



## Ghana Emissions Reductions Program (P160339)

WESTERN AND CENTRAL AFRICA | Ghana | Environment, Natural Resources & the Blue Economy Global Practice | Recipient Executed Activities | Investment Project Financing | FY 2019 | Seq No: 3 | ARCHIVED on 28-Jun-2022 | ISR51733 |

Implementing Agencies: Forestry Commission, Ministry of Finance

### Key Dates

#### Key Project Dates

Bank Approval Date: 06-Jun-2019

Effectiveness Date: 14-Apr-2020

Planned Mid Term Review Date: 24-Nov-2022

Actual Mid-Term Review Date:

Original Closing Date: 31-Dec-2025

Revised Closing Date: 31-Dec-2025

### Project Development Objectives

Project Development Objective (from Project Appraisal Document)

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.

Has the Project Development Objective been changed since Board Approval of the Project Objective?

No

### Overall Ratings

| Name                                 | Previous Rating                                  | Current Rating                                   |
|--------------------------------------|--|--|
| Progress towards achievement of PDO  | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Implementation Progress (IP) | <input type="checkbox"/> Moderately Satisfactory | <input type="checkbox"/> Moderately Satisfactory |
| Overall Risk Rating                  | <input type="checkbox"/> Substantial             | <input type="checkbox"/> Substantial             |

### Implementation Status and Key Decisions

Ghana's Emission Reductions Program (ER-Program) for the Cocoa Forest Mosaic Landscape was selected into the Forest Carbon Partnership Facility (FCPF) Carbon Fund in June 2017 for potentially receiving results-based payments for reducing emissions from deforestation and forest degradation. Thereafter the Government of Ghana (GoG), supported by the World Bank (WB) developed the ER-Program further by addressing issues raised by the Carbon Fund Participants and other requirements mandated by the FCPF prior to signing the Emission Reductions Payment Agreement (ERPA). In July 2019, GoG [(as seller of Emission Reductions (ERs)] and the WB (as buyer of ERs in its capacity as Trustee of the FCPF Carbon Fund)] signed the ERPA for an estimated value of US\$50 million and volume of 10 million Emission Reductions (ERs).

The Program is results-based which means that Ghana will deliver the ERs through appropriate actions and measures for reducing emissions in accordance with the program design and payments for the ERs will be made by the WB in accordance with the terms of the ERPA. There is no upfront investment financing from the WB for program implementation and investments for generation of ERs will be the responsibility of GoG. However, GoG requested the Trustee an advance payment in the amount of US\$1.3 million as negotiated in the ERPA terms. The advance was released in September 2020, upon fulfillment of Conditions of Effectiveness as specified in Schedule 1 of the ERPA, and upon notification of the fulfillment of the conditions by the Trustee to the Carbon Fund Participants.

The ER program relies heavily on cocoa and forest sector stakeholders to leverage ongoing and new investments in the program area to shift action towards sustainable production of cocoa supported by robust land use action planning and local level multi-stakeholder governance to implement interventions needed to generate ERs. These include government (public expenditure), private sectors, non-government organizations and other donor initiatives coordinated by government.



In addition, technical assistance from the World Bank through AccelREDD initiative supported by Government of Germany is supporting Ghana fulfill the ERPA effectiveness conditions and enable GoG to access the results-based payments by early 2021.

#### Overall Implementation Progress

The Government of Ghana through the National REDD+ Secretariat (NRS) submitted its First Monitoring Report, which the Facility Management Team (FMT) has reviewed and endorsed the report quality as being consistent with requirements of the FCPF Methodological Framework.

Schedule 1 of ERPA signed between the GoG and the WB includes three conditions of effectiveness of sale and purchase of the ERs. These conditions have now been fulfilled and the transfer of the upfront advance payment was made in September 2020.

The National REDD+ Secretariat has accelerated implementation of program interventions including actions to be supported under the UAP as well as finalizing the methodology for measurement of ERs to receive results-based payments. A multitude of investment activities have advanced including through the use of Upfront Advance Payment in select HIAs which is encouraging. Although Government has been supporting (through ongoing schemes) activities such as tree planting, and forest management, there are budget commitment shortfalls to scale up the activities to the requisite level. Beneficiary registration and work on operationalizing HIA level Benefit sharing payment is yet to be completed. In depth discussions on benefit sharing, managing expectation were conducted during the mission and milestones that GOG will need to complete before the ER payment for the first monitoring period can be transferred were agreed. Following from last mission, the set up of holistic program level Management Information System (MIS) has been initiated to capture planning and implementation relevant information and data in an organized and evidence-based manner.

*Verification and Validation of the First Monitoring Report.* The NRS has submitted the First Monitoring Report, all comments received from the auditors have been addressed by the NRS. The report is under final technical review after which the report on *Validation and Verification of First Monitoring* is expected to be submitted.

Per information provided by government, the following key activities were carried out with the UAP from Jan to May 2021: 320,698 seedlings, were distributed to farmers through COCOBOD district offices and other private sector entities across 5 HIAs. Maintenance and tending of 834.6 ha of enrichment planting from 2021 was carried out. The average survival rate was estimated to be between 60% to 70.563% for the 2021 plantations.

The government is encouraged to also indicate the various species of trees planted and share how many people were engaged in the maintenance activities, including a gender breakdown. Stakeholder consultations in five HIAs were done on their preferred livelihood options, Mission noted with concern that livelihood activities to be undertaken with UAP have still not been started and urged GoG to make this a priority.

As part of implementation of the program, *HIA Governance structures* have been developed for two (2) HIAs (Asunafo-Asutifi and Ahafo Ano-Atwima HIAs) and framework agreements have also been signed. Additionally, work is progressing on the preparation and finalization of HIA constitution and By-law to be passed by the Metropolitan, Municipal and District Assembly (MMDA) for Asunafo-Asutifi HIA. Work has begun on the establishment of governance structures for the Sefwi-Wiawso-Bibiani-Anwiaso HIA. However, there is need to ensure sustainability of the HIA structures that have been put in place.

Consultancy assignment on the operationalization of the Benefit Sharing Plan (REDD+ Dedicated Account and Fund Flow Mechanism) has been slow during the period Jan-May 2022 although nomination of institutional representatives of the RDA steering committee has been completed. A call for the expression of interest is also to be advertised for selection of other representatives on the RDA steering committee.

Specific actions to be completed for operationalization of Benefit Sharing including at HIA level were agreed and mission clarified that these milestones need to be met and communicated to the WB for it to consider transfer of ER payments and avoid delays in release of ER payments after completion of third party audit. Key actions agreed are as follows:

- NRS determines the criteria to establish HIAs eligible to receive ER payments for first monitoring period (2019) and operationalizing the performance criteria at HIA level. Conduct the intensive sampling for estimating reduced deforestation to determine the performance of eligible HIAs. Based on the criteria make an estimation of the funds/benefits to be allocated for benefit sharing per HIA, against the the volume of ER credits to be issued.
- Engage in a consultative process with stakeholders within HIAs for validation and discussion of performance, and for identification and management of risks.
- Facilitate successful set up of the RDA Steering Committee to oversee the ER payment to the beneficiaries. and convening of first meeting of the Steering Committee as well as training of members in the operational modalities of the benefit sharing under the project.
- Develop a list of "registered" beneficiaries, including the farmer groups, community members and others through (per Benefit Sharing Plan) a process that prioritizes inclusion and safeguards for farmers deemed to be encroaching forest areas.
- Details of bank accounts together with names of signatories to be set up at the MoF and HIA levels for receipt of payments.
- NRS to share with the World Bank the letter of endorsement of the RDA Steering Committee and names of members in the RDA Steering Committee as well as documentation related to operationalization of HIA performance.
- World Bank will conduct a post payment audit once the ER payments have been disbursed.

*On private sector engagement in HIAs,* the consultant has completed activities on the engagement with private sector companies for developing partnerships in HIAs and engaging cocoa companies in implementation. The MOU, framework agreement and addendum on private sector engagement in the HIAs have been signed by the company partners and further engagements have been signed since the end of the consultancy. Consultancy assignment is ongoing on *Training and Capacity Building for HIA Leaders and Stakeholders.* Training is being conducted in local areas in ten (10) locations across the Asunafo-Asutifi and Ahafo Ano-Atwima HIAs.. Report of the first four (4) initial training events have been submitted. Work is progressing on the development of Monitoring and Evaluation (M&E) Framework and M&E manual for the GCFRP. The purpose of the M&E manual is to provide a comprehensive framework for the monitoring and evaluation of the performance and impact of the program. The M&E manual is intended to complement other M&E tools and processes available at the FC, COCOBOD and partners' level.

#### *On Safeguards system and implementation,*

A Safeguards and capacity Building training were completed for HIA leaders and stakeholders over the past reporting period. A safeguards training was held in Kumasi from March 8-10, 2022, with WB Safeguards Specialists and participants included staff of the NRS, safeguards Focal Points, HMB representatives, and representatives from COCOBOD, EPA, CSOs, and the private sector. The training covered World Bank safeguards policies triggered by the Ghana ER Program, implementation requirements, and the roles and responsibilities of stakeholders. Overall, 521 individuals (29% and 25% females respectively) benefited from the capacity building. Topics included HIA governance structures, roles and



responsibilities; HIA governance rules; safeguards and roles of HIA governance structure; gender; feedback and grievance redress mechanism (FGRM); safeguards information system (SIS); benefit sharing plan and fund flow mechanism (BSP/FFM); landscape management planning; and participatory project monitoring. Another workshop was also held at the Forestry Commission Training Center (FCTC) at Akyiakrom in the Ashanti Region of Ghana. (Details in Aide Memoire)

*Regarding Environmental and Social Safeguards implementation*, NRS is currently revising the three HIA safeguards and monitoring reports in order to ensure that the social and environments risks associated with implemented activities are addressed and are in compliance as per the Bank’s safeguards policies and procedures. The mission recommends for NRS to upload this report on their website and to complete the two remaining HIA reports and submit by July 30, 2022. The mission agreed with NRS to name the report as Environmental and Social Management Plan (ESMP) and Monitoring Report. For remaining 3 HIAs, NRS would prepare an ESMP and subsequently submit a Safeguards Monitoring and Implementation reports for all HIAs on biannual basis as part of the program progress report to the Bank.

On the operationalizing Feedback and Grievance Redress Mechanism (FGRM), a monthly reporting template with indicators to be collected and reported at the district level has been prepared both English and local language jingles developed for sensitization of communities. NRS to share the documentation of FGRM with the WB task team.

*Preparation of Second Monitoring Report.* Planning is ongoing on the Program’s Second Monitoring Report. The GoG noted that the following activities are scheduled to be undertaken between June and September, 2022, for the second report: collection of sample points for 2020 and 2021 using Collect Earth, analysis of data collected, conduct uncertainty analysis/reversal risk assessment, and drafting of the Second Monitoring Report. Detail timelines are provided in the agreed actions.

Based on review of their most recent IFRs, financial management system within Forestry Commission is considered adequate to support implementation of the project.

## Risks

### Systematic Operations Risk-rating Tool

| Risk Category  | Rating at Approval | Previous Rating                      | Current Rating                       |
|--|--------------------|--------------------------------------|--------------------------------------|
| Political and Governance                                     | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Macroeconomic  | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Sector Strategies and Policies                               | --                 | <input type="checkbox"/> Moderate    | <input type="checkbox"/> Moderate    |
| Technical Design of Project or Program                       | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Institutional Capacity for Implementation and Sustainability | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Fiduciary  | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Environment and Social                                       | --                 | <input type="checkbox"/> Moderate    | <input type="checkbox"/> Moderate    |
| Stakeholders   | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Other  | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |
| Overall  | --                 | <input type="checkbox"/> Substantial | <input type="checkbox"/> Substantial |

## Results

### PDO Indicators by Objectives / Outcomes



| To achieve payments for measured, reported and verified Emission Reductions in GCRF Program   |   |                   |                  |               |
|---|---|-------------------|------------------|---------------|
| ► Volume of CO2e 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) (Metric ton, Custom) |   |                   |                  |               |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00  | 0.00              | 0.00             | 10,000,000.00 |
| Date  | 06-Jun-2019   | 30-Sep-2021       | 31-May-2022      | 31-Dec-2025   |
| Comments:   | Per data from first monitoring report submitted by the Government in September 2021 for third party verification, the Emission Reductions are estimated at 153011 tons of CO2 eq. The actual value of verified tons will be known when the final report from verifiers is received by end of July 2022. |                   |                  |               |
| ► Payment by the FCPF Carbon Fund for CO2 Emission Reductions generated by the Program (US\$) (Amount(USD), Custom)   |   |                   |                  |               |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00  | 1,300,000.00      | 1,300,000.00     | 50,000,000.00 |
| Date  | 06-Jun-2019   | 07-Jan-2021       | 07-Jan-2021      | 31-Dec-2025   |
| ► Emission Reductions payments distributed in accordance with agreed Benefit Sharing Plan and arrangements (Yes/No) (Yes/No, Custom)  |   |                   |                  |               |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target    |
| Value   | No  | No                | No               | Yes           |
| Date  | 06-Jun-2019   | 07-Jan-2021       | 14-Jun-2022      | 31-Dec-2025   |
| ► Citizens reporting satisfaction with key aspects of consultation process (information available, facilities, facilitation, location, language, etc.) (Percentage) (Percentage, Custom)          |   |                   |                  |               |
|   | Baseline  | Actual (Previous) | Actual (Current) | End Target    |
| Value   | 0.00  | 0.00              | 0.00             | 70.00         |
| Date  | 06-Jun-2019   | 07-Jan-2021       | 14-Jun-2022      | 31-Dec-2025   |

### Intermediate Results Indicators by Components

|   |          |                   |                  |            |
|---|----------|-------------------|------------------|------------|
| Given the nature of the Project there are no Intermediate Indicators. |          |                   |                  |            |
| ► N/A (Text, Custom)  |          |                   |                  |            |
|   | Baseline | Actual (Previous) | Actual (Current) | End Target |
| Value   | N/A      | N/A               | N/A              | N/A        |



|      |             |             |             |             |
|------|-------------|-------------|-------------|-------------|
| Date | 06-Jun-2019 | 07-Jan-2021 | 07-Jan-2021 | 31-Dec-2025 |
|------|-------------|-------------|-------------|-------------|

**Performance-Based Conditions**

**Data on Financial Performance**

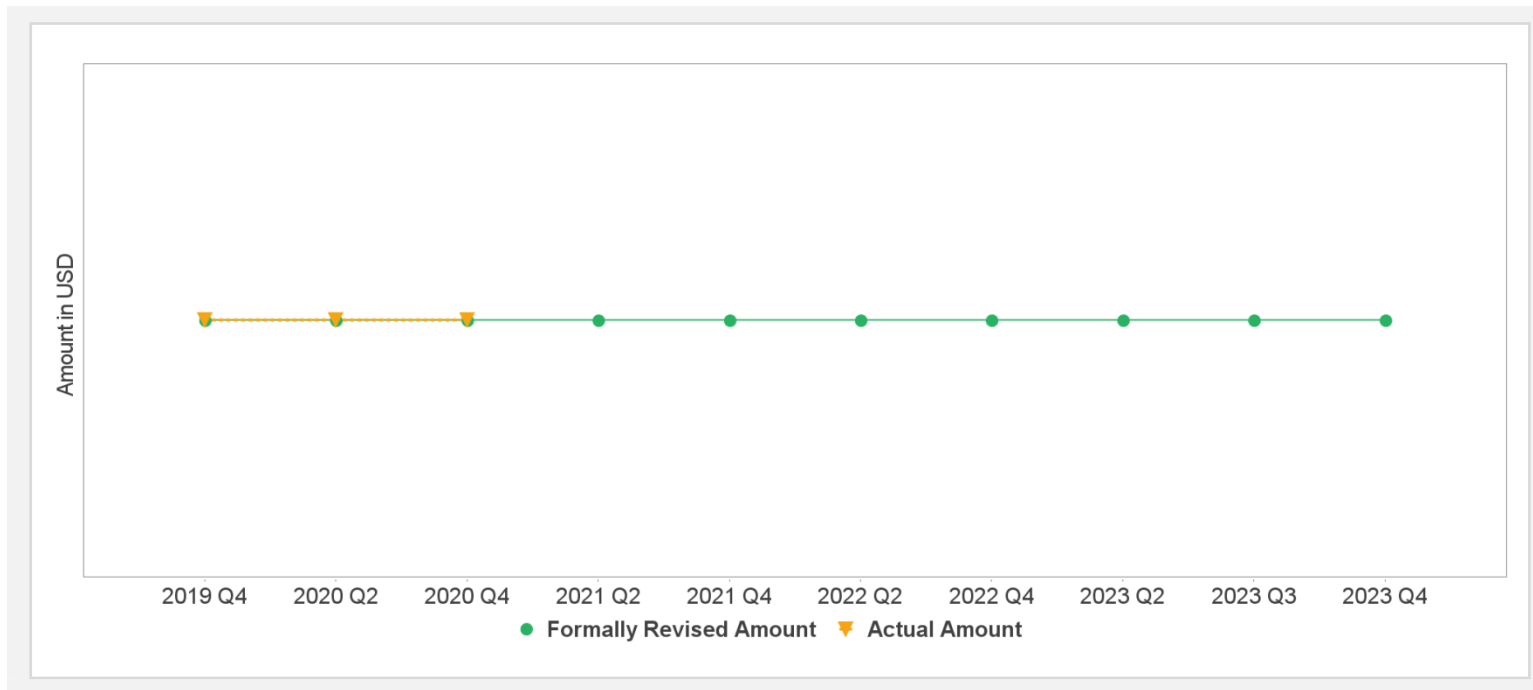
**Disbursements (by loan)**

| Project | Loan/Credit/TF | Status    | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|----------------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P160339 | TF-B2267       | Effective | USD      | 2.50     | 2.50    | 0.00      | 0.00      | 2.50        | 0%          |
| P160339 | TF-B2268       | Effective | USD      | 47.50    | 47.50   | 0.00      | 1.30      | 46.20       | 3%          |

**Key Dates (by loan)**

| Project | Loan/Credit/TF | Status    | Approval Date | Signing Date | Effectiveness Date | Orig. Closing Date | Rev. Closing Date |
|---------|----------------|-----------|---------------|--------------|--------------------|--------------------|-------------------|
| P160339 | TF-B2267       | Effective | 27-May-2019   | 08-Jul-2019  | 14-Apr-2020        | 31-Dec-2025        | 31-Dec-2025       |
| P160339 | TF-B2268       | Effective | 27-May-2019   | 08-Jul-2019  | 14-Apr-2020        | 31-Dec-2025        | 31-Dec-2025       |

**Cumulative Disbursements**





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### **Restructuring History**

There has been no restructuring to date.

### **Related Project(s)**

There are no related projects.

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