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*Word limits are strictly enforced.*

*[Instructions in grey and square parentheses to be deleted.]*

## I OVERVIEW

### A Description

Project Title:	Building adaptation and resilience to climate change in the essential oil sector in Madagascar (ARCHE)		
Fiscal Year:	FY25	Project Type:	Stand-alone, MSP
Country	Madagascar	UNIDO ID	190280
Executing Agency(ies)	National Coordination Office for Climate Change and REDD+ (BNCC-REDD+) under the Ministry of Environment & Sustainable Development (MEDD)	UNIDO Project Manager	SUH, Sunyoung

Project Objective	<p>The project aims to reduce the vulnerability and increase the climate resilience of the essential oils (EO) value chain by deploying innovative adaptation technologies and services in Madagascar. The project focuses on enhancing climate resilience and economic empowerment through inclusive support, with key objectives:</p> <ul style="list-style-type: none"> <li>• Reaching at least 34,000 beneficiaries, targeting 50% women.</li> <li>• Leveraging a minimum of USD 3 million in co-financing for adaptation technologies, prioritizing women- and youth-led businesses.</li> <li>• Supporting at least 21 enterprises to achieve measurable economic gains (50% women-led).</li> <li>• Fostering EO export growth by supporting at least one enterprise to expand.</li> <li>• Ensuring broader inclusion with 50% women-led and 30% youth-led supported MSMEs.</li> </ul>
Project Summary	<p>Global demand for essential oils (EOs) is experiencing a significant boom, projected to grow at 9.6% annually, reaching \$27.49 billion by 2027<sup>1</sup>, provided the global market sustains its growth. Organic and quality medicinal/herbal EO products hold the greatest future potential, particularly for export and domestic markets, respectively.</p> <p>However, the EO sector is increasingly vulnerable to climate change impacts. To build competitive advantage, value chains must become more flexible, innovative, efficient, and resilient. This expansion strategy also presents opportunities to address interconnected development and conservation challenges. Improving efficiency necessitates better vertical and horizontal integration, a clear regulatory framework, robust product norms and standards, and enhanced capacity for certification. Promoting sustainable natural resources and production practices, alongside effective communication channels among actors, is crucial for responding to shifting market demands.</p> <p>Madagascar's ability to capitalize on these trends stems from its unique plant diversity, an experienced yet evolving processing sector, and growing awareness of current value chain inefficiencies. There's also increasing recognition among stakeholders, including the Malagasy government and importers, of the vital link between environmental sustainability and market demands, aiming to expand income while reducing destructive Tavy cultivation.</p> <p>Experience shows that economic value alone doesn't guarantee sustainable resource management. Deliberate action is required to link EO value chain development to biodiversity conservation,</p>

<sup>1</sup> EDMB (2019). Invest in the Essential Oil Sector in Madagascar.

[https://edbm.mg/wp-content/uploads/2019/02/INVEST\\_IN\\_ESSENTIAL\\_OIL\\_MADAGASCAR\\_en.pdf](https://edbm.mg/wp-content/uploads/2019/02/INVEST_IN_ESSENTIAL_OIL_MADAGASCAR_en.pdf)

	sustainable Natural Resource Management (NRM), and rural poverty reduction. The export sector, driven by importer requirements, is already pushing for environmental considerations in harvesting and production. Without integrating environmental care, climate resilience, and community socio-economic development into an overarching sector strategy, it will be challenging for Madagascar to meet the growing market demand sustainably. The GEF/UNIDO ARCHE Project is designed to identify and deploy climate change-adaptation oriented technologies, products, and services (TPS) for stakeholders across the EO value chains, supporting sector growth and resilience.
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## B Ratings and Disbursements

	FY24	FY25
Implementation Progress (IP) Rating:	Unknown	Moderately Satisfactory (MS)
IP Rating justification:	Implementation of some components is in substantial compliance with the original/formally revised plan with some components requiring remedial action. Annual workplan for Year 2 has been modified accordingly.	
Development Objective (DO) Rating:	Unknown	Satisfactory (S)
DO Rating justification:	Project is expected to achieve most of its major global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.	
Overall Risk Rating:	Low Risk (L)	Low Risk (L)
Overall Risk Rating justification:	The signing of the IPA between UNIDO and BNCCREDD+ as the project entity experienced minor delays in assessing the administrative capacity of the BNCC-REDD+ to receive and disburse UNIDO funds. As of June 30, 2025, all outstanding issues related to the capacity of the BNCC-REDD+ have been clarified.	

Project Financing:	1,776,484.00 USD		Cumulative Disbursement:	LDCF: USD 16,762.99	
Cumulative Co-Financing mobilized up to FY25:	0	Original Co-financing:	11,141,095.00 USD	Agency Fee:	168,766.00 USD

## C Project Milestones

UNIDO Approval Date:	2/8/2023	Implementation Start Date:	4/13/2023
CEO Endorsement/Approval Date	1/25/2023	First Disbursement Date:	26/02/2025
Expected MTR Date:	6/30/2026	Expected TE Date	12/31/2027
Expected Completion Date:	2/1/2027	Actual Completion Date:	6/1/2028
Original Project Duration:	48 months	Expected Financial Closure Date	12/31/2028

## II PROGRESS STATUS AND ISSUES

### A Progress: Information on progress outcomes of project implementation activities

#### Narrative assessment

The project launch workshop was held on September 4, 2024. The signing of the Implementation Partner Agreement (IPA) between UNIDO and BNCCREDD+ as the national executing entity was signed on October 24, 2024, based on which the project bank account was opened in November 2024. The first transfer of project financing was received into the project bank account in Madagascar in March 2025, according to the terms of the IPA.

Two project management meetings were held between the PMU and UNIDO, First was held at the beginning of September 2024 before the launch of the project, the second in May 2025 before the actual execution of project activities. For the start and validation of the project activities, the first meeting of the Project Steering Committee was held on May 13, 2025.

During the initial months of project implementation, significant preparatory steps have been finalized, laying the groundwork for project implementation, with most technical activities now underway.

- **PC 1: Institutional capacity building and mainstreaming climate resilience into the Essential Oils value chain.** Under Outcome 1.1, contracts were signed with GEHEM and Climate Kick to map stakeholders for gender equality and youth inclusion in the EO value chain, contributing to the KPI target of mapping at least three organizations. GEHEM's start-up report awaits validation; Climate KIC's is pending. These outputs support a climate-resilient EO strategy that incorporates gender dimensions, directly mainstreaming resilience into the EO sector.
- **PC 2: Innovative adaptation technologies and services promoted and deployed along the EO value chain.** Key elements of the innovation support ecosystem were initiated. This included planning calls for pre-accelerator and accelerator programs, alongside designing outreach activities with a gender lens to ensure inclusive participation.
- **PC 3: Knowledge sharing and learning.** This component includes the launch of a call for proposals to build the ARCHE Online Platform. This platform will showcase adaptation technologies and feature gender/youth-specific tabs, contributing directly to knowledge dissemination of outcomes.

Finally, the elaboration of the ARCHE project's Communication strategy is ongoing, awaiting an IT consultant to improve its contents. While most Key Performance Indicators (KPIs) are in early execution or planning phases, these initial activities effectively position the project to achieve its intended outputs and outcomes in the coming fiscal year.

\*At this point there are no deliverables available at the output levels, therefore no logframe of the project was enclosed.

[In the table below, provide detailed project-level risks and the related risk management measures. The list should include all risks identified at CEO Endorsement stage, and additionally all new risks identified during implementation. Only for risks whose level has increased year-on-year, please also provide mitigation measures implemented in the current FY to control said risk]

Project risk assessment					
#	Description of the risk	Risk level FY24	Risk level FY25	Mitigation measures in FY25	Newly defined risk compared to CEO stage
1	Development risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
2	Management risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
3	Political risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
4	Institutional risk Limited absorptive capacity by the national counterparts	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
5	Market Risk : Lack of interest by entrepreneurs and other stakeholders to participate in the project, especially women/young entrepreneurs or women/young led MSMEs	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
6	Financial risk including Risk that insufficient financing from commercial and other FSPs will be mobilized Risk of unfavourable terms & conditions of Commercial financing for MSMEs (high interest rates, collateral requirements etc.)	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>

	Repayment risk of MSMEs Risk that access to finance for target customers remains limited resulting in low ability to scale up adaptation technologies and ideas				
7	Environment risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
8	Climate risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
9	Delay risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
10	Social and Gender Risk	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
11	COVID-19 risk I: Operational Risk – On-going global restrictions due to global evolution of the pandemic remain	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
12	COVID-19 risk II: Technical expertise is not readily available due to the pandemic	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
13	COVID-19 risk III: Possible reinstatement of COVID-19 containment measures limit available capacity or effectiveness of project execution/implementation	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
14	COVID-19 risk IV: Some project supporters, o-financiers or beneficiaries may not be able to continue with project execution/ implementation	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>
15	COVID-19 risk V: Price increases for procurement of goods/services	Low Risk (L)	Low Risk (L)		<input type="checkbox"/>

[In the table below, provide detailed assessment of the project’s ESS risks and their management framework. The list should include all ESS risks identified at CEO Endorsement stage, and additionally all new risks identified during implementation. Only for ESS risks triggered during the relevant FY, please also provide mitigation measures implemented to mitigate them.]

Environmental and Social risk assessment					
#	Description of the ESS risk	Is the risk monitored?	Was the risk triggered in FY25?	If triggered in FY25, describe mitigation measures	Newly defined ESS risk compared to CEO stage
(i) Risks identified in ESMP at time of CEO Endorsement	Increasing GHG emissions due to selection of adaptation technology (e.g., land use change)	Choose an item.	No		<input type="checkbox"/>
	Unintended maladaptive actions as a result of the selection of an Adaptation		No		<input type="checkbox"/>

<p>TPS such as unintended implications on local biodiversity in case of land use change depending on the type of land and/or unintended potential social impacts of a change of land use on informal land users</p>				
<p>Unintended harmful environmental impacts from hazardous materials used in adaptation tech innovations (e.g., batteries disposal from PV applications)</p>		No		<input type="checkbox"/>
<p>Unintended pollution / waste disposal from the adaptation tech innovations supported</p>		No		<input type="checkbox"/>
<p>Unintended environmental impacts from the pilot projects resulting in increased water usage (for EO plant irrigation), energy usage (for production of EO), deforestation (project activities resulting in increased wood collection for distillation).</p>		No		<input type="checkbox"/>
<p>Unintended aggravation of food insecurity due to the implementation of the project activities (increased dependence on EO plants which are not edible), specially from the implementation of the project</p>		No		<input type="checkbox"/>
<p>Low participation rates of women and youth and other vulnerable groups such as indigenous people may further deepen existing inequalities and exacerbate vulnerabilities</p>		No		<input type="checkbox"/>
<p>Increase in carbon emissions due to travel, meetings, training and events related to the project</p>		No		<input type="checkbox"/>
<p>Waste generation (domestic/office) due to normal conduction of desktop work and due to travel, meetings, training and events</p>		No		<input type="checkbox"/>

	Minimal impact related to printing and disposal of promotional materials		No		<input type="checkbox"/>
	COVID-19 related health risks		No		<input type="checkbox"/>
(ii) New risks identified during project implementation	N/A		No		<input type="checkbox"/>

## MTR main findings and Adaptive Management strategy to address MTR recommendations

[Provide the main findings and recommendations from MTR, describe strategies employed to address MTR recommendations.]

## Possible extensions

An extension of 12 to 18 months may be requested to ensure sufficient time for the optimal implementation of all project activities. The need for an extension will be further discussed with BNCC-REDD+ and the Project Steering Committee. If the need is confirmed, a request will be submitted to the Project Steering Committee and the GEF for approval in due course.

## B Challenges: Information on challenges of project implementation activities

### Narrative assessment

The initial hurdles related to the assessment of execution capacity and finalization of the contract with the project executing entity are fully resolved by March 2025, with execution of activities expected to start in July 2025.

## C Stakeholder Engagement

### Narrative assessment

Decisions Made by the Project Steering Committee:

- Validation of the Year 2 Project Work Plan, and approval of corresponding budget;
- Sustainable Essential Oil and Climate Change (SEOCC) Platform may be renamed as needed to avoid confusion as an online platform or website, as long as the objective remains to improve coordination, share information on climate change and adaptation, promote Malagasy standards for the EO sector, support research and development, encourage gender equality and support for youth, and contribute to project implementation.
- Validation of the regional hubs: these are interregional hubs, including Haute Matsiatra (which covers the Vakinankaratra, Haute Matsiatra, and Ihorombe regions) and Fitovinany (which covers the Vatovavy, Fitovinany, and Atsimo Atsinanana regions).
- The relevant stakeholder consultation documents: *Project Document*, *Minutes of the first Steering Committee meeting*, *Presentations of the Steering Committee Meeting*, *Annual work plan*

## D Gender Equality

### Narrative assessment

Project Steering Committee comprises of **7 women and 6 men**, demonstrating that **women's participation reached 50%** and the target was achieved with the number of women in the PSC.

## E Knowledge Management

### Narrative assessment *(This section is specific to GEF-7 Impact Programs and GEF-8 Integrated Programs)*

The project knowledge management approach relies on a key tools that support internal learning and communication. The project deep dives served as in-depth, focused sessions to unpack complex topics and share insights within the project team. Weekly update meetings ensure continuous knowledge exchange and alignment, allowing the project team to share progress and address challenges in real time. Additionally, our online file sharing system acts as a central repository for project documents, resources, and outputs, ensuring accessibility and transparency. Together, these tools are at this stage the backbone of our KM and communications system, helping us document, share, and apply knowledge effectively.

## D Reflows (for NGIs only)

### Narrative assessment

[Exclusively for projects using non-grant instruments, provide max 250 words focusing exclusively on FY25 use of such funds. Use a bullet point format.]

## III Minor Amendments

[Please, briefly elaborate on any minor amendments to the approved project that may have been introduced during the implementation period or indicate as not applicable (NA). As described in Annex 9 of the GEF Project and Program Cycle Policy Guidelines, minor amendments are changes to the project design or implementation that do not have significant impact on the project objectives or scope, or an increase of the GEF project financing up to 5%.

Please tick each category for which a change has occurred and provide a description of the change in the related textbox. You may attach supporting documentation, as appropriate.]

Results Framework:	NA
Components and Cost	NA
Financial Management:	NA
Implementation Schedule:	NA
Executing Entity:	NA
Executing Entity Category:	NA
Minor Project Objective Change:	NA
Safeguards:	NA
Risk Analysis:	NA
Increase of GEF Financing up to 5%:	NA
Co-Financing:	NA
Location of Project Activity:	NA
Others:	NA

## IV Geographic Coordinates of Project Activities

[Kindly replicate the table below for each location relevant to the project.

The Location Name, Latitude and Longitude are required fields insofar as an Agency chooses to enter a project location under the set format. The Geo Name ID is required in instances where the location is not exact, such as in the case of a city, as opposed to the exact site of a physical infrastructure.

The Location & Activity Description fields are optional.

Project longitude and latitude must follow the Decimal Degrees WGS84 format and Agencies are encouraged to use at least four decimal points for greater accuracy. Users may add as many locations as appropriate.

Web mapping applications such as [OpenStreetMap](#) or [GeoNames](#) use this format. Consider using a conversion tool as needed, such as: <https://coordinates-converter.com>

Please see the Geocoding User Guide by clicking [here](#).]

Location Name:	Vakinankaratra Capital city: Antsirabe		
Latitude:	19°52'0"S	Longitude:	47°02'0"E
GeoName ID:	1,069,166		
Location Description:	-		
Activity Description:	-		

Location Name:	Amonon'i Mania, Capital city: Ambositra		
Latitude:	20°31'0"S	Longitude:	47°15'0"E
GeoName ID:	1079088		
Location Description:	-		
Activity Description:	-		

Location Name:	Haute Matsiatra , Capital city: Fianarantsoa		
Latitude:	21°27'13"S	Longitude:	47°05'09"E
GeoName ID:	1067686		
Location Description:	-		
Activity Description:	-		

Location Name:	Vatovavy Fitovinany, Capital city: Manakara		
Latitude:	22° 09' S	Longitude:	48° 00' E
GeoName ID:	1069162		
Location Description:	-		
Activity Description:	-		

Location Name:	Atsimo Atsinanana, Capital city : Farafangana		
Latitude:	22°49'20"S	Longitude:	47°49.569'E
GeoName ID:	1065159		
Location Description:	-		
Activity Description:	-		

Location Name:	Ihorombe , Capital city : Ihosy		
Latitude:	22°24'13"S	Longitude:	46°07'33"E

GeoName ID:	1064275
Location Description:	-
Activity Description:	-

## V Synergies and success stories

### Synergies achieved

[Provide max 100 words.]

### Success stories and communication materials

- The ARCHE project has undertaken various communication activities to ensure broad dissemination and engagement. These efforts commenced with a launch workshop in Antananarivo on September 4, 2024, utilizing diverse channels such as Facebook posts by MEDD, a web article by GEHEM, and an article published by the GEF.
- Further international outreach included a "Deep Dive" event in Vienna from April 14 to 18, 2025, where UNIDO utilized LinkedIn as a key communication platform.
- Strategic planning is also evident, with a draft communication strategy document from October 23, 2024, slated for improvement upon the recruitment of an IT consultant, indicating an ongoing commitment to evolving communication approaches.

All the mentioned articles and links to the posts are available in the attached 'Table of Communications' Word document

## ANNEXES

### Uploaded Document

- Minutes and Presentation for the PSC Meeting: [MINUTES PSC ARCHE MAY 2025.docx](#)  
[Compiled PPT ARCHE PSC MEETING MAY 2025.pdf](#)
- Communication Material of the Project: [Tableau Communication ARCHE \(003\).docx](#)

### Financial implementation

Grant Delivery Report: [Grant Delivery Report by Grant and SP Detail.pdf](#) (attached in the annexes)

### Workplan and budget

[Provide an updated project work plan and budget for the remaining duration of the project, as per last approved project extension **\*Please provide this as a separate attachment.**]

## EXPLANATORY NOTE

- Timing & duration:** Each report covers a twelve-month period, i.e. 1 July 2022 – 30 June 2023.
- Responsibility:** The responsibility for preparing the report lies with the project manager in consultation with the Division Chief and Director.
- Evaluation:** For the report to be used effectively as a tool for annual self-evaluation, project counterparts need to be fully involved. The (main) counterpart can provide any additional information considered essential, including a simple rating of project progress.
- Results-based management:** The annual project/programme progress reports are required by the RBM programme component focal points to obtain information on outcomes observed.

Global Environmental Objectives (GEOs) / Development Objectives (DOs) ratings	
<b>Highly Satisfactory (HS)</b>	Project is expected to achieve or exceed <u>all</u> its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
<b>Satisfactory (S)</b>	Project is expected to <u>achieve most</u> of its <u>major</u> global environmental objectives, and yields satisfactory global environmental benefits, with only minor shortcomings.
<b>Moderately Satisfactory (MS)</b>	Project is expected to <u>achieve most</u> of its major <u>relevant</u> objectives but with either significant shortcomings or modes overall relevance. Project is expected not to achieve some of its major global environmental objectives or yield some of the expected global environmental benefits.
<b>Moderately Unsatisfactory (MU)</b>	Project is expected to achieve <u>some</u> of its major global environmental objectives with major shortcomings or is expected to <u>achieve only some</u> of its major global environmental objectives.
<b>Unsatisfactory (U)</b>	Project is expected <u>not</u> to achieve <u>most</u> of its major global environmental objectives or to yield any satisfactory global environmental benefits.
<b>Highly Unsatisfactory (HU)</b>	The project has failed to achieve, and is not expected to achieve, <u>any</u> of its major global environmental objectives with no worthwhile benefits.
Implementation Progress (IP)	
<b>Highly Satisfactory (HS)</b>	Implementation of <u>all</u> components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
<b>Satisfactory (S)</b>	Implementation of <u>most</u> components is in substantial compliance with the original/formally revised plan except for only few that are subject to remedial action.
<b>Moderately Satisfactory (MS)</b>	Implementation of <u>some</u> components is in substantial compliance with the original/formally revised plan with some components requiring remedial action.
<b>Moderately Unsatisfactory (MU)</b>	Implementation of <u>some</u> components is <u>not</u> in substantial compliance with the original/formally revised plan with most components requiring remedial action.
<b>Unsatisfactory (U)</b>	Implementation of <u>most</u> components in <u>not</u> in substantial compliance with the original/formally revised plan.
<b>Highly Unsatisfactory (HU)</b>	Implementation of <u>none</u> of the components is in substantial compliance with the original/formally revised plan.
Risk ratings	
Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risk of projects should be rated on the following scale:	
<b>High Risk (H)</b>	There is a probability of greater than <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face high risks.
<b>Substantial Risk (S)</b>	There is a probability of between <b>51%</b> and <b>75%</b> that assumptions may fail to hold or materialize, and/or the project may face substantial risks.
<b>Moderate Risk (M)</b>	There is a probability of between <b>26%</b> and <b>50%</b> that assumptions may fail to hold or materialize, and/or the project may face only moderate risk.
<b>Low Risk (L)</b>	There is a probability of up to <b>25%</b> that assumptions may fail to hold or materialize, and/or the project may face only low risks.