

**PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA
SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.:PIDISDSC20260

Date Prepared/Updated: 12-Apr-2017

I. BASIC INFORMATION

A. Basic Project Data

Country:	Ghana	Project ID:	P160339
		Parent Project ID (if any):	
Project Name:	Ghana Emissions Reductions Program (P160339)		
Region	AFRICA		
Estimated Appraisal Date:		Estimated Board Date:	01-Nov-2017
Practice Area (Lead):	Environment & Natural Resources	Lending Instrument:	
Borrower(s)	Ministry of Finance		
Implementing Agency	Forestry Commission		
Financing (in USD Million)			
	Financing Source		Amount
	Borrower		0.00
	Carbon Fund		26.00
	Total Project Cost		26.00
Environmental Category:	B-Partial Assessment		
Is this a Repeater project?	No		

B. Introduction and Context

Country Context

1. Ghana is located in West Africa, it has a land area of 238,535 square kilometers and estimated population of 27.4 million in 2015. Ghana's economy remains heavily reliant on renewable natural resources. Over 70 percent of the country's population depend directly on natural resources for food, water, and energy. In 2015, Ghana's Gross Domestic Product (GDP) per capita was estimated at \$1,381.

2. Agriculture, forestry, and agroforestry account for more than 50 percent of land use and employ about 60 percent of the population, including 53 percent of women. Ghana's economy is dominated by small and medium enterprises, which are crucial to growth, employment, and poverty reduction goals.

Agriculture, dominated by cocoa, has been the backbone of the economy for decades. An estimated 800,000 farm households depend on cocoa production for their livelihoods. Despite its importance, the contribution of Ghana's agricultural sector (including forestry and cocoa) to GDP in 2014 was 21.5 percent, lower than in previous years but reflective of an economy that has entered middle income status and has started producing oil. In 2015, the top foreign exchange earners for the country were gold, oil, and cocoa, but earnings have declined precipitously.

Sectoral and Institutional Context

3. The Government of Ghana (GoG) recognizes both the growing costs of natural resource degradation and the developmental threat of climate change. In 2014, it was estimated that the total economic cost of poor environmental management is about 10 percent of Ghana's GDP. In 2008, the GoG launched a five-year Natural Resources and Environmental Governance program to help ensure economic growth, alleviate poverty, increase revenues and improve environmental protection. The GoG has a comprehensive National Climate Change Policy (2012), which aims to build a climate resilient economy while achieving sustainable development; it is supported by the National Climate Change Policy Action Program for Implementation.

4. Ghana's forest cover has almost halved since 2000: only 4.6 million hectares remained in 2011 with 1.6 million hectares as forest reserves. Ghana's deforestation rate is about 2 percent per annum (FAO, 2010). In the cocoa forest landscape, the deforestation rate is even higher, estimated at 2.9 percent per annum. Conversion of forests to agricultural land was identified as the primary driver of deforestation in the ER-Program area —110,000 ha of forests per annum was converted to agricultural land during the reference period (2010-2015), and this accounted for 76 percent of deforestation in the program area. About a third of this agriculture conversion resulted from cocoa expansion, making it the single most important commodity driver of deforestation in the program area. The domestic timber market is supplied mainly by informal sources using inefficient and unsustainable practices and absorbs about 85 percent of timber production, which exceeds the annual allowable cut. Although timber demand is high, there is limited investment in new production or plantations, because of weak enabling conditions.

5. Community members are both actors in and victims of forest decline. Agriculture, timber, and mining are critical economic activities. Agricultural expansion – led by the production of cocoa, but also including cassava, plantain, coco yam, oil palm, and rubber – accounts for about three quarters of deforestation and degradation in the target landscapes. Women and men use forest and landscape resources differently and play different roles in community-based institutions. Recent expansion has been greatest in the Western Region which now accounts for over half of the production. Increasingly, farmers are shifting from shaded cocoa to open cocoa cultivation, as well as encroaching forested lands. The complex tree tenure and benefit sharing regime fails to provide incentives to communities to protect trees.

6. Cocoa is Ghana's most important agricultural commodity; with sales of about UD\$2 billion per year; it is important for both the economy and rural employment. Ghana is the world's second largest exporter of cocoa. Ghana Cocoa Board (COCOBOD) is the sole buyer (acting through licensed buying companies) and exporter of the commodity. Although global demand for chocolate continues to increase, Ghana's cocoa production faces economic, environmental and sustainability challenges. Increasing global demand for sustainable cocoa is creating a positive incentive and common interest among cocoa producers, buyers and regulators to move to more sustainable and climate-friendly production practices. Several initiatives (funded both by the private sector and by Ghana's development partners) are working in the supply chain to increase dialogue, improve productivity and returns to farmers, and reduce environmental degradation.

7. All forest sector issues converge in Ghana's high forest zone (HFZ), where deforestation rates and carbon stocks are highest. The HFZ is also a core cocoa production area with significant degradation. There is good potential to move toward more sustainable forest and land management – with reduced emissions and more stored carbon – by enhancing policy implementation, incentives, and management practices for better stewardship and productivity. The Ministry of Food and Agriculture (MoFA), the COCOBOD, non-governmental organizations, and cocoa supply chain agents are promoting certification of sustainable cocoa production, but several different systems and standards are in use. The GoG also supports initiatives to reduce cocoa frontier expansion by providing incentives for rejuvenating old cocoa plantations and bringing old cocoa fallows under more sustainable agroforestry-based cultivation.

8. The vision of Ghana's National REDD+ Strategy is to significantly reduce emissions from deforestation and forest degradation, while at the same time addressing threats that undermine ecosystem services and environmental integrity so as to maximize the co-benefits of the forests, and serve as a pillar of action for the national climate change agenda and a leading pathway towards sustainable, low emissions development. In terms of realizing REDD+, Ghana's strategy is to focus on the implementation of large scale, sub-national programs that follow ecological boundaries (jurisdictions) and are defined by major commodities and drivers of deforestation and degradation, within a set of over-arching, national activities and the encompassing national REDD+ framework. This dual national-jurisdictional approach to implementation enables landscape scale actions and cross-sector collaboration, coupled with private sector participation and community-based mobilization that together will produce collective impacts, while promoting the operational and accounting efficiencies that come from using a single set of systems and processes.

9. The Cocoa Forest REDD+ Program is a key pillar of the National REDD+ Strategy. It is the first program to be developed and implemented, and it will serve to test many of Ghana's REDD+ systems, processes, and policies, including Ghana's MRV system, the feedback and grievance redress mechanism, and reforms to tree tenure and benefit sharing. As such, the lessons and experiences from implementing and monitoring the Cocoa Forest REDD+ Program will directly inform the development and roll-out of the next programs, including another proposed Emission Reductions Program, for the Shea Landscape of the Northern Savanna Woodland.

10. Ghana is also a participant in the Forest Investment Program (FIP), a multi-donor initiative set up with the objective of providing up-front bridging finance for readiness reforms and public and private investments identified through national REDD+ Strategy. As part of its REDD+ agenda, Ghana prepared a Forest Investment Plan that received support from the Strategic Climate Funds, in the total amount of \$50 million for implementation of three projects, with financing channeled through the multilateral development banks supporting the Ghana FIP process. Piloting and demonstrations of improved policies and practices under FIP are expected to be replicated and scaled-up under the ER-Program.

Relationship to CAS/CPS/CPF

11. The proposed operation is fully consistent with the World Bank Group's (WBG) corporate goals – to end extreme poverty and to promote shared prosperity with environmental, social, and fiscal sustainability – and with the current Country Partnership Strategy (CPS), which aims to assist Ghana in the transition to middle-income status by the end of FY16. Under the CPS, the WBG will assist Ghana to diversify its economy and generate jobs for its young labor force. The CPS recognizes that Ghana's natural resource wealth is a platform for economic and social development but needs prudent and transparent management as well as strategic actions to prevent negative outcomes.

12. Furthermore, the Program directly contributes to the action area “creating climate-resilient landscapes” in the World Bank’s Africa Climate Business Plan announced at COP21 in November 2015, for which the Government of Ghana is a key partner for implementation. The objective of the business plan is to help client countries access climate finance opportunities that can act as incentives to shift toward more sustainable practices. To this end, the Bank is supporting countries’ efforts to improve governance systems, address drivers of deforestation, and engage communities in improving practices with better benefit sharing.

C. Proposed Development Objective(s)

Development Objective(s)

To make payments to the Ghana Cocoa Forest REDD+ Program (or ‘the Program’) for measured, reported and verified Emission Reductions related to reduced deforestation, forest degradation and the enhancement of forest carbon stocks (ER payments) in target landscapes of Ghana (or ‘Program Area’), and distribution of ER payments in accordance with agreed-upon Benefit Sharing Plan and arrangements.

Key Results

The achievement of the PDO will be measured through the following indicators:

- i. Volume of CO₂ Emissions Reductions that have been measured and reported by the Program Entity, verified by a Third Party, and transferred to the FCPF Carbon Fund (tCO₂e)
- ii. Payment by the FCPF Carbon Fund for CO₂ Emission Reductions generated by the Program (USD)
- iii. Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No)

D. Concept Description

13. Support from the World Bank will materialize in a carbon finance transaction under the FCPF Carbon Fund, whereby the World Bank as the trustee of the FCPF Carbon Fund will pay for ERs, duly verified over five years in accordance with the Methodological Framework of the FCPF Carbon Fund and resulting from the GCFPR implementation. Contractual arrangements will be specified in the ERPA. ERPA negotiations and ERPA terms will be based on: (i) the ERPD for the ER-Program; and (ii) stringent due diligence performed by the World Bank team focused on benefit sharing arrangements among program stakeholders and safeguards implementation.

14. The ER Program is described in detail in Ghana’s draft Emission Reductions Program Document (ERPD) submitted on May 23, 2016 to the FCPF for review by a Technical Advisory Panel and further revised in August 2016 – the ERPD was developed as required by the Carbon Fund and is not a substitute for the Bank’s Project Appraisal Document.

15. Ghana is currently finalizing the ER-Program Implementation Plan and a Benefit-Sharing Mechanism for the program. Detailed assessment of the proposed arrangements for sharing the carbon and non-carbon benefits will form part of the project appraisal.

16. The program will rely heavily on cocoa and forest sector stakeholders, including Development Partners, to fund and carry out many of the interventions needed to produce ERs. For example, World Bank financed Ghana FIP project, Enhancing Natural Forest and Agroforest Landscapes Project

(P148183) and the recently approved Dedicated Grant Mechanism for Local Communities Project (P145316) may contribute to the ERs.

i) Institutional Coordination and MRV. This includes operationalizing the Joint Coordinating Committee; establish and support operations of the Project Management Unit, and GCFRP Activity Monitoring/MRV/Data Management;

ii) Landscape Planning within HIAs; This includes among others to: establish CSC consortium for each HIA, complete HIA Landscape Management Plans, implement HIA Management Plans, establish CSC landscape level validation and CSC Sustainability Standard in HIAs;

iii) Increasing Yields via Climate-Smart Cocoa. This includes Ghana CSC Good-Practices Guidelines (on-farm and off-farm), CSC Farmer Engagement Package in HIAs, HIA CSC Consortium implement package with cocoa farmers, and increase transparency in cocoa purchases;

iv) Risk Management and Finance. This includes access to financial credit for CSC, access to yield insurances, marketing additional ERs above FCPF, branding and marketing Ghana CSC Sustainability Standard beans, and sustainable Finance of HIAs; and

v) Legislative and Policy Reforms. This includes support to passage of Legislation Policy Reform and Guidance to Policy Implementation, and Modification to Customary Norms and Practices

17. One of the major investments generating the ERs is along the climate smart cocoa production (supporting the switch to shaded cocoa production and the adherence to the Climate Smart Cocoa standard – under which cocoa plantations have about 30-40% forest cover formed by the cover trees). Other activities will focus on land use planning, policy reforms and support to adoption of the Climate Smart Cocoa standard, and monitoring, measurement, and verification.

18. Stakeholder mapping was carried out as part of initial preparation of the ER Program. The stakeholder mapping exercise identified 20 cocoa entities that are key stakeholders in the GCFP landscape and in the cocoa sector. The results show that some of these organizations maintain a strong, higher level influence on the sector but are not currently engaged in project-based activities, an example being the World Cocoa Foundation and its African Cocoa Initiative. Other organizations and companies, however, are very active and well-funded, either through their own resources (e.g. Licensed Buying Companies and processors like Ecom, Olam, and Touton which fund sustainable cocoa production), or as a result of donor funding (IUCN-Ghana, Solidaridad, Agro Eco) or private sector partnerships (Cocoa Abrabopa Association, which focuses on training farmers in farm management, business skills, and good agricultural practices). COCOBOD is promoting sustainable cocoa production as part of its extension outreach to cocoa farmers. Through promotion of climate smart shaded cocoa, all these actors are contributing to prevention of deforestation and reducing pressures on natural forests.

II. SAFEGUARDS

A. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

19. Ghana adopted an ecological zone (eco-zone) approach to define the jurisdictions in which it plans to roll out REDD+ programs, including the Cocoa Forest REDD+ Program. In line with this strategy, the Emission Reductions Program will be implemented at a sub-national scale across the landscape of the High Forest eco-zone, with the exclusion of the dry semi-deciduous forest. The program area covers approximately 5.9 million ha, is located in the southern third of the country, and forms part of the West Africa Guinean Forest biodiversity hotspot. The program area overlaps with 92

administrative districts and five administrative regions, including the Eastern Region, Central Region, Ashanti Region, Western Region, and the Brong-Ahafo Region. However, it does not encompass the full expanse of all of these regions, as the Brong-Ahafo, Ashanti and Eastern regions stretch beyond the boundaries of the HFZ.

20. The program has identified nine possible Hotspot Intervention Areas (HIAs), of which approximately six are in the process of being selected through consultations to serve as priority areas for immediate concentrated interventions at the farm to landscape level. These areas have been delineated as groups of districts and selected based on the assessment and comparison of key parameters such as: (i) deforestation trends and drivers of deforestation, (ii) cocoa production, (iii) and population.

21. The program areas are mainly Akan dominated communities. Apart from the Central region, these regions are within the forest belt of Ghana where mainly cash crops such as cocoa, oil palm, and citrus are cultivated. This is also the area where the country's mineral resources and timber are concentrated. Within this area, there are forest reserves which are managed by the Forest Commission.

22. The land tenure system is mainly regulated by customary law and practices. Traditional authorities such as chiefs are in charge of the management of these lands, although the state has the overall administrative authority to regulate land in accordance with statute. Large scale commercial farming are done by individuals and corporate entities.

B. Borrowers Institutional Capacity for Safeguard Policies

23. The ER Program will be coordinated by the Forestry Commission (FC) under the Ministry of Lands and Natural resources. As a main agency for implementing REDD+ Readiness TA Project, Forestry Commission has gained significant experience in the preparation of World Bank safeguards instruments. In the last two years, the FC has advanced the preparation of Strategic Environmental and Social Assessment (SESA) and Environmental and Social Management Framework. The FC has experience in implementing ESMF prepared for the World Bank financed Ghana FIP project, Enhancing Natural Forest and Agroforest Landscapes Project (P148183). Currently, the FC has a full time safeguard specialist and its capacity at the national level is very good.

C. Environmental and Social Safeguards Specialists on the Team

Anita Bimunka Takura TingbaniGEN01

Demba BaldeGSU01

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The Program is designed to make payments to the Ghana Cocoa Forest REDD+ initiatives for measured, reported and verified Emission Reductions (ERs) related to reduced deforestation, forest degradation and the enhancement of forest carbon stocks. As such, the program will not directly finance the activities generating ERs. However, the program ensures that payment is made for

		<p>activities that comply with the World Bank Safeguards Policies and international best practices on safeguards. OP/BP 4.01 and other relevant safeguard polices were triggered with this in mind.</p> <p>The ER Program is classified as Category B as the activities are targeted to bring sustainable forest management through reversing forest degradation and deforestation, through policy interventions and investments to afforest and rehabilitate degraded forests, with low and localized environmental impacts.</p> <p>An Environmental and Social Management Framework (ESMF) for the National REDD+ Strategy prepared under the REDD+ Readiness phase will be used to address environmental and social risks associated with activities that will generate ER. The ESMF would be used to develop site specific Environmental Management Plans (EMP) as needed. The ESMF will include standard methods and procedures, along with appropriate institutional arrangements for screening and reviewing program activities and monitoring the implementation of mitigation measures to prevent adverse and cumulative impacts. The effective use of the ESMF would be regularly reviewed and audited.</p>
Natural Habitats OP/BP 4.04	Yes	<p>Some of the forest and woodlands to be targeted will contain critical ecosystems; the project will enhance the quality of the management of these critical ecosystems and reduce risks associated with activities targeted to bring ERs. No investments leading up to the ERs will include activities that involve significant conversion or degradation of natural habitat. The needed activities will be designed to reduce pressures on natural habitats and improve their conservation. The ESMF will provide guidance on avoiding or mitigating impacts on natural habitats.</p>
Forests OP/BP 4.36	Yes	<p>The REDD+ activities leading to generation of ERs are expected to have significant positive impacts on targeted forests by reducing deforestation and forest degradation while contributing to improve the livelihoods of</p>

		forest-dependent communities. Generally, potential impact of the Program activities on natural forests will be addressed through the ESMF. Specifically, the ESMF will provide detail procedures to screen program activities for potential adverse environmental and social impacts and to take measures to avoid, minimize and mitigate such impacts.
Pest Management OP 4.09	Yes	Pesticide use may increase in association with activities that will generate emission reductions such as promotion climate smart cocoa production. The REDD+ ESMF provides mitigation measures to address potential impacts of pesticides on the environment and public health.
Physical Cultural Resources OP/BP 4.11	Yes	Screening of sites for activities leading to ERs will be provided for under the ESMF to avoid adversely affecting physical cultural resources, such as e.g. sacred groves.
Indigenous Peoples OP/BP 4.10	No	There are no Indigenous Peoples in the project area.
Involuntary Resettlement OP/BP 4.12	Yes	No physical displacement of project affected persons is expected under the ER program. However, some activities leading up to generation of the ERs may lead to the acquisition of land, loss of assets and/or means of livelihoods. Since the specific locations of the investments are yet to be determined, REDD+ Resettlement Policy Framework (RPF) will be used to address potential resettlement and compensation issues.
Safety of Dams OP/BP 4.37	No	The activities leading up to ERs do not involve dams.
Projects on International Waterways OP/BP 7.50	No	None of the related investments will be located on international waterways so this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	None of the related investments will be located in disputed areas so this policy is not triggered.

E. SAFEGUARD PREPARATION PLAN

1. Tentative target date for preparing the Appraisal Stage ISDS:

19-May-2017

2. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.

The draft SESA, ESMF and RPF have been completed and will be finalized, consulted and disclosed prior to appraisal of the ER Program and will cover all policy requirements including requirements for social assessment and free, prior and informed consultations under 4.10. Appraisal of the ER Program is expected to be completed by May 19, 2017 at which stage an Appraisal-stage ISDS will be prepared.

III. Contact point

World Bank

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IV. For more information contact:

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V. Approval

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Practice Manager/Manager:	Name: Magda Lovei (PMGR)	Date: 12-Apr-2017

Country Director:	Name:Henry G. R. Kerali (CD)	Date:18-Apr-2017
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¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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