Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Ghana		P180060	
Project Name	Ghana Tree Crop Diversification Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	4/24/2023	6/15/2023
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Tree Crop Development Authority (TCDA), COCOBOD		

Proposed Development Objective

The Project Development Objective (PDO) is improved productivity, added value, market access, and climate resilience for selected tree crops in Ghana.

Financing (in USD Million)	Amount
Total Project Cost	200.00

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Ghana has, since the 1990s, been among the most politically stable and fastest growing countries on the African continent. The country has experienced rapid demographic growth, its population having expanded by 65 percent (12 million people) or 3.3 percent per year on average since 2000. But economic opportunity has grown even faster, with high prices for cash crops, oil, and gold contributing to an average GDP growth rate of 5.8 percent per year over the same period. As a result, in the space of two decades, Ghana doubled its per capita income and went from over half to less than a quarter of its population living with less than $2.15 a day. This achievement made it the first country in Sub-Saharan Africa to meet the Millennium Development Goal (MDG) of halving extreme poverty by 2015. In 2017,

Ghana was the second-fastest growing economy in Africa with a growth rate of 8.1 percent, driven by the mining and oil sectors.

To further mitigate poverty and inequality and accelerate progress toward the Sustainable Development Goals (SDGs), the country has launched ambitious plans to diversify and grow the economy by modernizing agriculture and accelerating industrialization. These are among the objectives of the Medium-Term Development Plan for 2018–2021 and the Government of Ghana's (GoG's) "Ghana Beyond Aid" reform agenda.

Ghana's economy is urbanizing, yet agriculture has been, and remains, a pillar of the country's economic progress accounting for one-fifth of Ghana's GDP and employ one-fifth of its workforce. The tree crops sector has played a prominent role in driving economic growth and export earnings by both agricultural and national standards. For instance, Ghana is the second largest global producer of cocoa in the world, having generated 14 percent of the global supply in 2020. It is also a minor supplier of half a dozen of other tree crops including cashew nuts (2 percent of global supply in 2020), coconuts, oil palm fruit, natural rubber (each <1 percent but among the top-20), mangos (<1 percent, ranked 36th), and sheanuts (4.5%, ranked 5th). However, agriculture sector is predominantly informal and dominated by smallholder farmers and family farms, relying on traditional farming methods, which makes it a high-risk sector for child labor (ILO and CEIS, 2017). For example, most children involved in cocoa production work as unpaid family labor, which is a direct result of the smallholder production structure of the cocoa sector in Ghana (ILO and CEIS, 2017). Growth in the agriculture sector over the last decade has not been environmentally and socially sustainable. While there has been an increase in number of cocoa growing households as a proportion of all agricultural households, from 55% to 86% between 2008/09 and 2018/19, mirroring an increase in production, there was also a simultaneous increase in the prevalence rate of child labor (11% increase) and hazardous child labor (8% increase) in cocoa production (ILO and CEIS 2017). It is thought that most of the growth in child labor and hazardous child labor has taken place due to increase in production that led to expansion into new less saturated geographic areas and due to the increased use of agro-chemicals in cocoa production practices (NORC, 2020).

The proposed project will have 4 components as follows:

Component 1: Institutional strengthening and value chain governance (US$ 25 million). This component will build capacity of Tree Crop Development Authority (TCDA) and Cocoa Board (COCOBOD), as well as the capacity to improve the business enabling environment for socially and environmentally sustainable farming and agribusinesses in the selected value chains (cocoa, cashew nuts and coconut). Investments under this component will support the design and implementation of policies and regulations that aim to strengthen effectiveness, social and environmental sustainability of the selected tree crops' value chains, support research and development (R&D) to underpin climate resilient production, and digitize the value chains for traceability, and mainstream national capacity to monitor and prevent child labor. The component will have 3 subcomponents:

(a) Subcomponent 1.1. Institutional capacity, policies, and regulations will finance TCDA to build institutional capacity and improve service delivery vis-à-vis the private sector. This will include carrying out a needs assessment, offering training, developing administrative policies and manuals for internal operations (HR, IT, internal audit, finance, and procurement), personnel support, and creating an agribusiness promotion desk. It also includes strengthening the governance of the cashew council and coconut federation – TCDA's service interlocutors – to facilitate and promote effective private sector nurseries, input providers and other service delivery. The project will also support TCDA to implement a new 2022 tree crop regulations, and modifications to other existing policies and regulations, including

mainstreaming climate change. Both COCOBOD and TCDA will do consultations and analysis to better understand the impacts of specific policies and regulations on farmers, processors, enterprise owners, and other value chain actors. Their findings will inform the design of new policies and regulations, as well as advocacy efforts relating to existing regulations. This subcomponent will also strengthen the institutional capacity of the stakeholders with legal mandate to coordinate action against child labor and respond to child labor cases, namely the Ministry of Employment and Labor Relations (MELR) and the Ministry of Gender, Children and Social Protection (MoGCSP). These ministries will be strengthened in their statutory oversight, coordination, planning, and monitoring role with respect to child labor, particularly to complement COCOBOD and TCDA's social risk management systems through leveraging ongoing prevention and remediation programs, professionals and services managed and overseen by these ministries. Particular attention will be given to strengthening child labor monitoring as a contribution to the management information systems that are being developed to ensure product traceability;

(b) Sub-component 1.2. Demand-driven research will finance COCOBOD and Cocoa Research Institute of Ghana (CRIG) to integrate cutting edge technology into research programs. relating to cocoa. Priority topics will include Cocoa Swollen Shoot Virus Disease (CSSVD), fungal diseases, and cocoa pests, as well as fertilizer-use efficiency, natural cocoa pollination, and the development of shade tree varieties. Among other things, the project will support the creation of a CSSVD lab. The project will also finance TCDA and the Center for Scientific and Industrial Research, Oil Palm Research Institute (CSIR-OPRI) and the CSIR Crop Research Institute (CSIR-CRI), responsible for coconut and cashew research respectively, to develop cutting edge research. The program will focus on developing and disseminating appropriate plant varieties with tolerance that is suitable for different geographical regions, including in highly disease prone areas. The project will also finance, TCDA to set up an in vitro lab for cashew and coconut, and breeding programs that develop these high-yielding, pest- and disease-resistant, and climate-resilient tree crop varieties. The project will also support the dissemination of research and technology on farms, as well as proven approaches like integrated soil fertility management (ISFM), integrated pest and disease management (IPDM)

(c) Sub-component 1.3. Value chain digitization for traceability and revenue mobilization. For cashew and coconut, the project will finance the TCDA in implementing an existing blueprint for digitizing the value chains it oversees. For cocoa, the sub-component will support COCOBOD's "last mile" roll-out of the Cocoa Management System (CMS) in project areas and train staff to monitor system. For both systems, interoperability with other databases will be supported in order to ensure that the digitized systems respond to international and regional quality standards.

Component 2. Improving productivity and climate resilience (US$ 120 million). This component will support the productivity, profitability, and climate resilience of tree crop farms addressing a lack of availability and access to technologies. The Component has 1 subcomponent: (a) Sub-component 2.1. Rehabilitation and investments to increase on-farm productivity. For cocoa, investments will center on rehabilitating CSSVD-infested and moribund farms, including by planting high-yielding and disease resistant varieties. In the process, farms will be encouraged to plant shade trees and adopt climate smart growing practices to both mitigate climate change and increase or diversify sources of income. For cashew and coconut value chains, the project will finance an alliance model approach ("hub and spoke") involving providing a financing mechanism for private sector to deliver seeds, saplings, and other inputs to Farmer-based Organizations (FBOs) and individual farmers, together with Good Agricultural Practices (GAPs) leveraging on Ministry of Food and Agriculture's (MOFA's) extension system. In turn the FBO would work with farmers setting up demonstration farms and delivering the needed quantities of inputs. More specifically, the project will support the establishment of nurseries which will be private sector-operated and offer high-volume, high-speed, and high-quality multiplication services.

For all tree crops the project will finance responsible FBO capacity building in areas such as (i) training in group dynamics promoting good governance of the FBOs growers' organization, group management, business development, M&E and functional literacy; (ii) support the registration of cocoa cooperatives and development of by-laws if needed, in order to facilitate their access to rural finance and the establishment of contracts with buyers etc.; (iii) development of an outreach communication strategy for FBO's; and (iv) provision of technical assistance, including logistics, short-term expertise, IT and audio equipment, etc.
Component 3. Support for Post-Harvest Management, Processing, Value Addition and Market Access (US$ 45 million).
This component will enhance the post-harvest management, processing, and marketing of cocoa, cashew, and coconut, with the intention of enhancing quality, value addition, and supply to new markets. The component will do this by providing technical assistance and finance to Small and Medium Enterprises (SMEs).
Component 4. Project Coordination, Management, Monitoring and Evaluation (US$ 10 million)

This component will finance the establishment of a project coordination unit (PCU) at TCDA and a project implementation unit (PIU) at COCOBOD for effective coordination, management, and project monitoring and evaluation (M&E). Key activities will include: (i) establishing and maintaining financial management and procurement systems; (ii) reporting on program activities; (iii) ensuring the full implementation of environmental and social risks and impacts management measures; (iv) maintaining and ensuring the performance of the monitoring and evaluation system; and (v) developing and implementing a knowledge management and communication for development strategy.

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

At this stage, the geographic locations of the project have not been decided. However, given the geographic suitability of the selected cash crops (cocoa, cashew nuts and coconut) in Ghana, it is highly probable that the interventions on cocoa and coconut will be implemented in the Eastern, Western North and Bono regions. For cashew, the interventions are likely to happen in the above three regions and also, in the Northern region. The Eastern and Western North regions fall within the High Forest Zone of Ghana which is characterized by rich biodiversity, high carbon stock and a vegetation which influences the micro-climate. The Bono and Northern regions respectively fall within semi-deciduous forest and savannah vegetations. The Integrated Biodiversity Assessment Tool (IBAT) indicates there are 8 Key Biodiversity Areas (KBAs), 8 critically endangered species, 8 endangered and 25 vulnerable species within the Western North Region. The Eastern Region has 3 KBAs, 11 critically endangered, 20 endangered and 29 vulnerable species. The Bono Region has no KBA but has 9 critically endangered, 9 endangered and 23 vulnerable species.
Historically, Ghana's cocoa production is associated with deforestation and child labor which continues to threaten the livelihoods of the poor, disrupt ecosystem services, and exacerbate pre-existing vulnerability to climate change. For instance, about 13 percent of Ghana's forests under protected areas designation was lost to illegal cocoa production between 2001 and 2017. However, there is progress in Ghana with respect to reducing the loss of primary forests. A recent publication by Global Forest Watch on Cocoa & Forests Initiative reported the reduction of deforestation in West Africa – Ghana and Côte d'Ivoire both reduced primary forest loss by over 50 percent in 2019 compared to the previous year.

Ghana is vulnerable to climate change and climate-related flooding is expected to damage crops and built environments while also exacerbating pest and disease pressures in both environments. Changes in temperature and rainfall patterns will also put downward pressure on agricultural productivity, and may, over time, alter the country's agricultural geography as some areas become ill-suited to the crops they currently grow.
Activities of illegal small-scale miners have increased in the past decade in these regions. These illegal miners are involved in surface mining using crude methods leaving in their trail the destruction of large tracts of land including cocoa farms and water bodies. The use of obnoxious chemicals such as mercury, arsenic, lead etc. by these illegal miners create risks for the communities and all forms of life.
Gender inequality mainly fostered by cultural norms and practices is prevalent in the regions where the project will be intervening and particularly in the cocoa producing areas. Women lack access to land for agriculture in general and so largely work on their husband's land as unpaid family labor.
The use of child labor is predominant in Ghana and in the agriculture sector. In cocoa sector, specifically, child labor has received significant international attention through the Harkin-Engel protocol and follow-up monitoring to that agreement. Poverty in the cocoa families, lack of access to quality education, and introduction of high-yielding and/or disease-resistant cocoa varieties that require more labor to maintain, harvest and process cocoa are known to exacerbate child labor risk. By some estimates, prevalence rate of child labor in cocoa production in Ghana was 55 percent (770,000 children engaged in cocoa production) of which a large share was exposed to at least one component of hazardous child labor (2018/19 NORC Survey). Child labor in cashew nut production and in coconut subsectors of agriculture in Ghana is poorly researched and data is patchy. Nevertheless, it has been reported that the employment of children in the harvesting of cashew nuts is widespread in Ghana.

D. 2. Borrower's Institutional Capacity

Ghana has robust legislative and policy frameworks which support environmental and social risks and impacts management. For example, the Environmental Assessment Regulations, 1999 (LI 1652) prescribe processes to screen projects, prepare necessary E&S assessments and acquire EPA permits to prevent, reduce and/or mitigate potential E&S risks and impacts. The Constitution of Ghana, the Labor Act (Act 651), and the Children's Act (Act 560) prohibit employment of children in hazardous work. The Government of Ghana is currently implementing the National Plan of Action Phase II for the Elimination of the Worst Forms of Child Labor (NPA2) (2017–2020). Also, the Government has ratified the international conventions on child labor including ILO C 138 and 182 and UN CRC. However, COCOBOD's capacity to mitigate child labor risks through its social risk management system has been assessed as weak, and the institutional mandate for managing social risks including child labor risk is spread across different Ministries, Departments and Agencies (MDAs) creating enforcement and coordination issues. Collaboration amongst relevant MDAs such as the EPA; the Ministry of Science, Technology and Innovation; the Ministry of Gender, Children and Social Protection; Child Labor Unit of the Ministry of Employment and Labor Relations; Ministry of Land and Natural Resources, etc., in the implementation of this project is expected to achieve positive synergies through better harmonization of responsibilities and policies which are currently segmented.
The Ministry of Food and Agriculture (MoFA) is the mother ministry of the TCDA and COCOBOD. The MoFA has experience in IDA funded projects including the Ghana Commercial Agriculture Project (GCAP; P114264) and West Africa Agricultural Productivity Program (WAAPP), which were both prepared and implemented under the Bank's Operational Policies, with satisfactory safeguards performance. The MoFA is currently implementing the West Africa Food System Resilience Program (FSRP; P178132) under the Bank's Environmental and Social Framework (ESF). For this project, the TCDA will implement activities on cashew and coconut cash crops while COCOBOD implements interventions on cocoa. The TCDA has appointed one qualified Environmental Specialist to oversee environmental risks and impacts management for the interventions related to its activities but currently does not have a Social Specialist in its team. The TCDA will hire a qualified and experienced Social Specialist to oversee social risks and

impacts management including issues of child labor. The Environmental Specialist at the TCDA has previously been involved in the implementation of the IDA-funded GCAP and other multi-lateral projects such as the Ghana Agricultural Sector Investment Project which was funded by the International Fund for Agricultural Development. The COCOBOD has appointed qualified Environmental and Social Specialists to oversee E&S risks and impacts management for the interventions assigned to the institution. COCOBOD is currently an implementing agency in the ongoing IDA-funded Forest Investment Program (FIP) – Enhancing Natural Forest and Agroforest Landscape – where it leads cocoa landscape restoration interventions. The COCOBOD's Research, Monitoring and Evaluation Directorate (RMED) has a Climate Change Desk which specifically deals with climate change issues in the cocoa sector including deforestation, forest degradation, climate-smart cocoa production etc. Both TCDA and COCOBOD will need capacity strengthening on the Bank's Environmental and Social Framework (ESF) since their experience have largely been on projects under the Operational Policies. The project's Environmental and Social Management Framework (ESMF) will include capacity assessment and capacity strengthening program which will be implemented throughout the project. The Bank will support client's capacity strengthening through trainings on ESF during project implementation.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) High

Environmental Risk Rating Substantial

The environmental risk is rated substantial considering the nature of proposed activities, the sensitivity of the recipient environment, the magnitude of the environmental risks and impacts and the capacity of the implementing agencies – TCDA and COCOBOD – to effectively manage the potential risks and impacts associated with the project. Activities proposed under Component 1 will entail capacity strengthening of TCDA and COCOBOD, development of policies and regulations, research and digitization of value chains for traceability and revenue mobilization. These activities will have low to moderate environmental risks and impacts largely emanating from the creation of a Cocoa Swollen Shoot Virus Disease (CSSVD) laboratory, invitro labs for cashew and coconut, and plant breeding programs to develop high-yielding, pest/disease-resistant, and climate-smart tree-crop varieties. The activities proposed under Components 2 and 3 which involve rehabilitation and investments to increase on-farm productivity , post-harvest management, processing and value additions of selected cash crops will present substantial environmental risks and impacts. For instance, the rehabilitation to increase farm productivity e.g., in the case of cocoa, will entail clearing of diseased, over-aged and moribund crops which may expose the land to erosion and some degree of disturbances to habitats and biodiversity. Workers will be exposed to some occupational health and safety risks such as animal attacks, musculoskeletal disorders, cuts, bruises, stress etc. The nurturing of newly planted seedlings as well as the matured plants will require application of chemicals e.g., fertilizers and pesticides which may expose personnel and the environment to contamination and may adversely affect biodiversity. Similarly, interventions associated with the post-harvest management and processing of the cash crops may lead to waste generation (including liquid effluents and solid waste), noise pollution, and occupational health and safety hazards such as exposure to corrosive juice of cashew pulp, sharp blades, electricity, etc. As part of support to TCDA, the project proposes to develop a financing mechanism (leveraging private sector) to increase the number of warehouses. This may support rehabilitation, expansion and/or construction of new facilities with possible electricity connection which may be tapped or extended from a distance. Potential environmental risks and impacts could include noise, waste generation, dust and fumes emissions, vegetation clearance and possible forest degradation (depending on location of the warehouse), disturbances to habitats, depletion of biodiversity, workers exposure to occupational health and safety hazards e.g.,

vehicular movement, work at height, electricity, sharp blades, trips, slips, dust, etc. Depending on the location of such civil works, the fringe communities may be exposed to traffic and vehicular risks. The risks and impacts will largely be localized and direct but those associated with potential surface water contamination through misuse of agrochemicals and pesticides may traverse communities downstream. Despite these risks and impacts, the project is expected to contribute to reducing incentive for deforestation and will strengthen the resilience of cocoa production systems through intensification and improvement of existing cocoa farms without necessarily expanding cultivable areas. The project could generally contribute to a net gain in biodiversity through agroforestry practices and poly-cropping systems as well as through re-revegetation of lands that may not be suitable to produce staple food crops but may be excellent to produce the proposed cash crops – cashew and coconut.

Social Risk Rating High

The social risk rating for the project is high. This classification is based on the potential social risks and impacts as well as the capacity of the implementing agencies to manage risks and impacts. The main anticipated social risks and impacts associated with the proposed project include: i) child labor risk due to high prevalence rates and weak enforcement of existing laws and measures for prevention and remediation, weak institutional collaboration and less clarity of roles and mandates due to the multiplicity of agencies responsible for managing child labor risk and social risk management in general; ii) localized social conflicts arising from a complex array of interests on land uses especially in the cocoa sector; iii) temporary loss of livelihood and economic displacement under Component 2 activities which includes rehabilitation of diseased cocoa tress; iv) envisaged challenges in ensuring meaningful consultation, citizens engagement, gender and social inclusion leading to potential exclusion from project benefits; and (v) weak grievance management systems; vi) the use of migrant labor and incidence of Sexual Exploitation and Abuse and Sexual Harassment (SEAH) and other forms of gender-based violence (GBV), HIV/AIDS and sexually transmitted diseases/infections (STD/I); vii) likely security risks posed by activities of illegal small-scale miners especially in the cocoa producing regions; and viii) Community health risk due to potential use of agrochemicals under Component 2 activities. Finally, the establishment of CSSVD laboratory under Component 1.2 can lead to land acquisition and involuntary resettlement. In addition, the proposed project activities under Component 2 .1 can alter land tenure arrangement, with potential adverse risk on rights of tenant farmers causing economic displacement and loss of livelihood. The multiplicity of land rights and the frequent presence of many land users in a given parcel of land can pose risks to the project by: (a) presenting difficult to ascertain what the landowner characterizes as a voluntary land donation; (b) impeding the ability of farmers to gain access to land rights for expansion; and (c) increasing the vulnerability of existing land users to displacement, particularly settler farmers and women farmers. The risk of exclusion and elite capture from the project is very likely given the broad array of affected and interested stakeholders along the cash crops value-chains particularly farmers, women and local communities. Mitigating the risk of exclusion would require robust mechanisms for meaningful community and stakeholders' engagement and consultation, gender mainstreaming and social inclusion along the entire value-chains. The risk of land acquisition and involuntary resettlement for the creation of a CSSVD lab under subcomponent 1.2 as well as the risk of loss of livelihood and economic displacement to farmers and sharecroppers due to complicated land tenure arrangements will be mitigated through the development and implementation of a Resettlement Policy Framework (RPF) with site specific Resettlement Action Plan (RAP) at the sub-project level. The risk of GBV/SEAH will be further assessed during project preparation to determine whether a standalone GBV/SEAH Action Plan is required or mitigation measures will be included in the Environmental and Social Management Framework (ESMF) and subsequent sub-project level Environmental and Social Management Plans. Similarly, mitigation measures to the risk of community health due to fertilizer and other use of chemicals across the project activity will be outlined in the ESMF. The borrower will be required to mitigate the labor related risks through child labor mitigation measures to be integral to the project

design, and recruit a Child Rights and Child Labor expert for the development of Labor Management Procedures (LMP) and Action Plan by appraisal and support implementation in the course of the project.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

Under Component 1, the project will support the creation of a CSSVD laboratory, invitro labs for cashew and coconut, and plant breeding programs to develop high-yielding, pest/disease-resistant, and climate-smart tree-crop varieties. The CSSVD lab will entail refurbishment of an existing facility to bring it to the state-of-the art. Some moderate environmental and social risks and impacts are anticipated including waste generation, noise pollution, dust, and exposure of workers to some degree of occupational health and safety hazards. The plant breeding program and production of climate smart tree-crop varieties will involve establishment of nursery facilities which may use agrochemicals and pesticides. Poor handling of these agrochemicals could lead to water pollution, contamination of workers, poisoning and other ill-health conditions. The nurseries may require irrigation leading to abstraction of water from the environment. Water balance assessment will be required prior to any water abstraction activity and efficient irrigation systems such as drip irrigation will be considered to avoid over-abstraction. The activities under components 2 and 3 will have substantial environmental risks and impacts mainly from the rehabilitation of cocoa farms, post-harvest management, processing, and value additions of selected cash crops. Usually, CSSVD infested trees, when removed, are treated with arboricides to destroy any inherent virus from re-infestation of the field and new seedlings. These chemicals are dangerous to the workers, biodiversity and the environment and could potentially contaminate surface water during run offs if they are poorly handled. While the cocoa productivity improvement will focus on existing fields through replanting of diseased, over-aged and moribund crops, the cashew and coconut productivity improvement may require clearing and planting of new fields which tends to cause deforestation and forest degradation that may exacerbate climate change if appropriate control measures are not in place.

To mitigate any potential deforestation and forest degradation, the project will screen all sites before implementation of activities on the ground using the screening tool which will be developed as part of the ESMF. The post-harvest management and processing of the cash crops could produce waste, noise, and expose workers to health and safety hazards. Moreover, these activities will use raw materials, water, and energy which must be sustainably managed. The project's support to warehouses may involve rehabilitation, expansion and/or construction of new facilities and potential environmental risks and impacts could include noise, waste generation, dust and fumes emissions, vegetation clearance and possible forest degradation (depending on location of the warehouse), disturbances to habitats, depletion of biodiversity, workers exposure to occupational health and safety hazards e.g., vehicular movement, work at height, electricity, sharp blades, trips, slips, dust, etc. Depending on the location of such civil works, the fringe communities may be exposed to traffic and vehicular risks The potential social risks and adverse impacts resulting from the proposed project activities are likely to include: i) child labor risk due to high prevalence rates, weak enforcement of existing laws and measures for prevention and remediation, weak institutional collaboration and less clarity of roles and mandates due to the multiplicity of agencies responsible for managing child labor risk and social risk management in general; ii) involuntary resettlement and/or loss of livelihood due to potential land acquisition for the establishment of laboratories for CSSVD under subcomponent 1.1 and/or

other project activities under sub-component 1.3 and Component 2, iii) worsening women's unequal access to land thereby widening the income inequality gap between women and men farmers, iv) challenges in ensuring meaningful consultation, citizens engagement, gender and social inclusion leading to potential exclusion from project benefits; v) weak grievance management systems; vi) likely security risks posed by activities of illegal small-scale miners especially in the cocoa producing regions; vii) Community health risk due to potential use of fertilizers and agrochemicals; , viii) SEAH/STDs/COVID-19 due to large number of migrant farm workers anticipated and likelihood of conflict if this influx of workers exert pressure on community resources; and ix) risk of elite capture under the activities for sub-component 2.1.

Given that the specific project intervention sites have not been clearly defined at this stage, the project will prepare an ESMF which will clearly provide guidance and procedure to follow to identify, assess and manage potential E&S issues that may be associated with the sub-projects or project activities. The ESMF will include a screening tool which will be applied to all known sites and project activities to determine the necessary site-specific E&S instruments to be prepared e.g., ESIA and ESMP, etc. before commencement of the sub-project activities. The ESMF will include an Exclusion List that will screen out interventions which may potentially lead to any of the following: (i) establishment of farms in legally protected areas (ii) expansion of farms into protected areas such as forest and wildlife parks (iii) substantial depletion of habitats and biodiversity (iv) forced labor (v) child labor (vi) over-abstraction of water resources (vii) Use of unregistered and unapproved agrochemicals/pesticides etc. In addition, the project will prepare a Resettlement Policy Framework (RPF) which will detail out the processes, procedures, for developing a site-specific Resettlement Action Plan (RAP) for mitigating the potential risk of involuntary resettlement, economic impact, and loss of livelihood. The Project will also develop a Stakeholder Engagement Plan (SEP) including the framework for Grievance Mechanism (GM), Labor Management Procedures (LMP) with child labor mitigation action plan and GBV/SEAH action Plan. Moreover, the project will prepare an Integrated Pest Management Plan (IPMP) to provide guidance and recommendations to project beneficiaries on integrated pest management techniques, how to avoid obsolete pesticides, where and how to procure registered and approved pesticides, if necessary, safe use and application of the products using personal protective equipment (PPE), safe disposal of packaging, etc. These instruments will be prepared with active participation of the affected people through public consultations. Following review by the World Bank, the draft documents will be consulted and disclosed by the client prior to appraisal.

To address the potential risk of child labor, the project will strengthen the institutional capacity of the stakeholders with legal mandate to coordinate action against child labor and respond to child labor cases, build local capacity to address the root causes of child labor, ensure identification and remediation of eventual child labor cases, by complementing initiatives implemented by the government and other donors, support scale-up of proven high-impact interventions and strengthen statutory capacity of district stakeholders with child labor mandates. In addition, the client will recruit a Child Rights and Child Labor expert for the development of Labor Management Procedures (LMP) and Action Plan by appraisal, and support implementation of the LMP and the Action Plan by project effective date.

Areas where "Use of Borrower Framework" is being considered:

The borrower's E&S framework shall NOT be used for this project.

ESS10 Stakeholder Engagement and Information Disclosure

The entire cocoa value-chain as well as the cashew and coconut value chains in Ghana involves a complex network of actors with varying and sometimes opposing interests, which need to be efficiently managed. The diverse array of stakeholders includes Ministries, Departments and Agencies (MDAs) at the central state level as well as Metropolitan,

Municipal and District Assemblies (MMDAs), traditional authorities, landowners, farmers including tenant farmers, Farmer-Based Organizations and Associations, Civil Society Organizations/Non-Governmental Organizations (CSOs/NGOs), Women's Associations, Vulnerable Groups including women, youth, the aged and people with disabilities (PwDs). Designing and implementation of social risk management measures including child labor risk mitigation measures will require wide consultations with these stakeholders and the communities in the project areas. Stakeholders' engagement is key in both the successful preparation and implementation of the proposed project and holds the potential for project acceptance, functionality, and sustainability.

The Borrower will prepare and implement a Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project activities and associated risks and impacts. The SEP will outline the characteristics, interests and influences of the relevant stakeholders, timing, methods and mechanisms of engagement, feedback loop, places and budget to support its implementation. Given that COVID-19 is not totally gone, the SEP shall incorporate the specific challenges associated with the pandemic and the required measures to prevent its spread. It will point out ways to minimize close contact and follow the recommended good hygiene procedures as outlined in WHO guidance. The SEP will set out how the Borrower will engage in meaningful consultations with all stakeholders throughout the project life cycle paying particular attention to the inclusion of vulnerable and disadvantaged groups such as women associations, the elderly, persons with disabilities, female headed households, tenant farmers, orphans, migrant-herders, and vulnerable children. The Borrower will provide stakeholders with timely, relevant, clear, and accessible information considering persons with speech and visually impaired, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. As part of the environmental and social assessment the implementing agency will maintain and disclose a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was considered, or the reasons why it was not. As part of the SEP, the project will design a functional and comprehensive Grievance Mechanism (GM) to provide a framework for project-affected persons (PAPs) and stakeholders for addressing and resolving grievances. Given that the project is labor intensive (hand pollination, pruning, nurseries, and spraying), special attention will need to be paid to grievances related to child labor and gender-based violence issues that may be precipitated by project activities. A draft SEP will be completed and disclosed prior to appraisal. As part of the information disclosure arrangement, the ESMF, the ESCP, and the SEP will be disclosed publicly on the websites of the Borrower. Consultation meetings will be conducted in a manner consistent with applicable government guidance on COVID-19 measures for public meetings. Meaningful consultation with relevant stakeholders will be conducted before appraisal, and its results adequately recorded and disclosed.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

ESS2 is relevant because of the potential use of child labor, the farmers and construction workers involved and the likelihood of large migrant workers influx into the project area. The incidence of child labor has risen in Ghana in the last few years and manifested highly in the agricultural sector including cocoa, forest, and fisheries due to reasons such as poverty and traditional farming system, which often demand more labor including children. The project proposes to strengthen national capacity to address child labor in the tree crops sector under sub-component 1.1, to include awareness-raising about child labor and to support additional income generating opportunities and other

measures to address the root causes of child labor. This subcomponent will also support the establishment of processes and certification of different standards including the Hazard Analysis and Critical Control Point (HACCP), International Standardization Organization (ISO) under component 3 to help provide verifiable indicators for the elimination of the worst forms of child labor. To further tackle the problem of child labor in the sub-sectors of agriculture covered by this project, especially in cocoa, the project will include activities such as monitoring and reporting of child labor issues, mapping of child labor interventions, strengthening child labor monitoring as a contribution to development of traceability systems that follow regional and international norms, and developing communication programs regarding child labor awareness and behavioral change. The government of Ghana is already piloting child labor free zones, and this project will establish linkages to benefit from lessons learnt as well as promote coordinated action against child labor. ESS2 is also relevant because the Borrower will engage different categories of workers. The proposed project will contract workers from immediate project communities in the establishment of nurseries, the ancillary efforts to improve natural cocoa pollination, the rehabilitation and rejuvenation (R&R) of moribund farms, and existing (productive) farms, agroforestry, and planting of temporary and permanent shade crops as climate change adaptation and mitigation measures. These activities will pose occupational health and safety risks to the workers who will be mostly unskilled involving the use of simple farm tools and equipment. Activities that will address, (i) market access for output (harvest) of temporary shade trees used in cocoa interventions like plantain and banana; (ii) production of cocoa, cashew, and coconut by-products; (iii) additional income generating activities for supporting community food and nutrition security and livelihoods, (iv) the establishment of Tree Crops Development Centers (TCDCs) as private sector operated high-volume, (v) support to farmer-based organizations (FBOs) and local small and medium enterprises (SMEs) for post-harvest management of cashew and coconut, will involve direct workers, contracted workers, and primary supply workers. Potential occupational health and safety (OHS) risks could include injuries; snake bites and animal attacks; agrochemical contamination and poisoning; manual handling with its associated injuries; slips, trips; falls, stress; exposure to noise; dust and fumes etc. With the aim of advancing a decent work agenda for young people, and as an integral part of the strategy to prevent child labor in the labor force of the project, the LMP will promote the employment of children who have reached the minimum age of employment, which is the nexus between school and work, and between child labor and youth employment, all while preventing hazardous work for this group. The OHS risks and impacts will be assessed in the ESMF and subsequently in the specific safeguards instruments to be prepared at the project implementation stage. The different mix of workers requires the Borrower to develop prudent labor management practices. Therefore, the Borrower will develop a Child Labor Prevention Plan (CLPP), Code of Conducts and Labor Management Procedures (LMP) including a Grievance Mechanism (GM) for different categories of workers employed in the project prior to appraisal. All workers on the project will be required to sign Code of Conducts (CoC) before commencement of work.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. The plantations of the cash crops will largely be rainfed, however, at the nursery stage the seedlings may need watering which necessitates efficient irrigation systems e.g., drip irrigation to ensure judicious use of water. Also, the production of improved planting materials may involve the use of agrochemicals (e.g., fertilizers and pesticides) at the nursery stage and even at the plantations to replenish nutrients and control pest. The post-harvest processing activities may utilize water, raw materials and energy and may contribute to air pollution through emission of fumes, water pollution through effluent discharges, and may emit some greenhouse gases (GHG). The project will prioritize support to proposals that incorporate technologies and innovations that efficiently

use water, energy (e.g., renewable energy), and raw materials and have lower environmental and social footprints. The project will not finance activities or subprojects which do not conform to ESS3, and this will be determined by using the screening tool which will be developed as part of the ESMF to screen out such activities or subprojects. The project proposes to use Integrated Pest Management (IPM) techniques to deal with potential issues of pests and diseases and associated pesticides. The project will prepare an Integrated Pest Management Plan (IPMP) to provide guidance and recommendations to project beneficiaries on integrated pest management techniques, how to avoid obsolete pesticides, where and how to procure registered and approved pesticides, if necessary, safe use and application of the products using PPE, safe disposal of packaging, etc. As part of the IPMP, pesticides will only be used as a last resort to control pest. The IPMP will be prepared, consulted upon and disclosed prior to appraisal. Additionally, the ESMF will assess the potential E&S risks and impacts from resource use and pollution and provide appropriate mitigations. The ESMF will incorporate relevant sections of the WBG Environmental, Health and Safety (EHS) Guidelines to guide the client on issues of resource efficiency, pollution prevention and management.
The Bank will conduct greenhouse gases (GHG) emission estimation for the project.

ESS4 Community Health and Safety

This standard is relevant. The potential use of agrochemicals such as pesticides at the nursery and plantations will present some health and safety risks and impacts to fringe communities. These may be as a result of spray drifts and/or water contamination. The proposed refurbishment of CSSVD labs, depending on the choice of construction method, may present some vehicular and traffic related risks even though the level of risk is expected to be low. There will be a need to consider and incorporate quality and safety standards relating to climate change in the design and refurbishment of the proposed CSSVD laboratory. The rehabilitation of cocoa farms and establishment of cashew and coconut plantations may involve labor influx of migrant workers who may present some risk of communicable diseases such as HIV/AIDS and public health diseases such as COVID-19. Use of migrant workers and influx of workers in project communities may also create risk of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) to the communities even though the SEA/SH risks for this project has been assessed using the World Bank tool and it is low at this stage.
The SEA/SH risks and impacts will be managed by: i) preparing a GBV/SEA/SH Action Plan; (ii) conducting a GBV/SEA/SH service provider mapping and developing a clear referral pathway; iii) increasing awareness on SEA/SH issues; iv) developing and requiring the signing and adhering to Code of Conduct (CoC) as mandatory for implementation staffs and public authorities associated with the project; v) developing an accountability and response framework and regularly sensitizing, briefings/training/workshop to educate people about consequences and disciplinary action for violating the CoC and committing GBV/SEA/SH. The project will be implemented at a time when COVID-19 is still prevalent, and this will require adherence to prudent measures such as social distancing, regular hand washing, sanitizing, use of nose covers where appropriate, etc. to avoid spread among workers and communities. These risks will be assessed and mitigated in the ESMF and subsequently in the site-specific E&S instruments that may be prepared during project implementation.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The proposed project is unlikely to acquire huge expanse of land for infrastructural development or for cocoa, cashew, and coconut farms, however, there is the potential for land acquisition for building a CSSVD and plant breeding and genetic laboratory. At this stage, the proposed expansion of warehouses or the construction of new ones are envisaged to take place on existing government lands belonging to the TCDA or the MoFA; however, the risk of loss of livelihood is possible if there are farming and other encroachments on the land. Other project activities, such as mitigation and adaptation measures, R&D, digitization systems for monitoring climate change and carbon on farms, the income generating opportunities, investment in climate resilient storage and drying infrastructure can alter the land tenure arrangement, with potential risk and adverse impacts on the rights of tenant farmers and their means of livelihoods including economic displacement and impacts. Also, there is often a complex array of interests present on land which are often not documented and include (i) long-term customary rights derived from membership in the community; (ii) tenancies of varying durations, including migrants (or so-called “strangers”) from outside the community, some of whom may have been present for generations, others of whom may be of recent origin; (iii) sharecropping arrangements for cocoa; and (iv) pastoral and other rights over common property. The multiplicity of land rights and the frequent presence of many land users in a given parcel of land can pose risks to the project by: (a) presenting difficulty in ascertaining what the landowner characterizes as a voluntary land donation; (b) impeding the ability of farmers to gain access to land rights for expansion; and (c) increasing the vulnerability of existing land users to displacement, particularly settler farmers and women farmers. Given that the specific locations of subprojects have not been yet determined, the Borrower shall be required to prepare and disclose a Resettlement Policy Framework before project appraisal. The COCOBOD has a practice for treating diseased and old cocoa trees. In this practice, COCOBOD makes a one-off cash payment to cocoa farmers and cocoa farm landowners as compensation for the seasonal loss of income. The relationship between tenant farmers and landowners is yet to be explored and clearly understood. In the context of the project, the RPF should document the principles and procedures for identifying farm boundaries, beneficiary farmers and cocoa farm landowners, the valuation for the one-off cash payment, and the method of the cash payment among others in compliance with Bank ESF. Given that the cashew and coconut plantation as export crops is emerging, the RPF and documentation of this process will help the Borrower to investigate and document the land tenure arrangements between cashew and coconut growers and landowners and the implication for women rights to land for investment in these export crops.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant. Generally, the project is expected to contribute towards enriching biodiversity through incorporation of agroforestry and poly-cropping systems in the cash crops production. Also, the project intends to utilize cashew and coconut, depending on suitability, to revegetate lands where cocoa production is no longer tenable. This could help improve the vegetation cover and biodiversity. However, there is a tendency to degrade forest and/or cause deforestation for the establishment of new cashew and coconut plantations if proper controls are not in place and enforced. Also, the potential use of pesticides at nursery and plantation fields as well as the use of arboricides to treat felled cocoa trees could be deleterious to some biodiversity. These pesticides and arboricides, could potentially be washed into water bodies through run-offs and cause adverse impacts on aquatic life. These risks will be assessed and adequately mitigated in the ESMF and IPMP.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This standard is not relevant for the project as there are no Indigenous Peoples/sub-Saharan African Historically Underserved Traditional Local Communities in the project area.

ESS8 Cultural Heritage

This standard is relevant as the project will support the establishment of cashew and coconut plantations at new fields, some of them may potentially have sacred groves which must be protected. The ESMF will include Chance Find Procedures as a guide to deal with any surprises that may be encountered during project implementation. All confirmed sites during project implementation will be screened using the screening tool which will be incorporated in the ESMF before commencement of activities on the ground. This will help identify and mitigate potential adverse impacts on cultural heritage.

ESS9 Financial Intermediaries

This standard is precautionary made relevant at this stage as discussions are ongoing on the mechanism to use to provide financing to SMEs. The relevance of this standard will be re-assessed during project preparation. Once the standard is confirmed to be relevant, the project, as part of due diligence, will require all beneficiary financial institutions (FIs) to have in place adequate Environmental and Social Management System (ESMS) which will detail how they will manage the risks and impacts associated with the interventions they will support and finance. The project will assess the adequacy of the ESMS before partnering with these FIs.

B.3 Other Relevant Project Risks

The project will be implemented at a time when COVID-19 still exists. There is a need to follow necessary precautionary measures to avoid infection and aggravation.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways	No
OP 7.60 Projects in Disputed Areas	No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

Not Applicable

B. Proposed Measures, Actions and Timing (Borrower's commitments)

Actions to be completed prior to Bank Board Approval:

To be undertaken, prepared, disclosed and consulted upon prior to appraisal:
• Environmental and Social Commitment Plan (ESCP);
• Environmental and Social Management Framework (ESMF) including capacity assessment and capacity building plan, positive and negative lists, and environmental and social screening procedures to be used determine the risk classification of sub-projects and activities;
• Integrated Pest Management Plan (IPMP);
• Labor Management Procedures (LMP), plus Child Labor Prevention Plan;
• Resettlement Policy Framework (RPF);
• Gender Analysis and Action Plan to bridge identified gender gaps through the design and implementation of the project;
• Stakeholder Engagement Plan (SEP) including Grievance Mechanism.

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

The measures and actions to be outlined in the ESCP will include the implementation of:
• Environmental and Social screening for all relevant sub-project activities;
• Establishment of the PCU and PIU with qualified personnel and resources to effectively execute the project;
• Updating and implementation of the Stakeholder Engagement Plan (SEP);
• Meaningful engagement throughout project implementation;
• Preparation and implementation of Environmental and Social Management Plans (and associated sub-plans including Health and Safety Plan, and Waste Management Plan) as may be required for sub-projects;
• Preparation, consultation, disclosure and implementation of ESIA and other site-specific E&S instruments e.g., RAP/ARAP, Livelihood Plans as may be required for sub-projects and activities;
• Institutional capacity strengthening for the implementing agencies;
• E&S capacity strengthening for the beneficiary farmers and processors;
• Implementation of the Labor Management Procedures and Child Labor Prevention Plans;
• Effective operationalization of child labor risk mitigation protocols including developing and maintaining linkages to the child labor free zone framework of the Ministry of Employment and Labor Relations and Ghana's Accelerated Action Plan Against the Worst Forms of Child Labor (2022-2026);
• Assessment, development and implementation of GBV/SEA/SH Action Plan proportionate to the risks identified;
• Acquisition of applicable statutory permits;
• Effective operationalization and effective implementation of GMs;
• Allocation of adequate resources (human, including consultants and financial resources) for the implementation of risk management measures and monitoring;
• Effective operationalization of Incident Management System.
• Financial Intermediaries having in place adequate ESMS and allocating adequate resources for implementation

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS	15-Mar-2023

IV. CONTACT POINTS

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Tree Crop Development Authority (TCDA)

Implementing Agency: COCOBOD

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Ashwini Rekha Sebastian
Practice Manager (ENR/Social)	Sanjay Srivastava Recommended on 22-Nov-2022 at 07:46:29 GMT-05:00
Safeguards Advisor ESSA	Nathalie S. Munzberg (SAESSA) Cleared on 28-Nov-2022 at 12:13:23 GMT-05:00