

**Republic of Ghana**  
**Forest Investment Programme (FIP)**

**Joint Mission**  
**September 12<sup>th</sup> to 14<sup>th</sup>, 2012**

**Aide Memoire**

**I. Introduction**

1. A Joint Mission between the Government of Ghana and the Multilateral Development Banks (MDBs) took place from September 12<sup>th</sup> to 14<sup>th</sup>, 2012 in Accra, Ghana. The Mission was led by a team from the Government of Ghana represented by the Ministry of Lands and Natural Resources (MLNR), the Ministry of Environment, Science and Technology (MEST) and Ministry of Finance and Economic Planning (MoFEP), and MDBs represented by the African Development Bank (AfDB), the International Financing Corporation (IFC) and the World Bank.

2. The Government of Ghana's team consisted of Mr. Musah Abu Juam (Technical Director, MLNR), Mr. Franklin Ashiadey (Principal Economist and Coordinator for NREG, MoFEP), Mr. Kwasi Tabi (Director of Research and Information, MEST, MEST) and Mr. Victor Agyeman (Director, Forestry Research Institute of Ghana FORIG) and Mr. Oppon Sasu (Head Donor relations/projects, Forestry Commission). The MDBs team included Albert Mwangi and Tabi Karikari (respectively Sr. Forestry Specialist and Agricultural Engineer, AfDB), Carole Megevand, Flavio Chaves (Natural Resources Management Specialist, World Bank), Angela Khaminwa (World Bank), Susanne Bouma (respectively Sr. NRM Specialist, NRM Specialist, Social Development Specialist and NRM Consultant, World Bank), Ken Key and Damilola Sobo (respectively Senior Operations Officer and Sustainable Business Advisory Consultant, IFC).

3. The Mission wishes to thank Honorable Mike Hammah, Minister of Lands and Natural Resources, Honorable Sherry Ayittey, Minister of Environment, Science and Technology and Honorable Dr. Kwabena Duffour, Minister of Finance and Economic Planning for the contributions of the Government team.

4. The Mission also wishes to thank representatives from Civil Society, Development Partners, Traditional Authorities, Local Communities and Private Sector who provided valuable contributions and ideas during the Mission's consultative process and specifically during the Stakeholder consultation workshop held on September 13<sup>th</sup>, 2012 at the Miklin Hotel (cf. list of participants in Annex A).

5. A draft version of the Aide-Memoire was jointly read on Friday September 14<sup>th</sup> during the wrap-up meeting of the mission at the AfDB offices, in presence of Mr. Tabi Kwasi, Mr. Victor Agyeman, Mr. Oppon Sasu (from the Government), Waqar Haider, Carole Megevand, Flavio Chaves, Angela Khaminwa and Susanne Bouma (World Bank), Damilola Sobo (IFC) and Tabi Karikari (AfDB). The revised version was then circulated to all stakeholders involved in the Joint Mission for additional comments. It was jointly agreed during the wrap-

up meeting, that the final Aide-Memoire would be sent to the CIF Administration Unit for public disclosure on its website.

## **II. Background**

6. Ghana was selected as a pilot country for the FIP under the Climate Investment Fund in March 2010. In preparation for the FIP, a Scoping Mission from GoG and representatives of MDBs took place from September 29th to October 1<sup>st</sup>, 2010. As part of the mission process, consultations were held with representatives from Government of Ghana, Development Partners, Private Sector, Civil Society and Traditional Authorities.

7. A first Joint Mission was organized from May 30th to June 1<sup>st</sup>, 2011 and engaged a broad and large group of stakeholders. A team of consultants was engaged to support the Government in drafting the first version of the Investment Plan (IP). This first version was then reviewed by two peer reviewers according to FIP requirements in February 2011, before submission to the FIP Sub Committee as an update on May 4<sup>th</sup>, 2012 in Washington DC. The Sub Committee provided feedback and comments on the following key areas, 1) the need for strengthening of the transformational impact and 2) need for geographical or topical focus. After the Sub-Committee meeting, with the support of consultants from AfDB and World Bank, the Government revised the IP document to reflect the above recommendations and guidance.

8. The Mission notes that the preparation of the Ghana IP was held back by delays in the processing of the required preparation grant. The Government managed to find alternative sources of funding to ensure a thorough preparation process as well as carried out a number of stakeholder consultations.

9. The FIP has a related facility, the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM), which is envisioned to facilitate the engagement of local communities in individual investment plans. The global DGM design document is under preparation and the country-level project design process is anticipated to start in calendar year 2013. So far, given the nascent stages of the DGM, efforts to engage local communities on the facility have been limited to an information-sharing event (June 2012), which targeted traditional authorities (chiefs and queen mothers) from all the regions in Ghana and included representatives from government and nongovernmental organizations.

10. The current mission is the second joint GoG-MDB mission for the preparation of the Forest Investment Plan. The main objective of this Joint Mission was to collaboratively assess the latest version of the FIP Investment Plan and identify areas of improvement before its formal submission to the Sub-Committee on October 5<sup>th</sup>, 2012. The specific objectives were (i) to ensure the programmatic approach and accordingly align interventions of the MDB; (ii) to hold the a stakeholder consultation and present the current IP to representatives from traditional authorities, private sectors, CSO representatives to get their feedback so that they can be included before final submission.

11. The Mission was received by the Honorable Minister of Lands and Natural Resources. The Mission takes note of the emphasized importance of the private sector as the driver of growth in the natural resources sector. The Mission has ensured that a concise strategy to address the challenges to private sector engagement is taken up in the investment strategy.

### III. Overall findings of the mission

12. The overall objective of the FIP Program is to address the underlying drivers of deforestation and forest degradation and catalyze transformational change by providing upfront investment to support the implementation of the REDD+ Strategy, and generate information and experience for policy and regulatory changes. The Mission emphasizes that FIP falls within the overall Government-led NREG program, supported by several donors and as such builds upon the ongoing policy dialogue and policy/legislative reform and aims at piloting on the ground some of these reforms.

13. The Mission notes that the current version of the Investment Plan is well-written, well-structured and has benefitted greatly from efforts made by Government and MDBs to ensure good quality, a good description of the drivers of deforestation and alignment with the proposed activities according to the FIP criteria and guidelines.

14. The Mission notes that the Government of Ghana has taken into account the recommendations and comments made by the FIP Sub-Committee last May and has accordingly included significant adjustments in the latest version of the IP. The below paragraphs describe the principles that are now guiding the overall approach developed for the FIP program (in line with the FIP criteria):

- **Geographical focus.** The Government of Ghana has decided to focus the investment in the High Forest Zone (HFZ) in the Western and Brong Ahafo Regions, based on the following criteria:
  - a. *Potential for GHG emission reduction and Carbon sequestration.* The High Forest Zone is the geographical area that might yield the largest total benefit in terms of GHG emission reduction and carbon sequestration through landscape restoration, by interventions aiming at restoring forest reserves and improving connectivity in the landscape (cf. work led by IUCN, CERSGIS and WRI in collaboration with Forestry Commission). This would lead in higher added value from FIP investments. It is also the area where the main driver, agricultural expansion, particularly cocoa farming, has caused major deforestation and degradation, and where inter-sectoral dialogue is the most challenging.
  - b. *Demonstration Impact.* The High Forest Zone (HFZ) is a microcosm of modern Ghana in regard to land use, although the land use conflicts may be more acute than in other parts of Ghana. The region has been prone to rapid agricultural expansion due to high market prices for cocoa. The expectation is, that provided the proposed approaches (participatory management between government, private sector and communities under a joint landscape plans) are effective in the HFZ – where the trade-offs of alternative land uses are most pronounced – it is likely to be replicable in other parts of the country.
- **Transformational impacts through an integrated landscape approach.** Since agriculture, forests, and community livelihoods are all connected, meeting challenges related to climate change (both mitigation and adaptation), to poverty reduction and more globally inclusive green growth requires better integrating the management of these resources. Therefore the Government of Ghana wants to use the FIP to pilot interventions that will work across different sectors to find solutions at the scale of

entire landscapes that integrate management of land, water, and living resources, and that promote sustainable land use in an equitable manner. Through targeting the issues of rights and benefit sharing, the FIP is expected to pave the way for alternative forest management models with a high transformational potential in rural areas.

- **Involvement of the private sector and efficiency increase in the sustainable forestry and agriculture in Ghana.** Private sector is seen as a key stakeholder in the implementation of the FIP. The Mission emphasized the importance of the private sector as the driver of growth in the natural resources sector. Supporting investment in private sector REDD+ projects with demonstrative developmental and transformative impacts, promoting sustainable forestry management and certification, and capacity building of small and medium enterprises (SMEs), and financial intermediaries, amongst others, will be central to engagement of the private sector in the FIP program. This engagement will be done in coordination and collaboration with the work on policy reforms on enabling environment for investments (under Project 1).
- **Co-benefits through FIP investments focus on:** 1) social development and community empowerment through capacity building in land use planning (this also strongly links with the DGM) 2) economic impact and poverty reduction i.e. job creation and revenue creation through enterprise development, 3) biodiversity and ecosystem conservation through landscape connectivity, 4) rights security over land and trees through development, testing and validation of tree tenure schemes and benefit sharing arrangements.

15. Further adjustments to the Investment Plan (IP) document agreed upon during the Mission:

- Strengthen the articulation of the FIP with the on-going and planned initiatives under the NREG program. Particularly, following activities should be better reflected in the IP document, amongst others: NREG-TA under preparation, VPA-FLEGT (alignment with the Policy/Governance/ Law enforcement dimension of the FIP program); the REDD+ Readiness process under the FCPF, the FPP project (alignment with MRV/dimension of the FIP), the initiative on Blue Carbon (currently under design).
- Integrate strategies and policies prepared by the Government to bridge the gap between sustainable timber supply and growing domestic demand, including the development of plantations, the promotion of lesser-used species, regional timber imports as well as the potential for efficiency increase in the overall timber value chain. A box will be prepared and added to the version of the FIP document before submission to the FIP Sub Committee.

16. Some adjustments have also been discussed on the three proposed MDB projects and respective Concept Notes to ensure a good alignment with the guiding principles presented above (cf. paragraph 17), in particular the landscape approach. As such, it was discussed and agreed upon between the Government and the MDBs Project 1 and Project 2 would be implemented in different sites. The selection of the sites will be decided over the course of the preparation period of the projects but will build on the following principles: (i) Project 1 will focus on the Forest reserves and surrounding areas (Corridor approach) and (ii) Project 2 will focus on agricultural landscapes. In line with the landscape approach, the Mission acknowledged that the same typology of activities under the two projects is likely to be very

similar. It was also recognized by the Mission that this differentiation would also enhance the demonstration potential as the Project 1 would focus on reducing emission from deforestation and forest degradation and the Project 2 on carbon enhancement.

17. As a result, the three proposed projects are articulated as follows and will accordingly be presented in the FIP document before formal submission to the Sub-Committee:

- **Project 1 – Reducing pressure on natural forests through an integrated landscape approach** (implemented by the World Bank), building on four components:

*Component 1: Policy reforms & Institutional strengthening.* This component mainly aims at creating an enabling environment for sustainable forest management and plantation development: it will build on reforms supported under the NREG Program and develop on-the-ground pilots, specifically on land tenure, benefit-sharing. Strong linkages will be developed with the DGM mechanism to ensure communities can actively participate to the development of the pilots. The Component will also support Forest institutions to enhance the quality of services delivered to communities and private sector.

*Component 2: Participatory landscape planning and integrated management of forest reserves and ecological corridors.* This component aims at providing an integrated response to the increased pressure on remaining forest, through testing and validation of replicable and up- scalable forest resource management models in in- and off-forest reserves.

*Component 3: Innovation & Capacity Building.* This Component will support the transformative nature of the FIP program through targeted R&D activities (i.e. SFM, plantations, timber processing, MRV) as well as capacity building activities to support enhanced efficiency of various actors in the timber value-chain (from the production to the transformation).

*Component 4: Project Management (incl. Monitoring and Evaluation).* This component will ensure smooth implementation of the project in coordination with the government and the other MDBs. The FIP's programmatic approach will be ensured through this process.

- **Project 2 – Engaging local communities in REDD+ and enhancement of carbon stocks (implemented by the African Development Bank).** The overall objective of the project is to enhance carbon stocks in the off reserve areas in the High Forest Zones by engaging communities in approaches that also generate direct financial benefits and other environmental benefits for them leading to reduced deforestation and forest degradation in the landscape. The project will be articulated on the four components:

*Component 1: Support Enabling Mechanisms for Local Community and Private Sector Engagement in Restoration of Degraded Forests and Agricultural Landscapes.*

This component aims at building capacity among local communities to enable them to participate effectively and efficiently in decision making and sustainable activities; and also aims at implementing policy pilots to test the effectiveness of intended tree tenure, benefit sharing, and carbon rights for REDD+ on the ground.

*Component 2: Promoting a Sustainable Cocoa and Agroforestry Landscape Off-Reserve.* This component aims at piloting innovative tenure and incentives systems to help farmers integrate new trees and retain naturally occurring trees on crop and tree-crop farming system, particularly in Cocoa. Managing trees within cocoa landscape contributes to GHG abatement and also to biodiversity conservation and enhanced fragmented forest connectivity. It also influences productivity and quality of cocoa.

*Component 3: Support for Community Restoration of Degraded Forest and Agricultural Landscapes.* This component aims at piloting restoration of degraded Forest and agricultural landscapes both for timber production and enhancement of carbon stocks.

*Component 4: Project Management.* This component will ensure smooth implementation of the project in coordination with the government and the other MDBs. The FIP's programmatic approach will be ensured through this process.

- **Project 3 – Engaging the private sector in REDD+** (implemented by the International Financing Cooperation)

*Component 1: A REDD+ Investment Program:* This component will seek to support private sector. The IFC could develop two types of investments under this component: (i) direct investments in one or more sustainable forestry or agriculture companies or (ii) investments through a local financial intermediary that can then on-lend to SMEs for REDD+ projects.

*Component 2: A Technical Support Program:* This component will complement the Investment Program by offering technical assistance such as business plan development and financial management training for SMEs, REDD+ training for local financial institutions, support for the certification process, promoting resource efficiency, amongst others.

18. The Mission also agreed that based on the revision of the Project Concept Notes, the allocation of the FIP resources may be revisited accordingly as part of the finalization of the IP document.

19. **Programmatic approach.** While the FIP will be articulated around three projects, the programmatic nature of the FIP will be maintained during implementation phase through a strong emphasis on coordination. The Government will be the primary responsible to ensure such coordination: The ENRAC will provide the overall political guidance and support inter-sectoral coordination and the he TCC+ will act as the Steering Committee for the FIP program. In addition the three MDBs will also ensure that they contribute to this coordination. In particular, as far as private sector is concerned, the Mission acknowledged that the IFC's proposed investment program should seek to compliment the other two projects, by focusing its investments and technical assistance in the proposed project areas. In ensuring that the programs are well aligned and leveraging experiences, it was agreed that IFC will feedback to the team on broader policy issues that affect the investment climate for the private sector. This will allow for a strategic approach to creating an enabling environment for the private sector.

20. **Consultations.** The FIP IP has been built to support the strategies identified in the R-PP. It has also relied on the analysis and consultation platforms established during in the REDD+ process as well as other national processes. Major stakeholder consultations were conducted over the past few years, involving local communities, private sector, academia, CSOs, traditional authorities, donor community (cf. preparation of the Ghana Forest and Wildlife Policy (FWP), Ghana’s Voluntary Partnership (VPA) and Non-legally Binding Instrument (NLBI)). These have been strategically interlinked, building on each other by using similar structures for engagement. One key modality of engagement and participation of local communities in the processes described above is through the Forest Forums.

21. **Dedicated Grant Mechanism (DGM).** At this point, concrete details on how the DGM facility will function in Ghana cannot be provided as the program level design and implementation modalities are yet to be finalized. It is envisioned that a community driven development model will be used, with communities using inclusive participatory methods to identify sub-projects and activities to be financed by the facility. Elements of accountability (transparency, representation, etc.) and inclusion (gender, youth) will be built into the project design. The Mission notes that Traditional Authorities play an important role in process (facilitating community engagement) and in substance (tenure and benefit sharing).

#### IV. Next steps and proposed timeline

Steps	Dates
Posting of the IP document on the FC website www.fcghana.com (as well as other websites)	September 14 <sup>th</sup> , 2012
Public Consultation (email address: forestinvestmentprogrammehana@gmail.com)	September 14 <sup>th</sup> – 28 <sup>th</sup> , 2012
Receipt of external reviewer’s comments	September 14 <sup>th</sup> , 2012
Consolidation of the comments and revision of the IP document	September 29 <sup>th</sup> – October 5 <sup>th</sup> , 2012
Formal submission to CIF Admin. Unit	October 5 <sup>th</sup> , 2012
Interim Steering Committee of the DGM (Istanbul, Turkey)	November 3 <sup>rd</sup> , 2012
Presentation to FIP Sub Committee (Istanbul, Turkey)	November 5 <sup>th</sup> , 2012

22. **The version of the IP document posted on the FC website for public consultation is the version dated August 31, 2012. Discussions and consensus agreed during the Joint Mission and reflected in this Aide-Memoire are thus not reflected in this version** but will all be integrated (as well as those received as part of the public consultation process) in the final document to be formally submitted to the Sub-Committee on October 5<sup>th</sup>, 2012. On September 14<sup>th</sup>, 2012, the Mission acknowledged receipt of the comments made by the peer reviewer; however, these comments were received after the wrap-up meeting was held and thus were not specifically discussed.

23. **Dedicated Grant Mechanism (DGM).** Ghana is in the process of selecting a representative to attend the Interim Global Steering Committee Meeting (November 3<sup>rd</sup>) that is tasked to review and endorse to global DGM program document. It is anticipated that the global DGM design document will be completed by end-2012 and, as noted above, the country-level design document will be prepared in 2013. The schedule of preparation of the FIP projects and the Ghana DGM design document (and associated consultation) will need to be carefully considered early on in an effort to ensure that linkages between both facilities are explicit and meaningful.

#### V. Acknowledgements

24. The Mission is grateful to all stakeholders attending the meetings and providing their invaluable inputs and the Ministry of Finance and Economic Planning, the Ministry of Environment, Science and Technology, the Ministry of Lands and Natural Resources, the Forestry Commission, the World Bank and African Development Bank + IFC for their support and cooperation during the course of undertaking mission activities.

## ANNEX A

### List of Participants Stakeholder Consultation workshop – FIP 2d Joint Mission 13<sup>th</sup> September 2011 MIKLIN HOTEL, Accra

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