



**Brussels, Belgium**  
**13-16 October 2015**

**Re: Madagascar ER-PIN**

Dear Carbon Fund Participants,

The Environmental Investigation Agency (EIA) welcomes this opportunity to express our concerns regarding the Madagascar ER-PIN.

The area of Madagascar covered by the ER-PIN is very significant in terms of biodiversity and contains the last bastion of virgin rainforests. These forests are the habitat of the majority of thousands of animal and plant species of global importance. The flora of Madagascar alone has approximately 10,000 species of endemic plants, the majority of which are found in the project area. This clearly is a region that should be protected from deforestation and degradation.

The ER-PIN is very ambitious, both in terms of the geographical scale covering 4,777,785 ha or 8.1% of the entire Malagasy territory, also in terms of the emissions to be reduced and/or conserved. With the dire description of the capacity of the Malagasy government's capacity to effectively control forestry, mining and commercial agriculture it is hard to imagine a reduction of 16.2 million of tons of carbon within five years and 34.87 million tons within 10 years. This is particularly true where this ER-PIN is being advanced prior to the development of a national REDD+ strategy, a scientific study of the actual drivers of deforestation and degradation has yet to be conducted, outreach to the affected communities and other stakeholders is just being initiated and community tenure issues are under review. This ER-PIN has to be reviewed in light of the continued and growing resource extraction projects, infrastructure developments that are currently being developed within and around the intended ER-PIN area; and in a context where there is little progress being made on readiness and where the forest sector faces important problems (for example, admitted lack of resources for adequate governance, illegal logging, lack of transparency, shrinking space for civil society participation).

The ER-PIN states that the consideration of community rights issues and the acceptability of the proposed project actions to the affected community are just about to begin. The ER-PIN is as good as can be expected given the very initial stage of the

Malagasy's work on REDD+, where key direct and indirect drivers of deforestation and degradation are enumerated but detailed studies have not been conducted and the impacts of the described and in terms of the proposals apparently aimed at mitigating the negative impact on the livelihoods of affected communities. The focus on GHG reductions, and the fact that these have been developed before a proper assessment of the drivers of deforestation has even been completed, suggests that this is not so much evidence-based but a short-term political compromise allowing the government's to convert forest areas for large-scale projects while at the same time accessing REDD money. As a result, the proposal focuses largely on reducing the (probably much smaller) emissions caused by community agricultural activities. This will have significant implications for the livelihoods and human rights of local communities and indigenous peoples, while significantly limiting the potential for emissions reductions.

Additionally, Madagascar is just implementing the Sector Policy for Agriculture, Livestock and Fisheries which is intended to seeks substantial reduction of poverty and a sustainable and significant increase in economic growth driven by small farmers and the private sector, and the National Land-Use Program which aims to establish favorable land management for private investment, agricultural production, management and protection and renewal of natural resources, development of decentralized authorities in the provision of territorial and fiscal management tools, and strengthening social cohesion at the local and city level. The impacts of these programs could be substantial on commercial agriculture, mining, forestry and other extractive practices. However the identified drivers highlight slash and burn agriculture and use of wood for domestic fuel and charcoal. Further evaluation of the drivers and what actions will really be useful to address the drivers is necessary as this preliminary document is devoid of specifics and rational connection between the identified problems and the proposed solutions. Two examples:

- Forestry: The description of forestry as a driver is very enlightening:
  - Timber and non-timber products used to meet daily needs of population;
  - Growing population – increasing needs for construction, carpentry, furniture production, other wood products;
  - Lack of administrative capacities to manage forests;
  - Limited central control and rule of law – increased level of informal and illegal exploitation of forests, especially illicit trade in precious woods;
  - Overexploitation of forests - natural regeneration does not keep up;
  - Inefficient logging practices – losses in yields (only 20% of grow timber arrives in the market).

As is the description of Barriers linked to logging exploitation:

- Weak enforcement of laws and regulations: corruption and political influence of local timber operators makes enforcement of logging permit systems very hard, resulting in illegal timber harvesting. Lack of capacity causes lengthy or ineffective processes for management transfers to communities.

- Lack of adherence to reduced impact logging practices: Fallow periods are not respected, inefficient transformation and processing

However, the description of planned activities to overcome the problems is scattered, non-coherent and even contractor. For example, the leading paragraph proposes that: "[The Malagasy's government's] management capacity is insufficient due to lack of means. It therefore appears necessary to increase the delegation of forest management to professional operators in the private sector (private operators, NGOs, associations) and the Decentralized Territorial Communities, consistent with the state forest policy." These private sector professionals are the same companies that are currently overexploiting forests, failing to implement reduced impact logging practices, follow fallow periods, getting 20% efficiency rates. These could also include companies involved in the massive illegal logging of precious hardwoods even in national parks. Shouldn't the goal of this project be to improve governance rather than turning it over to the same companies creating the problems identified?

The actual activities listed after this admission that forest management is beyond the current government is a collection of good ideas, without prioritization or an explanation of how they will be accomplished given the size of the problems identified:

- The creation of alternative afforestation for timber and furniture based on fast-growing species, to provide regular timber stock in both time and template.
- The sustainable management of degraded forest fallow for the recovery and the sustainable management of natural forest stock.
- The agroforestry practice in forest fallows reconstitution, to increase the useful species for households and encourage the development of cash crops that require forest cover.
- The development of created afforestation sustainable management plans and forest fallow regeneration.
- The land security to guarantee the right to access to created forestation and to fallow areas in regeneration according to use planning.
- Control of holdings by a permit system and the implementation of infringements of the law enforcement system.
- The development of a professionalized sector on timber intended for construction and furniture, allowing both to create "no land" jobs, to regulate and to monitor the practices but also the introduction of predictability of the relationship between supply and demand. This sector will also develop the entire transformation process to make it more efficient and reduce losses observed in a significant way.
- Capacity building of the forest administration, essential to improve the management and control of operations. In this issue it is also desirable to further promote forest areas management transfer to communities and to the private sector.
- Strengthening the health sector to reduce household dependence on traditional medicine and the use of resources from forests. This activity would have an additional impact in terms of promoting family planning and general improvement of the health monitoring of the rural population.

Mining, another identified driver, is described as follows:

- Most of mineral resources are under forest cover;
- Lack of administrative capacities – limited control over practices;
- Mining allowances issued even in protected areas;
- Two types of mines:
  - 1) large scale – less common, currently being exploited;
  - 2) small scale – bigger threat to forest degradation, mostly illegal, uncontrolled, currently growing – due to poverty, lack of administrative control
- Populations surrounding protected areas commonly resort to artisanal mining after the prohibition of forest activities in the areas due lack of alternative forms of livelihoods;
- Current governmental priority - develop mining sector leading to further pressure on forest cover

Where the Barriers linked to mining are well defined:

- Poor intersectoral cooperation: Mining permits are provided without regard to forestry or conservation zoning; local residents turn to artisanal mining due to lack of other opportunities if forest access is prohibited; lack of coordinated effort needed to deal with anarchic situations during mineral “rushes”.
- Opportunity costs: Mineral deposits are limited to confined locations and sustainable natural resource management does not bring in the same revenues available through mineral exploitation.

But where the solution in the ER-PIN falls far short of the mark, which in its entirety is as follows:

“A strategy based primarily on compliance with laws and effective monitoring of operations through licensing and enforcement for infringements or illicit practices will probably be the most likely process to succeed. If this policy is coupled with promoting “no land” jobs in the areas of intervention, as previously suggested to address other causes of deforestation, it seems possible to consider that the persons engaged in the illegal operations can be incentives to abandon these practices and retrain in new opportunities provided.”

The descriptions and proposed activities for all of the other identified drivers are similarly preliminary and not well fleshed out. Tavy is going to overcome by changing farming practices, creating non-farm jobs and improving land tenure (but land tenure reforms may reward the virtuous who follow the proposed plan and disenfranchise communities that do not.) Clearly, more community outreach is necessary and ensuring community buy-in to the proposed reforms.

The reference level and projected emissions saving are similarly in a preliminary stage of development and the proposed reductions in deforestation and degradation rates need to be better analyzed if they are going to be actually delivered.

## **Conclusions:**

Madagascar has beautiful forests, with unparalleled biodiversity and deserve to be protected, but the ER-PIN to do this needs to be well developed and based on a national REDD+ strategy, a true understanding of the drivers of deforestation and degradation combined with a coherent strategy to bring the drivers under control with activities that will be accepted and implemented by the 131 affected communities. Before the Carbon Fund term was extended there was a rush to get ER-PINs into the pipeline and perceived deficiencies would be resolved while the ER-PINs were “in the pipeline.” Now that the life of the Carbon Fund has been extended, Carbon Fund participants should take a deep breath and insist that ER-PINs be based upon a national REDD strategy, that the drivers be understood and that the affected communities and other stakeholders are consulted and buy in to the proposed activities contained in the ER-PIN.

In order to conserve Madagascar’s populations of *Dalbergia* spp. (rosewoods) and *Diospyros* spp. (ebonies) and to control international trade in products thereof, in March 2010, Madagascar adopted a decree that prohibits the cutting, exploitation and export of specimens of these species. One year later, in 2011, Madagascar listed on Appendix III in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) all species of *Dalbergia* spp. and *Diospyros* spp. that occur on the island. At its last meeting in 2013, the Conference of the Parties agreed to the upgrade the protection afforded the populations of Madagascar of the species in the genera *Dalbergia* and *Diospyros* by listing them on Appendix II of CITES.

The Conference of the Parties also adopted the Decision 16.152 on Malagasy ebonies (*Diospyros* spp.) and Malagasy rosewoods (*Dalbergia* spp.) and a related action plan, which states that Madagascar shall put in place an embargo on export of stocks of these species until the CITES Standing Committee has approved the results of a stockpile audit. Unfortunately over the past months, several EIA sources and Malagasy civil society organizations have repeatedly observed and denounced practices such as exports of rosewood logs from hidden places and exchanges of the voluminous logs by smaller branches or even roots in the stockpiles. What may look like, at first glance, as raw indices of an unfortunate inefficiency in Malagasy enforcement forces, truly reveals the impunity and the (almost) limitless power that organized groups, specialized in international high value timber trading, have gained in Madagascar. These groups economic and political power have allowed them to routinely break the rules set by the country, CITES, and strongly supported by the international community.

The gloomy situation of the rosewood and ebony traffic in Madagascar sheds light on a fragile forest governance system, strongly undermined by criminal organizations. Given this peculiar situation, any sound REDD+ program intended to forest management, conservation and/or protection should include a strong component in support of Malagasy command-and-control capacities, with the support of international ad hoc organizations (such as INTERPOL), and develop an inclusive program of independent monitoring, as it has been the case in the framework of the European Union (EU) Forest, Law, Enforcement, Governance and Trade (FLEGT). Additionally, any ER-PIN should address the fate of stockpiles in the ER-PIN area.

As a final note, and given that the forest governance which the Carbon Fund hopes to foster has its roots in all stakeholders' capacity to discuss among themselves and express freely their points of view about the state and the management of the forests, it is EIA's duty to raise the issue of the critical situation faced by environmental activists in Madagascar. As you may know, the Malagasy environmental activist Armand MAROZAFY was condemned in April 2015 for defamation, after a private electronic message he authored, was shared by an unknown person(s) on social media. In the electronic message, which was originally intended for only his colleagues, Mr. MAROZAFY shared his concerns about the persistence of illegal rosewood trade in the Sava Region (especially in protected areas of that region), and gave names of the people (including people in the government) who according to the information that had he collected, might be involved in the traffic of these illegally harvested rosewood trees. Five months after his incarceration, Armand MAROZAY was finally released less than three weeks ago. Despite his release, he is still formally guilty in the eyes of the Malagasy justice system, which is still an unacceptable situation for many of his colleagues. Moreover, his arrest and his condemnation represented a dramatic precedent, since the government intended to send a clear message to all Malagasy civil society about the limit of "free speech" regarding forest resources and forest management in the island.

Over the past months, Malagasy civil society organizations and activists have been extremely reluctant to publicly or even privately share their point of view about forest issues. If this situation continues, it represents a major threat on the fragile forest governance that the Forest Carbon Partnership Facility is allegedly going to strengthen in Madagascar if it accepts its ER-PIN. The ER-PIN should be revised to explain how it is going to engage forest communities, civil society and other stakeholders in an open and productive dialog given this lingering chill on any engagement in discussing forest resources.

Therefore, EIA respectfully requests the Carbon Fund Participants to evaluate the Malagasy ER-PIN and request the FMT to work with the proponents of this ER-PIN to conduct the steps necessary to ensure proper consultation, a program to resolve land tenure (other than to use it as a threat to comply with the ER-PIN), create programs of inter-related activities which will make progress in resolving the identified drivers of deforestation and degradation in Madagascar, and fully engage Madagascar to ensure that full stakeholder participation is embraced and encouraged and the case of Armand MAROZAY is completely dismissed and CSOs have assurance that they won't be arrested for voicing opposition to the forestry practices of the Malagasy government.

Respectfully submitted,

Environmental Investigation Agency