



Luxembourg, 15 February 2023

## Environmental and Social Data Sheet

### Overview

Project Name:	<i>Madagascar sustainable agriculture</i>
Project Number:	2022-0466
Country:	<i>Madagascar</i>
Project Description:	<i>Support to fish and agriculture value chain development in two regions of Madagascar for sustainable income and environmental protection.</i>
EIA required:	yes
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Environmental and Social Assessment

#### Environmental Assessment

The purpose of this investment project is to finance fisheries and cereals value chains in the remote rural areas of the Melaki (West) and Sava (North) regions of Madagascar.

The first part of the investment concerns the development of the value chain of maize, rice, groundnuts, soybeans, and black-eyed beans in six rural communes with development difficulties. In addition to sourcing from local farmers, the promoter will also directly exploit 6 125 ha of severely degraded grasslands, which require prior soil restructuring. The activities include initial field studies and trials to demonstrate feasibility, soil restructuring works for cultivation, equipment and buildings associated with direct farming, logistics for harvesting, transport and storage, and the complete processing unit for maize, rice, oil, and animal feed.

The second part of the investment consists of developing the sustainable value chain of octopus and lobster in three fisheries in the North of Madagascar. The activities financed concern studies and initial field tests to demonstrate feasibility, improvement of the sustainability of the fisheries and certification, equipment and buildings needed from the collection of the catches to the processing plant in compliance with the requirements of the export market. All supplies are sourced directly from local fishermen's associations, operating in protected landscapes and seascapes area, in agreement with the development and management plan of the area and using artisanal and sustainable fishing practices.

For both parts of the investment, solar panels will be installed to provide 90% of the required electricity of the ice production, cold storage and all processing facilities. The residual 10% corresponds to peak power needs when engine starts.

<sup>1</sup> ONLY projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20 000 tonnes CO2e/year absolute (gross) or 20 000 tonnes CO2e/year relative (net) – both increases and savings.



Luxembourg, 15 February 2023

The promoter has developed, validated and implemented several environmental and social (E&S) procedures in line with the EIB's E&S Standards. The promoter is undertaking to develop, validate and implement a certified integrated environment, social and quality management system (i.e., ISO 14001, 26000 and 9001).

L'Office National pour l'Environnement<sup>2</sup> (ONE) required an environmental and social impact assessment (ESIA) report for several components (direct farming, cereal processing, and fish landing site with ice production). The promoter has conducted two of these ESIA studies, including stakeholder engagement and consultation. The ESIA report was revised to address EIB requirements. Based on the ESIA report and stakeholder/public consultation, ONE leads the environmental permit's process for these investment schemes.

For the three fisheries, the promoter will support the Maritime Stewardship Council (MSC) certification and commits to prepare a roadmap to certification (project condition). The promoter undertakes to provide the EIB with i) the fisheries improvement plans towards MSC certification, ii) the implementation progress report, iii) MSC and food safety certifications and renewals. Farming activities will not include tillage nor fire techniques, unless necessary. The promoter undertakes, to the maximum extent possible, to use fertilizers and pesticides which are aligned with the principles of EU and internationally relevant policies. On a best effort basis, the promoter will use pesticides having an EU marketing authorisation and fertilizers contributing to the soil restructuration, with applications being based on pest and soil monitoring.

The promoter is closely working with NGOs managing nature reserves in various locations throughout Madagascar. It supports the implementation of their respective protected area management plans by increasing the resilience of populations living inside or in the surrounding areas through the provision of sustainable livelihoods. In improving traditional cultivation and fishing methods, access to inputs, logistic, and market with added value products, the project will reduce food losses and help reduce human pressure on the environment and in particular on nature reserves.

### **EIB Carbon Footprint Exercise**

Based on EIB's GHG methodology, the project will not be included in the Bank's Carbon Footprint Exercise (i.e., absolute and relative emissions remain below the thresholds).

Thanks to the reduction in food losses, the project contributes to the Bank's climate mitigation objective. The company will apply the Food Loss and Waste Protocol<sup>3</sup> to measure, manage, reduce, and report on food loss.

The project has been assessed for Paris Alignment and is considered to be aligned both against low carbon and resilience goals set out in the Climate Bank Roadmap.

### **EIB Paris Alignment for Counterparties (PATH) Framework**

Within the PATH framework, the promoter was screened in for "high vulnerability" as it is located in Madagascar, which triggered a resilience assessment that concluded to a non-alignment for physical climate risk and vulnerability. The project is nevertheless acceptable as the promoter has agreed to develop a resilience plan according to the Bank's PATH framework.

<sup>2</sup> The ONE is the national competent authority in charge of environmental impact assessment.

<sup>3</sup> Home - Food Loss and Waste Protocol: [flwprotocol.org](http://flwprotocol.org)



Luxembourg, 15 February 2023

## Social Assessment

The project is expected to have important positive social impact in both agriculture and fisheries components:

- The farmers will benefit from improved cultivation techniques, including new varieties, inputs, and cultivation advice. Through improved harvest and post-harvest logistic, timely agricultural product processing and improved market access, post-harvest losses will be minimized while sustainable incomes will be generated.
- The project will support and improve fishermen traditional practices by implementing MSC certification while reducing post-catch losses, therefore securing a higher sustainable income.
- In addition, farmers' and fishermen's associations are shareholders of the promoter through their federations. A policy of profit sharing and redistribution aims at better remunerate farmers and invest in community infrastructure to improve local welfare.

The agricultural part of the project will rehabilitate about 6 000 ha land from degraded grassland to qualify for crop production. The communities directly and indirectly affected by the project have been consulted at project design stage and for the selection of the sites for this land use change.

The promoter is active in the vanilla sector. In consideration of the risk of child labour associated with this sector, the promoter developed, published, implements, and monitors a policy to prevent child labour. The promoter reports on its implementation to mains clients. In the context of the EIB project, the promoter will also undertake a labour audit (project condition) and regularly report on child labour.

The promoter has also adopted social policies against sexual harassment, modern slavery, and discrimination in the workplace. These commitments are reflected in its corporate social responsibility programme and activities which include support to children education (construction of schools and canteens supplied by school gardens as well as awareness programs against child labour) benefitting directly more than 5000 children.

For both supply chains, the social licence to operate<sup>4</sup> was ensured through early involvement of communities and natural reserve management authorities, demonstrations of operations and associated logistics. The social engagement will continue during the whole implementation and operation of the project.

## Public Consultation and Stakeholder Engagement

The promoter carried out broad stakeholder consultations and meaningful engagement during project design, project area selection and ESIA process. The outcomes of the conducted public consultations' have been taken into account and incorporated, including the identified and agreed follow-up and mitigation measures that will be implemented.

## Conclusions and Recommendations

For both parts of the investment (agriculture and fisheries):

<sup>4</sup> The 'Social Licence to Operate' refers to a local community's acceptance or approval of a project or a company's ongoing presence, beyond formal regulatory permitting processes (e.g. public hearing and rights for written interventions).



Luxembourg, 15 February 2023

- The EIB will review the ESIA reports for each investment schemes to ensure that the investments have been structured to meet the EIB E&S standards. EIB funds will only be allocated to the schemes once the ESIA reports are satisfactory to the Bank.
- The promoter will develop a resilience plan, in line with the Bank's PATH Framework.

Subject to the above-mentioned conditions and undertakings, the project is acceptable for EIB financing in environmental and social terms.