

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA71569

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|---|---|
| Project Name | Dedicated Grant Mechanism for Local Communities (P145316) |
| Region | AFRICA |
| Country | Ghana |
| Lending Instrument | Investment Project Financing |
| Project ID | P145316 |
| Borrower(s) | Solidaridad |
| Implementing Agency | Solidaridad |
| Environmental Category | B-Partial Assessment |
| Date PID Prepared/Updated | 08-Jul-2016 |
| Date PID Approved/Disclosed | 01-Sep-2016 |
| Estimated Date of Appraisal Completion | 29-Jul-2016 |
| Estimated Date of First Grant Approval | 07-Oct-2016 |
| Appraisal Review Decision (from Decision Note) | |

I. Project Context

Country Context

Ghana is a country in West Africa with a land area of 238,535 km² and an estimated population of 26.2 million people. Ghana's economy remains heavily reliant on renewable natural resources. Over 70 percent of Ghana's population depends directly on natural resources for food, water, and energy. In 2015, Ghana's gross domestic product (GDP) was US\$47.7 billion, and GDP per capita was US\$1,730. The agricultural sector, which relies on well-managed land and water resources, contributed 21.5 percent of GDP. Agriculture, forestry, and agroforestry account for more than 50 percent of land use and employs about 60 percent of the population, including 53 percent of women. Ghana's economy is dominated by small and medium enterprises, which are mainly run by women and are crucial to growth, employment, and poverty reduction goals. Almost half the population lives in rural areas, and two-thirds of rural livelihoods rely on forest-related activities. Agriculture, dominated by cocoa, has been the backbone of the economy for decades, but gold and oil production have grown substantially in recent years.

Sectoral and institutional Context

Ghana has not had a very long history with regard to the inclusion of Local Communities (LC) in its policy and legislative decisions. Until 2012, there was a disincentive to keep forest/timber trees on one's farm. The large forest trees belonged to the government, and approved timber merchants could remove any forest tree without the farmer's permission. The government of Ghana (GoG)

has begun improvements in the forest sector with regard to governance, incentives, benefit sharing, tenure, and institutional effectiveness. In 2012, the GoG prepared a new Forests and Wildlife Policy and a Strategy for Plantations (2013). The former allows farmers to own forest trees that they plant, but the elaborate registration process, which is not user-friendly, has meant that very few people have (or can) register their planted trees. The Forestry Investment Plan (FIP) plans to help address this issue but in the meantime, the Dedicated Grant Mechanism (DGM) project will ensure that any planted tree under the project is registered in accordance with the law and will give farmers the training they need to register their trees.

Ghana has a draft REDD+ strategy, which outlines the goals of this program. REDD+ readiness aims to build the legal and institutional base as well as the awareness and constituency needed to participate in global performance-based payment systems. Ghana's Emissions Reduction Program Idea Note was accepted into the pipeline of the Forest Carbon Partnership Facility (FCPF) Carbon Fund for further development. Ghana is engaged in efforts to achieve REDD+, with support from the FCPF and the World Bank.

The key REDD+ strategy emphasizes avoided deforestation and degradation, carbon stock enhancement, biodiversity conservation, and sustainable forestry management. It is important to note that the draft REDD+ strategy has, as a goal, the reduction of the expansion of agroforestry and tree crops. This is particularly relevant in areas like the Brong Ahafo and Western Regions where cocoa and tree crop farms are expanded (illegally) into forest areas. While, in general, there is a need to grow carbon stocks as naturally as possible, the DGM will focus on emphasizing these agroforestry ventures on farms that are further from the forests and where land is not a limiting factor.

The DGM is part of (a) a global program, the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities, and (b) the Ghana FIP. The DGM was created and developed as a special window under the FIP. The DGM's basic design was approved by the FIP Subcommittee on October 31, 2011. The FIP is one of the three programs under the SCF, a multi-donor trust fund established in 2009 under the Climate Investment Fund (CIF) partnership to provide fast-track climate financing to reduce deforestation and forest degradation in tropical countries. The DGM was designed to promote the inclusion of forest-reliant communities in policy formulation and initiatives that seek to reduce deforestation and degradation and to facilitate the effective participation of LCs in the design and implementation of country-specific FIPs and to strengthen the capacity of these groups to play an informed and active role in the FIP, as well as in other local, national, and global REDD+ processes. - For more information, refer to (a) the DGM Design Document and (b) the Framework Operational Guidelines for DGM.

The Ghana Dedicated Grant Mechanism (G-DGM) The G-DGM follows the framework guidelines and set of activities covered under the components designed for the Global DGM. In Ghana, the project will support capacity building and finance the demand-driven provision of grants to communities, individuals and community organizations of LCs in the Western and Brong-Ahafo Regions to strengthen their understanding of FIP and other REDD+ processes at the local, national, and global levels as well as to increase their capacity to adapt to climate change. The G-DGM will prioritize its actions in the Western and Brong Ahafo Regions to promote synergies with the FIP, which also operates in these two regions, and FCPF projects. The G-DGM is expected to contribute to the strengthening of local/traditional communities in the project areas by (a) enhancing the capacities they need to strengthen their participation in the FIP and other REDD+ processes at the

local, national, and global levels; (b) promoting the sustainable management of forest and natural resources through grant funded sub-projects; (c) promoting coping and adaptive strategies/ livelihoods that will make them more resilient to manmade pressures and climate change (also through the grant-funded sub-projects); and (d) promoting synergies with the FIP project.

II. Proposed Development Objectives

The PDO is to strengthen knowledge and practices of targeted local communities in REDD+ process and sustainable forest management

III. Project Description

Component Name

Component 1: Capacity Building and Institutional Strengthening

Comments (optional)

Capacity building (basic training) is the first step that must be undertaken by community members, eligible CBOs, and individuals to engage in the project and better understand the link between the concepts of climate change, REDD+, their activities on the ground and the grants for investments. Most of (basic training) must be complete by the end of year 1. The project will finance minor goods, services required, and operational costs for this basic training.

Component Name

Component 2: Sustainable and Adaptive Community Initiatives

Comments (optional)

This subcomponent will primarily finance goods as well as related operational costs for (a) eligible communities (community-level initiatives); (b) individuals living in these communities (individual initiatives); and (c) community-based organizations (CBOs) (who have been working in Brong Ahafo and Western Regions in climate change/REDD+ thematic areas for more than five years), to undertake small-scale sustainable initiatives that fall under predetermined themes related to climate change and REDD+. Those who have/will benefit from initiatives under the FIP project will not be allowed to benefit under the DGM, to avoid doubling up on benefits.

Component Name

Component 3: Project Governance, Monitoring, and Evaluation

Comments (optional)

The aim of this component is to support the project's effective governance and efficient management, dissemination, and monitoring and evaluation (M&E). This component will finance the incremental operational costs incurred by the NEA for effectively and efficiently carrying out its responsibilities (a) by serving as secretariat to the NSC; (b) through the project's technical coordination, M&E; and reporting to the Bank and the Global Steering Committee (GSC); (c) through the project's adequate financial management, procurement, and auditing; (d) through the project's Grievance Redress Mechanism (GRM) operation; and (e) by supervising the implementation of community initiatives and results assessments.

IV. Financing (in USD Million)

| | | | |
|---------------------------------|------|-----------------------|---------------|
| Total Project Cost: | 5.50 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.00 | | |
| For Loans/Credits/Others | | | Amount |

| | |
|------------------------------|------|
| Borrower | 0.00 |
| Strategic Climate Fund Grant | 5.50 |
| Total | 5.50 |

V. Implementation

In accordance with the Global DGM guidelines, the G-DGM has developed a governance and management arrangement with the capacity for coordination, partnership, and synergies. An NSC will accompany project implementation and an NEA will be selected by the time of project appraisal to implement the project. These two requirements have already been met. The institutional roles and responsibilities of these institutions are described below.

The NSC. The NSC comprises 14 community representatives from local communities in Brong Ahafo and the Western Region, 2 NGO observers, 1 Government observer and a World Bank consultant representing the Bank during preparation (see Annex 3 and 6 for more details). The principal roles of the NSC are to (a) decide on the annual work plans and the eligibility criteria for funding in accordance with the criteria established by the Global DGM Framework Guidelines for Operations; (b) review eligible community proposals and decide on funding; (c) provide oversight of the project's implementation and review the functioning of the NEA; (d) review the progress of activities with regard to PDOs against indicators and promote learning from the results among stakeholders; (e) report to the GSC on national activities on a semiannual basis; and (f) mediate conflicts related to DGM funding proposals. The NSC is also expected to (g) participate in meetings of other national REDD+ committees and FIP institutions, ensuring that DGM lessons are transmitted to ongoing national processes; (h) seek feedback from LCs on the DGM, identify needs, and collect and send ideas to the GSC to be supported by the global component; and (i) raise funds, where possible, through other programs and mechanisms.

The NEA. The NEA, SOLIDARIDAD, West Africa, is a nonprofit and nongovernmental organization (NGO) that was recently selected through competition. A grant agreement will be signed between the World Bank and Solidaridad to implement the project on behalf of the communities. The World Bank is in the process of carrying out the assessment of its procurement and fiduciary capacity and this process will be complete by the start of appraisal. The NEA's main responsibilities include the planning and implementation of the project; ensuring timely implementation of all project activities; monitoring such activities and the project's related indicators; serving as secretariat for the NSC; preparing the terms of reference (TORs) for specific training and capacity-building activities; supervising their procurement; overseeing contracts to ensure satisfactory implementation and ensuring that DGM funds are used appropriately and that procurement, financial management, M&E and safeguards are carried out in accordance with Bank rules and procedures. It will also manage the redress processes for grievances and complaints and will coordinate and provide grievance information to the Global Executing Agency (GEA).

The NEA will begin operations following approval of project effectiveness. As part of the effectiveness conditions, the NEA will be responsible for the delivery of the Project Operational Manual (POM), a near-finalized version of the project's Grant Mechanism and Procedures. Subsequent grant agreements will be signed by the NEA and the individual, community or CBO grantees. This operational arrangement reflects the need for a decentralized approach and to ensure that the LCs will have easy access to the selected NEA during implementation. The detailed TOR

for the NEA is in Annex 8

Implementation period and administrative costs. The proposed project will be implemented over a period of five years (2016–2021). The Bank's administrative costs for project preparation and supervision will be financed from the reserve fund under the FIP and in accordance with CIF benchmarks for project preparation and supervision.

VI. Safeguard Policies (including public consultation)

| Safeguard Policies Triggered by the Project | Yes | No |
|--|------------|-----------|
| Environmental Assessment OP/BP 4.01 | x | |
| Natural Habitats OP/BP 4.04 | x | |
| Forests OP/BP 4.36 | x | |
| Pest Management OP 4.09 | x | |
| Physical Cultural Resources OP/BP 4.11 | | x |
| Indigenous Peoples OP/BP 4.10 | | x |
| Involuntary Resettlement OP/BP 4.12 | x | |
| Safety of Dams OP/BP 4.37 | | x |
| Projects on International Waterways OP/BP 7.50 | | x |
| Projects in Disputed Areas OP/BP 7.60 | | x |

Comments (optional)

VII. Contact point

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