

**Ghana: Enhancing Natural Forest and Agroforest Landscapes Project
Review by FIP SubCommittee: Matrix of Comments and Responses
December 5, 2014**

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<p>a) We note that there is a potential overlap with activities proposed under the Forest Carbon Partnership Facility. A study to consider how to manage such overlaps is currently underway, and we will take our line on this issue based on the findings of this study and consensus on the agreed way forwards. We would like to see the recommendations included in this paper to be taken into considerations during the further project design.</p>	<p>The Government of Ghana and the Bank understand that the study on the relationship between FIP and performance-based payments is underway. The Bank expects that recommendations from the study would be taken into account during further project development and implementation.</p> <p>Ghana’s plans for an ER program are still in design and development. It notes that it “will follow the ecological boundaries of the 5 high forest eco-zones that together cover approximately 5.9 million ha”. The ER Program is expected to build on and scale up the lessons learned and successful approaches piloted in the FIP, along with other engagements and models, particularly in cocoa landscapes. Given the much larger landscape outside the FIP intervention area, the potential for double counting or double reporting is minimal when, in addition, taking into account that substantial parts of the program are focusing on general capacity building and reforms.</p>
<p>b) Results framework: Currently there seems to be discordance between indicator 4 in the Results Framework and the potential for CO2 emission reduction presented in the economic analysis. Could IBRD clarify the underlying assumptions feeding into both targets (i.e. origin of the assumption on halving deforestation in the intervention areas, assumptions related to leakage and permanence)? In addition, could IBRD provide more information on how the emission factors of each pilot program were calculated?</p>	<p>The emissions reduction figures in the results framework and the economic analysis are being harmonized with the development of more accurate estimates during appraisal, currently underway. The calculation of GHG emission reductions makes use of summarized assumptions as described under IPCC Tier 1 procedures, building on MRV baseline studies and mapping. The emissions factors are taken from the ER PIN documentation and other technical reports available under the FCPF grant, and are based on analysis of the carbon content of closed and open forest and crop land. These documents have been reviewed for technical content by the FCPF Team and experts in the Bank’s carbon finance unit. In conjunction with the ongoing Appraisal, the target figures in the results framework are being refined and updated to focus on the project intervention areas and to differentiate between avoided deforestation and enhancement of carbon sinks. Updated values for the results framework will be included in the appraisal stage draft of the PAD, under preparation.</p> <p>The economic analysis aims to indicate the potential range of positive outcomes associated with the project, measured in monetary terms. It is based on a number of simplifying assumptions, including the dollar value of carbon, and the available data at the time. The economic analysis is being updated based on the refined results framework figures, as noted above, so that there is consistency with the targeted emissions figures. The assumption on halving deforestation rates in the intervention areas is based on a technical consultancy under the FIP project preparation grant. This is one scenario investigated, along with reducing the deforestation rate by only one quarter. The economic analysis uses sensitivity analysis to how the results vary with the assumptions. We found that positive economic benefits can be achieved under a range of reasonable and conservative assumptions. We also found that the positive benefits of the project exceed the costs even without including the value of emissions reductions (due to productivity and earnings enhancements) and without monetizing the full range of potential benefits (e.g., habitat and biodiversity improvements).</p>

<p>c) Pg 67 of the PAD has a helpful overview of potential risks and impacts of the projects, but there are no corresponding mitigation actions provided in the project design. Especially on the impact of monoculture plantations on biodiversity.</p>	<p>Risk mitigations are built into the project design and these are now more fully articulated in the appraisal version of the PAD.</p> <p>1. Political and Governance. The need to maintain focus and coordination is addressed through high level political commitments, confirmed by the Bank at appraisal, and by providing resources for coordination and governance bodies, with appropriate representation. The need to deliver tangible results to constituents, communities to sustain support for the overall change process is addressed through the design of Component 2, which works directly with communities and community based institutions on activities that aim to improve productivity and livelihoods in the short term. The issues of transparency, governance, vested interests and distorted incentives are addressed by providing resources for dialogue platforms, policy studies and stakeholder engagement processes. The Bank has noted that the political will to address long standing regulatory and practical implementation issues associated with forest management rights and responsibilities appears to be higher than in the past. Engaging citizens, civil society organizations and economic interests such as the cocoa sector players is a way to increase scrutiny and give a wider set of constituents and stake in the potential positive outcomes. The project also builds on the increasing consensus that reforms and changed practices are needed to prevent further degradation and sustain the natural resource based agricultural and cocoa economy, by engaging directly with the COCOBOD and extension efforts with cocoa producers. The project includes resources to continue raising awareness and disseminating best practice information. On macro-economic issues, the Bank will continue dialogue and offer flexible tools to adjust for changing conditions, in coordination with other developing partners.</p> <p>Institutional and Capacity. The Bank’s assessment notes that the key institutions have the legal mandate and demonstrated capacity to plan and implement policies, programs and projects. Weaker capacity at the decentralized level is addressed in the project by providing resources for training, outreach and logistical support. The issue of tension between forest sector management institutions and communities/land users is addressed by providing resources to build skills and to facilitate local level community engagements through several means: participatory planning, CREMA development and management, and outreach and extension services. Resources are built into the project to assess institutional capacities and develop and provide additional capacity building where needed to facilitate the community engagements that are essential to success.</p> <p>Fiduciary. These risks are mitigated through specific fiduciary controls that are outlined in detail in the Financial Management and Procurement Assessment in section VI.6 and Annex 3 for mitigation measures.</p> <p>Environment and Social. The Project will have positive social and environmental benefits. There are potentially some limited environmental and social risks and impacts associated with Component 2 activities. The corresponding mitigation actions are covered in detail in the project safeguards instruments. These include an Environmental and Social Management Framework (ESMF), a Pesticide Management Plan (PMP) and a Process Framework. These documents have been reviewed and cleared by the Bank and disclosed in Ghana on www.fcghana.org and at each office of MLNR and Forestry commission regional and district offices in the Western and Brong Ahafo.</p>
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<p>d) Could IBRD elaborate on the ownership rights of the emission reductions generated by the program?</p>	<p>FIP is engaging in up-front investments to improve landscape management and community livelihoods; FIP will not engage in ex-post performance-based payments, and not in the formal measurement and verification of emission reductions (some of this work is financed under FCPF readiness). Discussions of emissions reductions in the documentation are based on estimates, not verified carbon emission reductions (which may have ownership rights). The activities and investments are expected to generate a range of important benefits that local communities can value directly and tangibly. These benefits – in the form of improved livelihood opportunities, better quality seed stock, and improved cocoa productivity – will help to sustain community engagement and support transformational change beyond the project period.</p> <p>Payments for emission reductions, which could materialize in the future, could be used to sustain community engagement and extension activities and to disseminate lessons and sound approaches to wider areas. As noted above, the ER Program is still under development, but the expectation is that emissions reduction payments would apply at the program or landscape level, and would be subject to benefit sharing approaches developed through community consultations, and governed through the CREMA management bodies. As noted above, the economic analysis shows that the positive benefits of the project exceed the costs even without including the value of potential emissions reductions.</p>
<p>e) It would be helpful to get more detail on the way the various project components link together, specifically component 1 & 2. Coherence between components is not clear from the current description of the project elements.</p>	<p>The technical appraisal discussion beginning at paragraph 83 and the figure above paragraph 27 aim to demonstrate how the components fit together. Component 1 provides resources to improve policy interpretation and implementation practices on the ground and providing new skills, tools and models to enable FC staff to engage more collaboratively with resource users on the ground. Component 2 provides resources to work with communities off reserve in addressing the issues and practices that lead to deforestation and land degradation, including expanding CREMAs as a model to devolve management responsibilities and share benefits more widely, as well as resources for participatory land use planning and management within CREMAs. This component also supports efforts on Forest Reserves to enhance carbon stocks by reducing encroachment, fire and illegal logging, as well as efforts to rehabilitate forest areas with more diverse local tree species, while also engaging with a range of community based organizations. Component 3 responds to the needs of communities and farmers for better information, access to know how, and good practices, as well as the need for FC and extension services need to embrace improved communication methods and community relations approaches.</p> <p>Technical and peer reviewers in the Bank fully supported the proposed Components because of the strong emphasis in Component 2 in on-the-ground pilots. Component 1 provides the resources to address drivers of forest/tree loss at the policy and guidance level, as well as resources to train Government staff in the interpretation and implementation of this guidance at the field level. Key policy issues around tree tenure and benefit-sharing issues have been trapped in impractical political debates for years. The proposed approach in this project is to support piloting of on-the-ground viable alternative models directly with resource user groups who actually manage tree/forest resources. This expected to generate the evidence needed for wider landscape replication and transformation at scale.</p>
<p>f) We noted in the original FIP Ghana Action plan that</p>	<p>The CREMA mechanism has been studied for its use in REDD+ Programs by Ghana’s Forestry Commission, the Ecosystem Alliance, the Nature Conservation</p>

benefit sharing mechanisms around Community Resource Management (CREMA) systems in areas with significant in-migration will be particularly challenging. A thorough assessment should be carried out in the design phases.

Research Center and other organizations. Annex 2 of Ghana's ER-PIN (2014) summarizes the findings of these analyses and consultations (see below). The Strategic Environmental and Social Assessment undertaken during REDD+ readiness (2014), financed by FCPF, also examined benefit sharing mechanisms and the opportunities represented by the CREMA approach. GHANA's SESA is an important foundational document for the FIP Program (see PAD paragraph 57 and 105).

The Ghana FIP PAD builds on these assessments by placing CREMAs at the center of the community engagement approach employed in Pilot Activity 2.1, described in detail in Annex 2, Paragraph 10 and beyond. The importance of CREMAs as a tool for engaging communities and devolving responsibilities for managing forests and lands sustainably is described in paragraphs 9, 19, 21, 32-34, and 85-87 (among others).

These assessments resulted in several widely regarded publications, including those co-authored by R.A. Asare, who participated as a peer reviewer during the project concept review stage (e.g., Asare, R.A., Kyei, A., and Mason, J.J. 2013. The community resource management area mechanism: A strategy to manage African forest resources for REDD+. *Philosophical Transactions of the Royal Society B*, 368, 2012 0311). The overall finding of these assessments (as summarized in Ghana's ER-PIN) is that the CREMA mechanism is an innovative landscape-level planning and management tool for community initiatives on off-reserve (un-gazetted) lands. Over 30 CREMAs are officially approved or under development, with approved constitutions, management boards, community committees, and regulations backed by local government by-laws. As such, CREMAs are an approved institutional structure for landscape planning, democratic decision-making by local leadership and benefit sharing with its stakeholders. A CREMA is officially inaugurated when the Ministry is sufficiently satisfied to issue an official certificate of devolution of rights over NRM to the local CREMA institution. In terms of benefit sharing approaches, particularly with in-migration, CREMAs have important advantages: constitution developed through an extensive participatory process; institutional structures for day-to-day governance of the CREMA resulting in strong social cohesion; clear pathway to incorporate as legal entity permitted to enter into contracts on behalf of its membership; plans for generating revenue and agreeing benefit-sharing formulas responsive to the CREMA stakeholders. The role and strengths of the CREMA combine to significantly increase the likelihood of effecting changes in how land is used and managed (resulting in emissions reductions) and sustaining these changes over the long-term.

Katie Berg, U.S. Treasury Department	
<p>1. In comments on past projects, we have highlighted the need to look into cost-efficiency issues with FIP projects that may be included under results-based payments initiatives, such as the FCPF carbon fund. It appears that there could be an overlap in this project between FIP and potential FCPF-funded activities; we would appreciate clarification about whether this overlap does exist. If so, we would like to discuss ways that the project could implement any recommendations that the sub-committee may eventually agree to deal with this issue.</p>	<p>[please see the response to question a above]</p>
<p>2. The project document notes some potential risks in Section 5, but does not seem to contain mitigation options. Could the Bank provide these? Also, what is the safeguard category of this project (apologies if we missed it somewhere)?</p>	<p>[Please see the response to question c above.]</p> <p>The project is classified as Category B meaning it may have potentially limited adverse social or environmental impacts that are few in number, generally site specific, largely reversible, and readily addressed through mitigation measures. Mitigation actions are fully described in the safeguards documents available from GoG website, as noted above. The category is noted on page vi of the PAD data sheet.</p>
<p>3. The project document notes in several places that the barriers to implementation of improved practices include disincentives for the care of existing trees on private and</p>	<p>Annexes 7 and 8 describe enabling conditions and disincentives for care of trees on farm land, including insecure rights to benefit from trees on farms, lack of knowledge on the benefits of trees on farms (e.g., in terms of cocoa productivity), and lack of alignment of stakeholder interests in trees on farms (e.g., land owner vs. land user vs. traditional authorities). The project aims to address these issues by:</p> <ul style="list-style-type: none"> • Expanding the use of CREMAs to devolve management rights to communities, so that they have more authority to decide on the use or status of trees in landscapes. The Government will also be developing a system to register trees on farms, so that there is

<p>farm land. It was not clear to us from the document how the project will be removing such disincentives.</p>	<p>official recognition of the status of these trees.</p> <ul style="list-style-type: none"> • Expanding extension, communication and knowledge delivery services so that, for example, cocoa farmers understand the productivity benefits of trees in landscapes. The project will also improve access of farmers to good quality seedlings of locally demanded tree species. • Using participatory planning processes to engage all segments of local society to align and balance different interests to be documented in local landscape management plans, recognized through district assemblies and local CREMA constitutions. • Revising the guidelines and providing training to Forestry Commission staff to change the dynamic of community interactions in the field.
<p>4. In several places, the document mentions provision of incentives to farmers to improve practices. Can the Bank provide more information on what such incentives would consist of?</p>	<p>The project uses the word “incentives” to describe a range of services, extension and information provided to farmers and communities. Information and demonstration of successful examples can encourage farmers and community members to come together into a CREMA, which will provide greater local level decision making authority and more control over land use and management decisions that affect farmers. Through FC and COCOBOD extension activities and services, farmers will get information and technical assistance on improving yields. The project will help to provide seedlings of locally desirable tree species and technical assistance on nurturing them. The project will facilitate COCOBOD’s efforts to provide improved varieties of cocoa seedlings, which will help to rehabilitate and intensify production as an alternative to expansion into new areas. Improved coordination and scheduling by COCOBOD and FC, plus feedback from user groups, will ensure that these services are delivered at the right time and place to be most useful to farmers and community members. Farmer groups that take on improved practices may be able to qualify for certification, which can lead to higher value for cocoa delivered.</p>
<p>5. The document also mentions that farmers will be provided with tree seedlings and “key inputs,” and that the project will “procure and install necessary infrastructure and input materials for nurseries.” We would like to understand better the sustainability of these interventions. What are the existing barriers for farmers implementing better practices, obtaining tree seedlings, establishing nurseries, and how will these be sustainably reduced by the project?</p>	<p>The existing barriers for farmers implementing better practices, obtaining tree seedlings, and establishing nurseries include lack of know-how and capacity, the remote locations of many of these forest fringe communities, lack of reliable sources of good quality tree seedlings (of useful native species in high local demand), lack of extension services on the care and management of these trees.</p> <p>The project aims to address these issues by providing seedlings of useful native trees together with extension information about their care and management, increasing demand for good quality tree stock by increasing knowledge and incentives for farmers and CREMA members and establishing model nurseries as learning and demonstration sites. The project will also support systems through which Forestry Commission will purchase seedlings from farmer or community managed local nurseries for rehabilitation efforts on Forest Reserves. These market relations will extend beyond the project life to serve additional forest rehabilitation needs into the future. The project will provide training and technical assistance to farmers or communities interested to establish tree seedling nurseries and will aim to increase the quality and diversity of native species that can be produced from these locally managed nurseries. The model nursery developed by the Forestry Commission will provide learning and demonstration (and will likely be associated with a university in the target zone), but will not have the capacity to supply all seedlings needed for forest reserve rehabilitation and for promotion of trees on farms in cocoa landscapes.</p>