures under the FDA on-granting mechanism are anticipated to be low risk, no further preparation of safeguards documents (i.e. ESIA/ESMP) and advance public disclosure will need to be conducted.

- Table 10.
- Use adaptive management approaches to adjust project activities in response to observed environmental or social risks.

7.3 ESS 2: Labour and working conditions

7.3.1 Assessment

Project activities, particularly in agriculture and training, involve labour-intensive tasks that carry risks such as potential exploitation of labourers, unsafe working conditions, and inadequate access to grievance mechanisms. Vulnerable groups, such as women and youth, may be exposed to SEAH risks, within project activities that require high interaction with project staff and other beneficiaries (e.g., training and capacity building activities). Additionally, there are unintended risks of child labour in farming households engaging in project activities. This risk is heightened during busy agricultural periods, where demand for labour may lead to increased involvement of children.

7.3.2 Impact rating

This risk is assessed as Medium. While the Government of Madagascar has ratified international conventions on labour rights, the agricultural sector often operates informally, with many farmers lacking formal employment contracts. Additionally, there are instances where child labour may be involved in farming activities.

7.3.3 Mitigation and management measures

- Conduct awareness-raising with relevant stakeholders to emphasise the importance of compliance with rules and regulations concerning working conditions and labour laws, ensuring fair and ethical practices in all project-related activities.
- Establish accessible gender-responsive grievance mechanisms to facilitate the timely reporting of complaints and concerns, including conflicts between employees and employers.
- Work with community leaders and local governments to ensure compliance with child labour laws.
- Promote alternative livelihood opportunities to reduce dependence on informal family labour.
- Ensure that project management policies align with GIZ standard operating procedures and comply with national laws and applied to all staff directly engaged with the project.
- Implement the Gender Action Plan (GAP) and ensure that the GRM is gender-responsive, train project staff and implement awareness-campaigns on SEAH avoidance.

7.4 ESS 3: Resource efficiency and pollution prevention

7.4.1 Assessment

The introduction of CRA practices and other income-generating activities has the potential to intensify agriculture. If not managed sustainably, this intensification may lead to pollution resulting from the overuse of soil nutrients and agricultural inputs. Improper handling and excessive use of agricultural inputs such as herbicides and pesticides could cause soil degradation and broader ecological harm. The cumulative impacts are particularly concerning in ecologically sensitive areas. Additionally, unsustainable agricultural practices such as slash-and-burn agriculture, while not promoted by the project, remain a significant baseline activity and cannot be fully excluded. The continuation of slash-and-burn practices may undermine the effectiveness of the promoted adaptation measures, contributing to biodiversity loss (see ESS 6), and soil erosion, while exacerbating environmental vulnerabilities within the project regions.

7.4.2 Impact rating

This risk is assessed as Medium, arising from pollution due to the improper use of agricultural inputs and unsustainable agricultural practices.

7.4.3 Mitigation and management measures

- Provide comprehensive capacity building and training for farmers, partners and extension staff on CRA practices and conduct awareness-raising on the risks associated with pesticide/herbicide use and unsustainable agricultural practices.

- Encourage practices, tailored to local contexts, that reduce dependence on pesticides/herbicides, such as selecting adapted plants for the vegetative strips (push-pull system) or covering the soil to enhance soil health and biodiversity.
- Introduce and support the cultivation of adapted crop varieties that require minimal chemical inputs and are resilient to local conditions.
- Use of chemical plant protection products (pesticides/herbicides) will be avoided in project activities. The project will not support the direct procurement of pesticides/herbicides and will adhere to GIZ's "Procurement policy for agrochemicals, pesticides and mineral fertilisers".
- GIZ policies enforce strict regulations on the procurement of plant protection products. None of the project's EEs will use or support the procurement of such inputs.
- Use the FDA on-granting mechanism to fund the implementation of promoted adaptation measures, ensuring that all funded activities comply with the project's risk category and with this ESIA and ESMP. A detailed assessment of the promoted measures is available in Assessment of E&S risks for final beneficiary projects

The final beneficiary projects are categorized as Category C in adherence with GCF's principles and GIZ's S+G Management System. Activities to be implemented by final beneficiaries will have minimal or no adverse environmental or social risks and/or impacts. Table 10 outlines the assessed eligible measures, their potential risks and associated potential negative impacts as well as the risk assessment and subsequent risk rating. Given that the measures under the FDA on-granting mechanism are anticipated to be low risk, no further preparation of safeguards documents (i.e. ESIA/ESMP) and advance public disclosure will need to be conducted.

- Table 10.

7.5 ESS 4: Community health, safety and security

7.5.1 Assessment

The project introduces several community-level interactions and interventions that have the potential to enhance resilience and social cohesion. However, these activities also carry risks of triggering social tensions if not managed effectively. One key risk arises from competition for FDA grants and other project benefits, which could lead to perceived inequities or exclusion, particularly among marginalised groups such as women, migrants, or landless farmers. These tensions could escalate into broader conflicts if grievances are not addressed promptly and transparently. Another risk is theft and misappropriation incidents affecting VSLAs that could undermine trust within VSLAs, disrupt community dynamics, and discourage participation in project-related activities.

A further concern is the potential for SEAH in project interventions that require community interactions. SEAH risks are particularly relevant in contexts where power imbalances exist, such as during training programmes and community meetings. Without robust safeguards, the project could inadvertently create situations where vulnerable individuals, especially women and youth, face exploitation or harassment.

7.5.2 Impact rating:

This risk is assessed as low. While the project does not exacerbate safety or SEAH risks, robust safeguards are essential to prevent unintended impacts. If unaddressed, these risks could undermine community trust and the project's acceptance. However, they remain manageable through appropriate mitigation measures.

7.5.3 Mitigation and management measures

- Ensure the eligibility criteria and selection process for FDA's grant mechanism are clearly defined, publicly communicated, and consistently applied to avoid perceptions of favouritism or bias.

- Conduct targeted outreach and raise awareness to ensure all eligible applicants are aware of the grant mechanism and how to apply.
- Continue consultations, public awareness raising and wide dissemination of proposed activities to relevant stakeholders at national, regional and local levels, to avoid misinformation about the project and ensure inclusive outreach, with culturally sensitive communication plans.
- Conduct awareness raising sessions and training with VSLA members on the benefits on membership, transparency, accountability, and financial management practices to build trust and reduce the risk of disputes or mismanagement.
- Promote digital financial solutions (e.g., Mobile money), where feasible, to minimise cash handling and improve security.
- Implement the GAP with a focus on ensuring that project activities are gender-inclusive.
- Ensure that the GRM is gender-responsive, equipped to handle SEAH grievances confidentially and sensitively.
- Train project staff and implement awareness-campaigns on SEAH avoidance.
- The project will adhere to the GIZ and GCF SEAH policy.

7.6 ESS 5: Land acquisition and involuntary resettlement

7.6.1 Assessment

While the project does not involve direct land acquisition or physical displacement, risks of economic displacement are present due to potential restrictions on land use (e.g., discouraging expansion of agricultural land) and changes in agricultural practices (e.g., valorisation of biomass in commons) introduced by the project. Communities may face reduced access to natural resources that they depend on for their livelihoods. These risks are especially significant for marginalised groups, such as migrants, sharecroppers, and landless farmers, who rely on informal or communal access to ecosystem services for subsistence and income generation. Project activities may lead to economic displacement if heightened awareness of the negative impacts of slash-and-burn practices and other traditional methods encourages communities to prohibit these activities and ostracise smallholders who persist in their use. This could result in income loss for those farmers, ultimately causing their economic displacement.

7.6.2 Impact rating

This risk is assessed as low. Although the project does not directly cause physical displacement, it could be perceived as restricting traditional practices, potentially resulting in reduced livelihood opportunities.

7.6.3 Mitigation and management measures

- Support farmers in diversifying their income sources by promoting CRA practices that enhance productivity while reducing reliance on restricted resources.
- Introduce and facilitate complementary economic activities and small-scale value-added processing (e.g., drying, milling, or packaging of agricultural products) to create alternative income streams.
- Conduct training sessions and establish demonstration plots to show the practical benefits of CRA practices.
- Ensure training is tailored to local contexts, considering cultural practices, available resources, and specific ecological conditions.
- Develop targeted awareness campaigns to educate farmers and stakeholders on the long-term benefits of CRA practices and highlight success stories from early adopters to build trust and demonstrate the feasibility of proposed activities.
- Offer technical assistance and financial support through FDA's on-granting mechanism to farmers adopting CRA practices.

7.7 ESS 6: Biodiversity conservation and sustainable management of living natural resources

7.7.1 Assessment

The project aims to promote CRA and enhance livelihoods through VC development and adaptation measures. While these interventions have potential positive environmental and social impacts, they also present risks of biodiversity loss and ecosystem degradation if not carefully managed. One key risk is the use of species known as invasive in other contexts – such as windbreaks and shade trees like *Acacia*, as well as cover crops – as part of agroforestry or agricultural practices, which could lead to biological imbalances in local ecosystems, reduce biodiversity, and alter habitat structures by outcompeting native flora. However, their ability to thrive in challenging climatic conditions or grow quickly is what makes them valuable as service crops. The project will aim to balance these benefits with the potential risks to local ecosystems through careful species selection and management strategies.

Additionally, the project's focus on improving economic opportunities through value chains may inadvertently increase the demand for agricultural land, creating pressure on nearby forests and ecosystems. This could result in forest encroachment and shifting agriculture, particularly in regions where farmers seek to capitalize on new market opportunities. These risks are compounded by existing practices such as slash-and-burn agriculture, which could persist if not adequately addressed, posing additional threats to biodiversity and natural resources.

7.7.2 Impact rating

This risk is assessed as Medium. The project may inadvertently pose risks to biodiversity and exert pressure on forests and ecosystems. However, these risks can be readily managed through appropriate mitigation measures.

7.7.3 Mitigation and management measures

- Provide comprehensive capacity building and training for farmers, partners and extension staff on CRA practices that improve productivity while safeguarding biodiversity and conduct awareness-raising on the risks associated with unsustainable agricultural practices.
- Use demonstration plots and promote knowledge exchange among beneficiaries to showcase successful biodiversity-friendly adaptation practices and encourage adoption.
- Establish buffer zones around critical habitats to prevent encroachment or the introduction of invasive species.
- The project will not promote the expansion of agriculture. Instead, it will focus on improving practices on areas already under cultivation by farmers who have long been engaged in the target value chains. By building on existing agricultural activities, the project will disincentivise agricultural expansion or shifts to new crops.
- Additionally, the promoted service crops – utilised as windbreaks, shade trees and cover crops – coupled with appropriate management practices, will enhance soil fertility while providing valuable timber resources from the trees. As a result, these practices will help mitigate detrimental phenomena affecting biodiversity and ecosystems, such as soil erosion, excessive reliance on mineral fertilisers, and deforestation for wood or charcoal production. This multi-faceted approach not only supports sustainable agricultural practices but also fosters ecological resilience.

7.8 ESS 7: Indigenous peoples

7.8.1 Assessment

The project does not involve Indigenous Peoples as per current baseline assessments. No Indigenous Peoples have been identified within the project areas, and no direct or indirect impacts on them are anticipated. Therefore, ESS 7 is not triggered.

The screening consisted of two key components: 1) a desk review on the presence of IPs in the project areas and 2) consultations carried out during the FP development stage.

1. Desk review:

The Malagasy government does not officially recognize any indigenous status within the country and has not ratified the ILO Convention 169. Furthermore, international registry of IPs also do not recognise existence of IPs in the selected project regions (<https://www.iccaregistry.org/>) while the IWGIA does not list Madagascar or mention it in its flagship publication "The Indigenous World 2024" (<https://iwgia.org/en/countries.html>). In addition, a review of recent FPs operating in the same areas - such as FP 227 DEFIS+ approved in B.38 - confirms the absence of Indigenous Peoples. In FP 227, the AE stated that "there are no Indigenous Peoples in the areas targeted by the project." Notably, three of the six PrAda 2+ intervention regions overlap with DEFIS+ regions.

The desk review also aimed to identify groups presenting characteristics of Indigenous groups based on the GCF Indigenous Peoples Policy and other relevant frameworks (e.g., ILO Convention 169). While none of the identified groups self-identify as Indigenous, they primarily consist of or forest-dwelling communities in isolated areas like the Mikea, who do not reside in the project's intervention regions. As the project is strictly focused on agricultural land where key value chains are already established, it will not operate in forested areas or along their borders, or in protected areas.

2. Stakeholder consultations:

Community consultations further confirmed the impression that local populations do not self-identify as Indigenous Peoples or as distinct from other communities in the same or other regions. Respondents referred to themselves collectively as "we, producers of village XY" or "we, women", without expressing any affiliation with a specific indigenous or ethnic identity.

Thus, the presence of groups corresponding to the definition of Indigenous People in the project intervention areas can be ruled out.

7.8.2 Mitigation measures

During implementation, PrAda 2+ will integrate additional measures to prevent project activities from taking place in areas where indigenous peoples reside:

- Conduct regular screenings (e.g., site visits, community consultations) to detect any unexpected presence of Indigenous Peoples in project areas.
- Implement and monitor the SEP proposed for this project, ensuring inclusive consultations to capture and address any concerns related to Indigenous Peoples.
- Adhere to the Exclusion List of the project.

7.9 ESS 8: Cultural heritage

7.9.1 Assessment

Project activities will not be implemented near cultural heritage sites. The likelihood of encountering cultural heritage sites in the project areas is negligible. ESS 8 is not triggered.

7.10 ESS 9: Stakeholder engagement and information disclosure

7.10.1 Assessment

The project emphasizes the importance of community involvement to achieve its goals. However, limited engagement of local communities, particularly women and vulnerable groups, poses risks to project success. Exclusion of these groups could result in a lack of trust, diminished community buy-in, and insufficient local ownership, ultimately undermining stakeholder collaboration. Additionally, failure to incorporate local knowledge and perspectives may lead to measures that are not contextually appropriate or inclusive, further reducing their impact and sustainability. The project also faces SEAH

risks in activities involving community interactions, especially during participatory activities, consultations, or training sessions. These risks are exacerbated by power imbalances and insufficient safeguards. To ensure successful implementation, the project must address these risks by fostering inclusive and culturally sensitive engagement that respects diverse perspectives and provides accessible grievance redress mechanisms.

7.10.2 Impact rating

This risk is assessed as Low. It arises from potential inadequate engagement with stakeholders, exclusion of local knowledge and SEAH risks.

7.10.3 Mitigation and management measures

The project will ensure effective stakeholder engagement, including information dissemination, meaningful consultation and appropriate levels of participation by those affected by and interested in the project. This will be supported through:

- Develop and implement a SEP to ensure meaningful, locally adapted, and gender-responsive engagement with stakeholders.
- Continue consultations, public awareness raising and wide dissemination of proposed activities to relevant stakeholders at national, regional and local levels, to avoid misinformation about the project and ensure inclusive outreach, with culturally sensitive communication plans.
- Actively involve local authorities, traditional leaders, and community representatives in knowledge exchange to incorporate local views and in dissemination to enhance community acceptance and ownership.
- Identify and nominate leader farmers to serve as focal points for disseminating information and facilitating knowledge transfer among community members.
- Implement the GAP by integrating gender-responsive approaches into project activities.
- Design and implement a gender-responsive GRM to handle complaints, that is accessible to all stakeholders, including marginalised groups such as women, youth and migrants and ensure culturally appropriate channels for submitting grievances (e.g., digital tools, dropboxes, etc.)
- Conduct targeted training for project staff on gender and implement awareness-campaigns on SEAH avoidance.

7.11 E&S assessment of final beneficiary projects

While sections 6.1 – 6.10 outline identified risks and mitigation measures at project level, the subsequent section focuses on E&S risks associated with the implementation of final beneficiary projects under Sub-Activity 2.1.2.1. This sub-activity entails an on-granting mechanism aimed to fund the implementation of CRA. FDA's existing financing mechanism will serve as the basis for the proposed grant mechanism. GCF proceeds will be channelled to final beneficiaries via an application and selection process run by FDA (EE). Successful applicants will receive non-repayable grants, contingent on their contribution of co-financing (a percentage of the requested grant volume). This co-financing rate will vary based on the type of service requested and the total grant amount. The grants will support the adoption of promoted CRA measures and small-scale post-harvest equipment in the project regions.

The section is structured into a) presenting key elements of the on-granting mechanism and b) the actual E&S assessment.

7.11.1 Key elements of FDA's on-granting mechanism

Table 7. Overview of final beneficiary project

Project Type/ Name	Grants for locally-led CRA implementation
Project Category	Adaptation/ Agriculture
Project Location / Address	The final beneficiary projects are implemented on the farm of the final beneficiaries, i.e. it is land under

	productive use in Androy, Anosy, Atsimo-Atsinanana, Vatovavy, Fitovinany (previously Vatovavy-Fitovinany) and Atsinanana.
Estimated Project Cost	From 330 € to 13,200€
Estimated Project Duration	Six to twelve months ³⁸

Source: GIZ

³⁸ The timeframe will depend on the proposed project.

Final beneficiaries:

- Individual farmers (example criteria: natural person of Malagasy nationality)
- Formal groups such as farmer associations, cooperatives, and other formal groups (example criteria: legal entity under Malagasy law)
- Youth (example criteria: individual of Malagasy nationality, young farmer and recent graduate in training centers)
- Aggregator³⁹ (example criteria: individual of Malagasy nationality OR a legal entity under Malagasy law)

Table 8. CRA measures and VCs eligible for funding

	CRA measures	Value Chains				
		Coffee	Pepper	Vanilla	Peanut	Clove
1	Soil covering with a living cover	x	x	x		x
2	Soil covering with mulch				x	
3	Application of Compost	x	x	x	x	x
4	Planting of natural windbreaks				x	x
5	Use of shade trees	x	x	x		
6	Implementing vegetative strips			x		x
7	Use of adapted crop varieties	x		x	x	x
8	Improved watering practices	x			x	x
9	Strengthening post-harvest capacities and equipment	x	x	x	x	x

Source: GIZ

Eligible cost categories for which the grant funding can be used by final beneficiaries:

- Agricultural inputs e.g. seeds, seedlings, etc.
- Materials and equipment:
 - Low-tech rainwater harvesting equipment e.g. small water tank, hand pump, etc.
 - Non-motorized equipment e.g. weeders, carts, plows, harrows, sprayers, etc.
 - Motorized equipment e.g. tillers, motor pumps, etc.
- Operational facilities:
 - a. Processing/treatment equipment e.g. hulling machines, feed mills, drying racks or solar dryers
 - b. Storage equipment e.g. vacuum packaging machine, coolers, bags or silos, shelving and racking systems, fans
- Research:
 - Studies, experiments, etc.
 - Mobilization of expertise

³⁹ According to the National Law on Aggregation, an aggregator is defined as any natural person or legal entity under public or private law operating in the field of agriculture, livestock and fisheries. These entities collaborate for a given period to carry out an agricultural aggregation project, sharing the associated risks. The project may involve interventions in production, packaging and / or storage activities.

Table 9. Grant amount and eligible cost categories per final beneficiary

		Final beneficiaries incl. max grant amount			
		Individual farmers (for up to 660€)	Formal groups (between 660€ - up to 13,200€)	Youth (up to 330€)	Aggregators up to EUR 11,000
1	Agricultural input	X	up to EUR 6,600	X	X
2	Materials and equipment	X	up to EUR 4,400	X	X
3	Operational facilities	N/A	up to EUR 13,200	N/A	X
4	Research	N/A	up to EUR 6,600	N/A	X

Source: GIZ

7.11.2 Assessment of E&S risks for final beneficiary projects

The final beneficiary projects are categorized as Category C in adherence with GCF's principles and GIZ's S+G Management System. Activities to be implemented by final beneficiaries will have minimal or no adverse environmental or social risks and/or impacts. Table 10 outlines the assessed eligible measures, their potential risks and associated potential negative impacts as well as the risk assessment and subsequent risk rating. Given that the measures under the FDA on-granting mechanism are anticipated to be low risk, no further preparation of safeguards documents (i.e. ESIA/ESMP) and advance public disclosure will need to be conducted.

Table 10: Environmental and social impacts of promoted and funded adaptation measures (Sub-activity 2.1.2.1)

Measure	ESS	Potential risk and negative impact	Assessment	Risk Rating
1. Soil covering with a living cover	ESS 3 ESS 6	Unintended competition for water and nutrients between cover crops and main crops. Potential biodiversity and local ecosystems disruption if non-native species are used.	The potential risks, i.e. resource competition between cover crops and main crops, and potential disruption of local ecosystems if non-native species are used as well as existing practices like slash-and-burn agriculture that threaten biodiversity and natural resources can be avoided since project implementation foresees training farmers in integrated cropping practices. (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1). This ensures balanced resource use, while promoting native or locally adapted cover crops minimizes biodiversity disruption. With these measures in place, the overall risk assessment is therefore ' low '.	Low
2. Soil covering with mulch	ESS 3 ESS 6 ESS 4	Decomposition of mulch may attract pests or pathogens if not properly managed. Improper use of mulch can lead to soil compaction or hinder crop growth.	Potential risks associated to decomposition of mulch will be avoided in project implementation since farmers will receive training on proper mulching techniques which leads to avoiding pest issues and soil compaction. In addition, the project promotes rotational mulching practices to prevent ecosystem strain and encourages use of locally sourced and sustainable mulch materials. To reduce potential tensions between community members, the project will pre-empt this through community consultation for vegetal material sourcing agreements. (Sub-	Low

		<p>Potential overharvesting or transfer of biomass for mulch could strain local ecosystems.</p> <p>Collecting vegetal material in commons may create social tensions among community members.</p>	activities 1.3.1.1, 1.3.1.2, 1.3.2.1). The overall risk assessment is therefore 'low' .	
3. Application of Compost	ESS 3 ESS 4	<p>Improper composting could lead to water and soil contamination through leachate, chemicals or heavy metals presence.</p> <p>Improper composting may cause fires, endangering community health and environment.</p> <p>Odors and pest attraction could impact nearby communities.</p>	In order to avoid potential water or soil contamination, the project develops and disseminates composting guidelines to avoid risks of leachate and contamination, including safe composting techniques to prevent fires. This is complemented by the implementation of community awareness programs to address concerns about odors and pests (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1). The overall risk assessment is therefore 'low' .	Low
4. Planting of natural windbreaks	ESS 6 ESS 3 ESS 4	<p>Selection of non-native tree species could disrupt biodiversity and local ecosystems.</p> <p>Planting windbreaks may lead to land-use conflicts or tensions over ownership and access.</p>	The potential risk of farmers selecting non-native tree species that could disrupt biodiversity and local ecosystems is avoided as none of the tree species promoted by the project is invasive when used on farmland. Windbreak interventions will be limited to areas well outside forest and protected zone boundaries. (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1). Thus, the overall risk assessment is 'low' .	Low

5. Use of shade trees	ESS 6 ESS 3 ESS 4	<p>Introduction of non-native tree species could disrupt biodiversity and local ecosystems.</p> <p>Competition for water and nutrients between shade trees and crops.</p> <p>Planting shade trees may lead to land-use conflicts or tensions over ownership and access.</p>	<p>In line with #4 above, the potential risk of farmers selecting non-native tree species that could disrupt biodiversity and local ecosystems is avoided as none of the tree species promoted by the project is invasive when used on farmland. Windbreak interventions will be limited to areas well outside forest and protected zone boundaries (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1). Thus, the overall risk assessment is 'low'.</p>	Low
6. Implementing vegetative strips	ESS 6 ESS 3	<p>Use of non-native species in vegetative strips could disrupt local biodiversity.</p>	<p>The potential risk of biodiversity disruption due to the use of non-native species in vegetative strips is effectively addressed through the promotion of carefully selected vegetative species in the scope of trainings on CRA (sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1), that are non-invasive under the specific conditions of use in the intervention regions (e.g. use on farmland). This approach minimizes the risk of ecological imbalance and safeguards local biodiversity.</p> <p>The overall risk assessment is therefore 'low'.</p>	Low
7. Use of adapted crop varieties	ESS 4 ESS 3	<p>Dependence on external suppliers for plant material may increase costs, potentially excluding smallholder farmers and creating social tensions.</p> <p>Potential pollution and health risks from increased pesticide use due to farmers' perception of new crop varieties.</p>	<p>In order to avoid increased costs and social tensions due to dependence on external suppliers, as well as pollution and health risks from increased pesticide use, the project supports local plant material production systems to enhance sustainability and reduce supplier reliance (Sub-Activity 1.2.2.1, 1.3.1.1, 1.3.1.2, 1.3.2.1). Capacity building, training, and awareness-raising activities on pesticide risks will address pollution and health concerns. These measures will be integrated into the trainings on CRA implementation (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1). The overall risk assessment is therefore 'low'.</p>	Low

8. Improved watering practices	ESS 4	<p>Social tensions may occur due to competition over access to rain harvesting equipment.</p> <p>Poorly managed rainwater harvesting systems may cause health risks, potentially leading to diseases (e.g. malaria, dengue, etc).</p>	<p>The potential risks associated with improved watering practices, such as social tensions over access to rain harvesting equipment and health risks from poorly managed systems, are effectively reduced through the facilitation of inclusive planning and transparent decision-making within communities to ensure equitable access to water, and training on safe and efficient rainwater harvesting techniques to prevent health risks, such as the spread of waterborne diseases. These measures are integrated into the trainings on CRA implementation (Sub-activities 1.3.1.1, 1.3.1.2, 1.3.2.1).</p> <p>The overall risk assessment is therefore 'low'.</p>	Low
9. Strengthening post-harvest capacities and equipment	ESS 4 ESS 3	<p>Social tensions may occur due to competition over access to operational facilities.</p> <p>Improper waste management from post-harvest processing could lead to environmental pollution.</p>	<p>In order to avoid the occurrence of social tensions due to competition over access to operational facilities, as well as environmental pollution from improper waste management, the project will facilitate inclusive planning and transparent decision-making within user groups (e.g. cooperative members) to ensure equitable access. Waste management protocols will be implemented to safely handle byproducts and residues, preventing environmental harm. (Sub-Activities 3.2.1.2, 3.2.1.2)</p> <p>The overall risk assessment is therefore 'low'.</p>	Low

Source: GIZ

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Annex 1 – Guidelines for developing a Grievance Redress Mechanism (GRM)

A formalised process is essential to manage grievances and address complaints related to the project. This Grievance Redress Mechanism (GRM) will be fully developed during the project inception phase, in alignment with guidelines and recommendations from the Green Climate Fund (GCF). The GRM will function as a structured, systematic process for stakeholders to file complaints and seek resolution. The GRM should be accessible to all relevant stakeholders, such as NGOs, CSOs, private sector entities, and local municipalities. The implementation of the GRM aims to foster systemic change to minimise the volume of grievances, build local trust, and strengthen stakeholder support for the project, while identifying potential and actual impacts that the project needs to address through operational changes or other forms of remedy.

A functioning, transparent, culturally appropriate and accessible GRM is integral to ensuring compliance with the project's Environmental and Social Safeguards. The project will guarantee that affected or potentially affected communities will be informed about project activities and provided with accessible channels to raise concerns or grievances. Likewise, the GRM will ensure that policies regarding SEAH (i.e., the project's Zero Tolerance Policy to SEAH, beneficiaries' rights) are publicly available and communicated to staff and beneficiaries, emphasizing confidentiality and non-retaliation to encourage women's use of the mechanism

The GRM's main objectives include:

- To provide a process by which grievances from communities, groups, individuals, local authorities, NGOs and other local stakeholders can be processed efficiently, and constructively.
- To answer to and resolve grievances amicably and minimise the use of the legal system, enabling smooth implementation of all project activities.
- To offer individuals and community groups a way to express their grievances and problems in a systematic and transparent manner.
- To institutionalise a reporting system to take corrective action.
- To establish relationships of trust with local communities and stakeholders.
- To establish project responsibility regarding grievances and establish a course of action to manage the grievances in a timely manner.

A GRM must adhere to key principles to ensure fairness and transparency. When an individual or community files a grievance, it is generally because they perceive an activity carried out by the project as causing or potentially causing harm. In such cases, the claimant expects a response, justification, or compensation from the project. All grievances are deemed admissible and must be considered; the subsequent investigation will determine whether the grievance is justified.

The GRM procedure is built on several core principles:

- The process must be open, culturally appropriate, and conducted in the relevant local language.
- Clear and ongoing channels of communication between the claimant and the project must be maintained throughout the process.
- Every community member or group must have access to the GRM procedure.
- All grievances are recorded, regardless of their perceived validity, with investigations determining their justification.
- Any justified grievance must be addressed, and corrective actions implemented where possible.

Disclosure mechanism

The GRM will be disseminated early in the stakeholder engagement process (i.e., during the inception phase) in a way that is easily understood by diverse stakeholders, including those who are illiterate and other especially vulnerable people, including:

- Community-based communication and awareness: The GRM will be explained during community sessions verbally by workshop leads, ensuring that women and men understand how to report grievances.

- Inclusive and culturally-appropriate outreach: The GRM will be disseminated through products tailored to local contexts and literacy levels to maximise accessibility (e.g., radio and WhatsApp audio messages, visual and audio-based formats, as well as handouts, flyers, and illustrated guides).
- Women leaders as GRM multipliers: Recognising that women may feel more comfortable reporting grievances to trusted female peers, women leaders will serve as focal points to disseminate information and provide guidance on accessing the GRM within their communities.

The GRM guarantees that stakeholders are thoroughly informed on registering complaints, including full contact details for anyone to lodge a formal complaint. This GRM needs to be consistent with international standards and Malagasy law.

Alternative remedies

If the grievant does not see their grievances addressed by the project, then in that case, the grievant may also get in contact with GIZ directly (<https://www.bkms-system.com/bkwebanon/report/clientInfo?cin=26zig7&c=-1&language=eng>). Another option for grievant is the GRM process by the GCF itself (i.e. GCF Independence Redress Mechanism, <https://irm.greenclimate.fund/>).

SEAH-related grievances

GIZ pursues a zero-tolerance policy towards any form of sexual exploitation, abuse and harassment. This commitment is in line with legal and policy frameworks at international⁴⁰, national, GIZ corporate⁴¹, and GCF level⁴².

SEAH-related grievances follow a different process, as they have the potential to be qualitatively different – and potentially more serious – than non-SEAH grievances:

- Potential conflicts of interest: the complaint may relate to the behaviour of a project stakeholder who might be involved in the consideration of grievances.
- Privacy: a complainant making serious allegations of sexual harassment or abuse may not wish his/her identity to be widely known.
- Gender and cultural sensitivity: a complainant, particularly if traumatized, may wish to discuss a grievance only with someone of their own gender or in a culturally acceptable context.

Accordingly, the project's GRM incorporates a survivor-centered and gender-responsive protocol for SEAH-related grievances.

Distinct SEAH protocol are to be followed depending on the grievant:

1. Project **stakeholders** including beneficiaries, communities, etc.
2. GIZ staff

SEAH grievance redress protocol for project stakeholders

SEAH-related feedback and grievances can be submitted by the same three groups that are served under the project-specific GRM, namely:

- Individuals or entities directly impacted by the project, including potential beneficiaries;
- Stakeholders with a vested interest in the project;
- Residents or communities influenced by project activities.

⁴⁰ Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women and International Labour Organization (ILO) Conventions: 100 (ILO Convention for Equal Remuneration for Men and Women for Work), 111 (The Discrimination (Employment and Occupation) Convention of 1958), 190 (The Violence and Harassment Convention of 2019).

⁴¹ [GIZ Code of Ethics](#), GIZ Code of Conduct, GIZ Policy of prohibiting sexual harassment and sexual misconduct, GIZ Corporate Gender Strategy, GIZ Diversity Code.

⁴² [GCF Revised Environmental and Social Policy](#),

A specific SEAH-protocol will be developed for the GRM to ensure grievances are handled in a survivor-centred and gender-responsive way, in alignment with GCF's Revised Environmental and Social Policy. For handling SEAH-related grievances, individuals will be encouraged to use a dedicated project phone number and dedicated project e-mail address distinct from the general GRM contact details. The project will discourage SEAH-related grievance submissions through other channels such as government extension officers and workshops. Comprehensive guidance on the SEAH protocol within the GRM will be made available, including leaflets and workshop materials.

In case of SEAH-related grievance is inadvertently submitted through non-SEAH channels the responsible Advisor on ESS and Gender will ensure that they are redirected to the SEAH-related grievance track. SEAH-related phone calls and e-mails will be managed separately and distinct from non-SEAH grievances.

SEAH-related grievances will always be considered with compassion, sensitivity and confidentiality. The advisor will customise a response approach for each SEAH grievance, considering the nature and seriousness of the allegations. If necessary (due to gender or linguistic reasons), a grievance Focal Point will be appointed, adhering to strict confidentiality requirements. The Grievance Focal Point will establish contact with the complainant to understand their preferences and ensure a confidential approach. Based on the details provided, a tailored response approach will be devised, in line with the complainant's wishes and the severity of the grievance.

Possible project responses to SEAH grievances are diverse and context specific. Examples of responses could, conceivably, include actions such as: support to survivors (such as psycho-social support or medical care); education of trainers on gender- and SEAH-related topics to ensure inappropriate behaviour is not repeated; removal of personnel from project roles; expanded SEAH awareness-raising among project stakeholders; women-only or ethnic group-only (as appropriate) training workshops; or, in extreme cases, referral of grievances to relevant regulatory or law enforcement authorities.

Should the complainant remain dissatisfied with the proposed actions or the response approach, the grievance can be further escalated to: (i) the GIZ Madagascar Country Office; (ii) the GCF Independent Redress Mechanism; and (iii) legal and administrative remedies outside the project framework that are available in the country.

SEAH grievance redress protocol for GIZ staff

Employees of GIZ Madagascar who feel that s/he is being sexually harassed are encouraged to reach out to the Gender Focal Point (GFP) or the Country Director directly to ensure discretion and confidentiality.

In addition, appointed 'trustees' are put in place as persons of trust with knowledge of the local cultural contexts and the local languages, to whom a staff subject to sexual harassment can confide in and seek support from, and help to report the incident to the GFP or Country Director whenever further urgent action and decisions are required.

An employee who has been found guilty to have breached this policy will be subject to appropriate disciplinary action in accordance with the applicable GIZ internal regulations and the applicable law.

Depending on the severity of the case, consequences can range from an apology to the person subject to sexual harassment, written reprimand, demotion, to – in the event of a severe or pervasive harassment (as judged from the perspective of a reasonable person) – dismissal or unilateral termination of contract without notice and in accordance with the applicable law. Immediate disciplinary action will be taken against anyone who victimizes or retaliates against a person who has complained of harassment.

If a complaint against non-staff members, including customers, suppliers and partners is rightfully upheld, it could result in termination of a contract, suspension of service or business cooperation.

It is also considered a violation of this policy for anyone to make a false complaint/report of harassment or to provide false information regarding a complaint/report of harassment.

Annex 2: Exclusion List

Activities falling under the IFC Exclusion list, which is reproduced below, are excluded from the Project:

IFC does not finance the following projects:

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- Production or trade in weapons and munitions.
- Production or trade in alcoholic beverages (excluding beer and wine).
- Production or trade in tobacco.
- Gambling, casinos and equivalent enterprises.
- Trade in wildlife or wildlife products regulated under CITES.
- Production or trade in radioactive materials.
- Production or trade in or use of unbonded asbestos fibers.
- Purchase of logging equipment for use in primary tropical moist forest.
- Production or trade in pharmaceuticals subject to international phase outs or bans.
- Production or trade in pesticides/herbicides subject to international phase outs or bans.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

Furthermore, the below activities are excluded from the project:

- Involuntary land acquisition in particular within the final beneficiary projects financed by FDA's on-granting mechanism.
- Construction activities that affect cultural heritage sites.
- Activities in Indigenous Peoples lands or that have any impact to Indigenous Peoples natural resources.