



The World Bank

Additional Financing for Ghana Forest Investment Program (FIP) - Enhancing Natural Forest and Agroforest Landscapes Project (P163745)

Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 07-Feb-2019 | Report No: PIDISDSA23703



BASIC INFORMATION

A. Basic Project Data

Country Ghana	Project ID P163745	Project Name Additional Financing for Ghana Forest Investment Program (FIP) - Enhancing Natural Forest and Agroforest Landscapes Project	Parent Project ID (if any) P148183
Parent Project Name Ghana FIP - Enhancing Natural Forest and Agroforest Landscapes Project	Region AFRICA	Estimated Appraisal Date 19-Nov-2018	Estimated Board Date 28-Mar-2019
Practice Area (Lead) Environment & Natural Resources	Financing Instrument Investment Project Financing	Borrower(s) Republic of Ghana, Republic of Ghana	Implementing Agency Ministry of Lands and Natural Resources

Proposed Development Objective(s) Parent

The Project Development Objective is to improve forest and tree management practices by cocoa farmers, CREMA communities and forest reserve managers to reduce forest loss and degradation in selected landscapes in Ghana's High Forest Zone.

The overall goal of FIP-financed activities in Ghana is to reduce GHG emissions from deforestation and forest degradation, while reducing poverty and conserving biodiversity.

Proposed Development Objective(s) Additional Financing

To improve forest and tree management practices by cocoa farmers, CREMA communities and forest reserve managers to reduce forest loss and degradation and demonstrate rehabilitation of mined-out sites in selected landscapes in Ghana's High Forest Zone (HFZ).

Components

- Component 1. Policy Reforms and Institutional Strengthening
- Component 2. Pilot Investments for Improved Forest and Landscape Management with Communities
- Component 3. Innovation, Capacity Building, and Communications
- Component 4. Project Management, Monitoring, and Coordination

PROJECT FINANCING DATA (US\$, Millions)



SUMMARY

Total Project Cost	19.39
Total Financing	19.39
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	19.39
Strategic Climate Fund Credit	7.00
Strategic Climate Fund Grant	12.39

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

- 1. Ghana is a lower middle-income country with population of 28.8 million and land area of nearly 240 square kilometers.** Ghana’s government is a multi-party democracy known in Africa for freedom of speech and the press. Two decades of growth and political stability have improved the economic situation and reduced poverty. The current government was elected in December 2016 and sworn in January 2017. The election conferred a sufficient mandate to carry out the government’s agenda, which includes pledges to reduce the budget deficit and cut waste.
- 2. Despite recent growth and poverty reduction, Ghana still faces challenges, including fiscal deficits, rural poverty, youth unemployment, and natural resource sustainability.** Ghana has made good progress in reducing the number of Ghanaians living below the poverty line from over fifty percent in 1991 to less than one quarter in 2013, with less than 10 percent in extreme poverty. Sustained economic growth, broadly shared, has been a major factor in the reduction of poverty, but structural transformation, including the increasing shares of services and industry in the economy have also contributed. Increased productivity in agriculture has led to higher rural incomes. Improved education and skills have also contributed to better wages and hence the reduction in poverty.



3. **Ghana's near term economic prospects are good but challenges remain.** In September 2017, Ghana's economy expanded for the fifth successive quarter by 9.3 percent compared to just 4.3 percent in September 2016. This reflects continued high levels of growth in the industry sector, driven by mining and petroleum. Ghana's fiscal deficit of 4.6 percent of GDP for the first three quarters of 2017 suggests that fiscal policy is on track to meet the full-year target of 6.3 percent of GDP (Ghana Economic Outlook, Feb. 2018). The service sector bounced back from the weak performance in the first quarter but the momentum in the agriculture sector seems to be waning. Growth in the services sector improved to 5.6 percent from 3.7 percent in Q1 but is still below the June 2016 level of 6.6 percent. The pick-up of the services sector is due to improved growth in information and communication technology (15.6 percent); health and social work (18.3 percent); education (9.6 percent); and real estate (7.6 percent) sub-sectors. The rise of the extractive industries appears to be constraining agriculture sector growth as an emergent sign of Dutch Disease.
4. **Ghana's extreme poor are mainly rural and natural resource dependent.** More Ghanaians live in the moister, richer south, while deeper poverty occurs in the semi-arid, rural north. There is more poverty in rural, agriculture and natural resource sectors. Coastal areas have stubbornly persistent extreme poverty. More heavily forested areas are below the national average of extreme poverty incidence (Ghana Living Standards Survey, 2012-2013; 2010 Population and Housing Census, 2015).
5. **Natural resources are critically important in Ghana's economy.** Activities based on use of land, water, forest and fisheries resources contribute more than 20 percent of GDP and about 40 percent of jobs, especially in rural areas, where most of the poor live. Though the economic structure is shifting to services, 35 to 45 percent of jobs are still based in renewable natural resource sectors: agriculture, forests, livestock, fisheries (GLSS6, Aug. 2014; and 2015 Labour Force Report).
6. **Ghana's export earnings are mainly from natural resource commodities.** In 2016, export earnings of gold, cocoa and oil accounted for 77 percent of exports (MIT Observatory of Economic Complexity). Gold exports were valued at US\$9.4 billion; Cocoa beans at US\$2.2 billion; and Crude oil at US\$1.2 billion.

Sectoral and Institutional Context

7. **Ghana's natural resources are being severely degraded through poor land and water management practices, which undermine agricultural productivity.** The World Bank Country Environmental Analysis (dating from 2006 and planned for update in 2019) estimated the annual cost of environmental degradation as greater than 10 percent of GDP. Net primary productivity has declined across Ghana (except a few pockets in south), over the 15 years from 2000. The Northern Savannah, where people are poorest, is experiencing severe land degradation, coupled with water stress. Reduced output and earnings also increase pressures for rural farmers to encroach into forest areas. This creates a vicious cycle by removing forest cover and disturbing ecosystem processes, which increases rural vulnerability to weather variability, climate change and economic shocks.
8. **Forestry and agroforestry, together with agriculture, account for more than 50 percent of land use.**



Ghana is the world's second largest exporter of cocoa, an agroforestry crop worth over US\$2.2 billion per year, important for both the economy and rural employment. 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 for cocoa producers, buyers, and regulators to move to more sustainable and climate-friendly production practices. Unsustainable agricultural practices contribute to lower soil quality, more erosion, and lower output. Soil erosion is just one indicator of degradation processes that contribute to the reduction of environmental services that would otherwise regulate water flows, stabilize soils and maintain their quality and productivity, cycle nutrients through ecosystems, and moderate climate and weather extremes.

9. **Ghana's forest cover has almost halved since 2000.** Deforestation contributes to the loss of environmental services, soil erosion and loss, reduced agricultural productivity, declining crop yields, and economic losses to the country. Conversion of forests to agricultural land is the primary driver of deforestation. Ghana's cocoa forest + landscape has one of the highest deforestation rates in Africa, at 3.2% per annum. Forest degradation and deforestation across this agro-forest mosaic, which covers 5.9 million ha of Ghana's High Forest Zone (HFZ), is being driven by continued cocoa farm expansion and other types of agriculture, coupled with a recent up-surge in illegal mining and illegal logging (Ghana Emission Reduction Program Document, GCFRP, 2017). About a third of this was due to cocoa expansion. The MLNR, FC, the Ministry of Food and Agriculture (MOFA), COCOBOD, the private sector, and non-governmental organizations (NGOs) are working in the supply chain to improve productivity and returns to farmers, increase trees on farms, and reduce environmental degradation.

10. **Timber harvesting, and accompanying illegal chainsaw practices, also contribute to forest loss and degradation and loss of trees in farming systems.** The forest sector provides jobs - approximately 50,000 formal jobs and 260,000 informal – and revenues and critical inputs for a growing economy. There are, perhaps, another 100,000 illegal, unregulated chainsaw loggers and millers. Illegal logging results in at least US\$ 18 million in lost timber stumpage revenue each year. Domestic timber production (which accounts for 85 percent of total output) comes mainly from informal and illegal sources using inefficient and unsustainable practices (World Bank, 2012). Timber demand is high and Ghana could grow more trees for domestic use and processing, but the enabling conditions are weak for long-term private plantation investments (e.g., poor access to land and credit and low security of land tenure). The tree tenure system does not provide incentives to small holders to protect naturally occurring trees on farms; by law, these belong to the Government. However, efforts are underway to change policies and practices to allow and register farmer ownership of planted trees, supported by FIP ENFAL, the parent of this AF. Women and men use forest and land resources differently and play different roles in community-based institutions. Women tend to participate less in forest policy-decision and do not receive forest landscape related information and skills enhancement opportunities as much as men. Furthermore, in the context of climate change, women might face more challenges in protecting themselves and their households. See more details in Project Design, Section III.

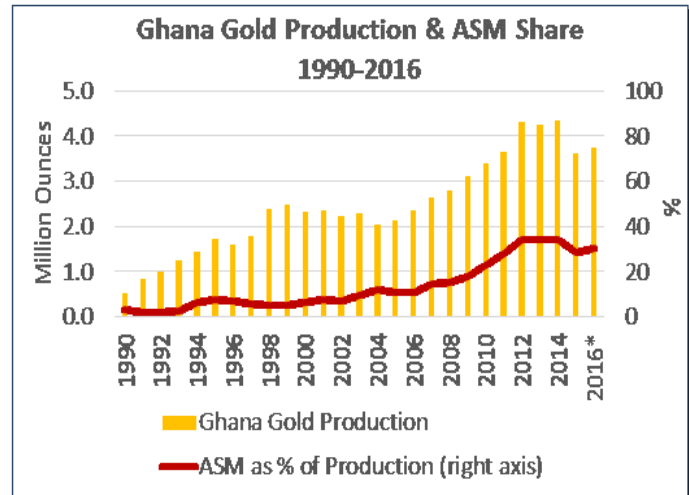


11. **Gold mining is a major contributor to national economic wealth and to poverty reduction.** In 2016

Ghana produced 110 tons of gold; 31 percent of this came from artisanal and small-scale miners (Minerals Commission, 2017). Mining contributes to the economy, foreign exchange, and jobs. Galamsey may account for over 1.1 million jobs, half of which are informal (UNECA, 2011). Indirect economic benefits accrue to 4.4 million people, including women who work in supporting services (World Bank, 2015). Small-scale gold mining is of three types: i) hard rock (lode), ii) deep alluvial mining, and iii) shallow alluvial mining. Though data are scarce, the first two types are mostly licensed, and the third type is most unlicensed, and is referred to as galamsey. Small scale production increased substantially since 2010 (see Figure 1) both in overall volume and as a share of total gold

production. This increase in ASGM in recent years was a response to high gold prices, high unemployment and a slump in agricultural production, and thus benefited the poor. However, there are also other drivers of the increase, particularly in the illegal alluvial mining operations, which are highly visible and destructive. Gold mining attracts not only poor local miners, but also entrepreneurial and politically connected Ghanaians, foreign investors and equipment providers, and itinerant, non-local (often immigrant) laborers.

Figure 1: Ghana Gold Production and ASM Share



12. **ASGM also raises gender issues and specific impacts on women.** The Minerals Commission (2016) conducted a limited survey that showed that about 28 percent of the galamsey workers are women (though very few are mine owners or managers). Typically, in the open pit mines that characterize galamsey mining, women serve as panners, carriers, and processors, transporting heavy loads of ore on their heads to washing sluices. Women are also involved in providing ancillary services to mining communities, such as petty trading and food preparation. Thus, women’s estimated participation in artisanal mining-related activities could be around half of the workforce. When gold amalgamation occurs at home, women and children are disproportionately exposed to toxic mercury fumes, leading to serious long-term health consequences (Teschner 2012, Hilson 2002).

13. **Poorly regulated and destructive mining practices threaten health, wealth, water, food, cocoa, and forests.** Although ASGM is an important source of jobs and income for rural communities, the rural poor and smallholder farmers are also among those most affected by the adverse environmental effects of illegal mining. Uncontrolled ASGM has resulted in serious deforestation and land degradation, interfering both legal mining activity and cocoa production – both key economic sectors. The destructive and polluting practices that need to be controlled, include degradation of stream beds and riparian zones, and incursion into agricultural land, including high value cocoa plantations. Mining associated degradation, siltation and pollution affects 60 percent of water courses in various ways including: restricted stream flow, upstream flooding, and downstream loss of access to clean water. Use of mercury in gold amalgamation threatens water supplies and the human food chain. Beyond these environmental



and health impacts, uncontrolled ASGM represents a cross-sectoral, inter-disciplinary challenge with wide ranging social and economic impacts. Through the loss and degradation of forested areas, uncontrolled mining practices negatively affect people who depend on forests, habitat and biodiversity, and cocoa agroforestry systems, which are critical to rural jobs and the wider economy. The GoG has requested broader engagement and support from the Bank in addressing these sectoral and regulatory issues. This AF operation is focused only on rehabilitation of a limited number of mined out sites. Beyond this AF operation, the Bank and GoG are preparing a new Artisanal and Small-Scale Mining Formalization Project (P168002, US\$30.00 million) which is further described in Annex 5.

14. **Climate change will undermine Ghana’s efforts to achieve poverty reduction and economic growth.** An important share of economic activity depends on climate-sensitive resource and land-based sectors. Agriculture, cocoa, forestry and fisheries contribute most to the livelihoods of the rural poor and will be significantly affected by climate change. Climate impacts are expected to include increase of mean annual temperature, decline in total annual rainfall, changes in seasonality of rainfall, and substantial sea level rise by 2050. Climate change is expected to adversely affect crop yields, leading to a decline in agricultural GDP of 3 to 8 percent. Unpredictable rainfall, in combination with increased energy demand, is expected to result in energy shortfalls due to the reliance on hydropower. Increases in frequency and intensity of extreme weather events will have negative economic impacts. Agronomic zones and weather patterns will shift, increasing uncertainty for already vulnerable rural households. The most suitable zone for cocoa cultivation will likely shrink over a generation, while varying rainfall and seasons will add uncertainty and weather shocks. Ghana has “high hazard” flood potential – with the potential to affect 20 percent of the population, particularly in greater Accra (<http://thinkhazard.org/en/report/94-ghana/FL>).
15. **Weak institutional coordination and ineffective law enforcement contribute to these environment, climate and resource challenges.** Natural resource management institutions have overlapping mandates, but also gaps in coverage of key issues. Consultation and participation with communities and civil society stakeholders can be improved, recognizing that they are the intended beneficiaries of rules and programs for improving natural resource and environmental outcomes.

C. Proposed Development Objective(s)

Original PDO

16. The Project Development Objective is to improve forest and tree management practices by cocoa farmers, CREMA communities and forest reserve managers to reduce forest loss and degradation in selected landscapes in Ghana’s High Forest Zone.
17. The overall goal of FIP-financed activities in Ghana is to reduce GHG emissions from deforestation and forest degradation, while reducing poverty and conserving biodiversity.
18. The Project Development Objective (PDO) will become the following (with changes in boldface): to improve forest and tree management practices by cocoa farmers, CREMA communities and forest



reserve managers to reduce forest loss and degradation **and demonstrate rehabilitation of mined-out** sites in selected landscapes in Ghana's High Forest Zone (HFZ).

Key Results

- People in forest & adjacent community with monetary/non-monetary benefit from forest
- Area under improved CREMA management or climate smart cocoa management practices in targeted landscapes due to Project intervention
- Area of forest in targeted landscapes
- Total greenhouse gas emissions reductions plus enhancement of carbon stocks, estimated in millions tons equivalent CO₂e/year
- Direct project beneficiaries
- Number of mining sites that have been rehabilitated

D. Project Description

19. The ultimate **project beneficiaries** of this operation are the rural communities (current and future generations) in the target regions who are currently being affected by the environmental damage and pollution associated with destructive mining practices. Community members engaged in ASM, including women, will gain access to greater awareness of risks, as well as new skills and economic opportunities through pilot rehabilitation activities at inactive mining sites, including opportunities created by tree planting and plantation establishment. Under the parent project, women have significantly engaged and benefitted from project activities, particularly in enrichment planting and plant nurseries. This will continue and be further enhanced under the additional financing. Plantation establishment in nearby areas will further help to create jobs for community members, contribute to knowledge sharing and uptake, increase awareness of sustainable forestry management practices, and increase opportunities for promoting positive private sector contributions to Ghana's overall REDD+ effort. In the HFZ, the proposed activities will contribute to reducing pressure on high biodiversity areas. Through replication and up-scaling of lessons from pilot sites, communities, landowners, farmers and cocoa growers could gain through reduced impact of mining activities on production systems, as well as improvement of their local environment. MLNR, FC, EPA, and MC, charged with forest, landscape and mining management, will also benefit from clarified policies and guidance, capacity development programs, and outreach programs. Other stakeholders, including the private sector and civil society, will benefit through improved stewardship of land, plus outreach activities.

20. To reflect and monitor the activities under the AF, a new PDO level indicator on Number of mining sites that have been rehabilitated (to a standard agreed with local stakeholders) has been included, and targets for the following PDO-level indicators and intermediate indicators have been revised upwards (see also Section VIII):

- PDO- level 1. People in forest and adjacent communities with monetary/non-monetary benefits (Number)
 - Female (Number)
- PDO-level 2. Area under improved CREMA management or climate smart cocoa management practices in targeted landscapes due to Project intervention (Hectares)
 - Including area under climate smart cocoa management practices (Hectares)



- PDO-level 5. Direct project beneficiaries (Number)
 - Female (Percentage)
- Intermediate level 2. Government institutions provided with capacity building to improve management of forest resources (Number)
- Intermediate level 4. Farmers/participants provided with capacity building support to improve management practices for tree planting or nurseries (Number)
 - Female (Number)
- Intermediate level 5. Area restored or re/afforested (Hectares)
 - Enrichment planting
 - 300 ha model plantation
 - Plantations within CREMA blocks
 - Private plantations developed under the loan scheme
 - Watershed restoration
- Intermediate 6. Farmers/participants in targeted landscapes reporting satisfaction with service delivery or benefits received under the project (Number)
 - Female (Number)
- Intermediate 7. New areas outside protected areas managed as biodiversity-friendly (Hectares)
- Intermediate 8. Forest users trained (Number)
 - Female (Number)
- Intermediate 9. Government officials/extension agents and service providers trained (Number)
 - Female (Number)
 - Including agricultural/cocoa extension agents/service providers
 - Including local government officials
 - Including Forestry Commission staff

21. **Project Components.** The Ghana FIP has four components: 1) Policy Reforms and Institutional Strengthening; 2) Pilot Investments for Improved Forest and Landscape Management with Communities; 3) Innovation, Capacity Building; and Communications; and 4) Project Management, Monitoring and Coordination. The proposed AF will follow the same structure.

22. **Component 1: Policy reforms and institutional strengthening (US\$2.00 million grant).** This AF will expand support for strengthening institutional coordination across a wider array of central, regional and local government agencies. This will particularly include the MC and the Ministry of Environment, Science, Technology and Innovation (MESTI), which has a leadership role in the effort to control destructive mining practices, as well as the EPA, which has a key role in setting standards for reclamation activities, controlling water pollution and toxic materials associated with all types of mining. The Ministry of Chieftaincy and Traditional Affairs, local chiefs and traditional authorities, and District Assemblies will need to be more proactively engaged in addressing ASGM issues at local level. Legal analysis and policy development will specifically look at putting in place a policy on mined-out lands; standards and guidance for mine site rehabilitation (based on international good practices); and systems and capacity at national, regional and local level to sustainably protect rehabilitated sites. These institutional capacity building activities will engage relevant institutions, develop and disseminate guidance, and build capacity at national, regional and local level to sustainably regulate and manage ASGM and protect rehabilitated sites. Institutional strengthening activities will include improved information exchange and coordination



across institutional mandates, for example, of FC, MC, EPA and district authorities. This can improve mine siting decisions and contribute to a more transparent and collaborative licensing process.

23. **The AF will support additional analytical and policy studies** that aim to assess the magnitude and geographic spread of ASM impacts on forest and draw lessons from previous and existing activities/strategies – including those of legally operating firms – with regards to rehabilitation and restoration of mines-out sites. Based on this, guidance will be developed for practitioners on the ground, taking a multi-stakeholder approach. Policy and guidance development will have opportunities to collaborate with and learn from several projects and partners working toward similar goals (see Annex 5). It is important to mention that the GoG under the Natural Resource and Environmental Governance Technical Assistance Project has developed an ASM Framework (2015) and several studies on alternative livelihoods and on rehabilitation costs. Also, the GoG and the Bank are developing a GEF-financed regional project for Reducing environmental health risks in artisanal gold mining and e-waste in Ghana (GEF Program ID: 9444). This AF will support workshops and dialogue platforms to ensure the widespread understanding and uptake of these technical learnings and analytical results to address the environmental footprint of ASGM.
24. **Component 2a. Pilot demonstration of clean up and reclamation practices with alternative livelihood support after forest and land degradation and loss due to ASM (US\$5.50 million grant).** This pilot activity aims to reclaim and rehabilitate mined-out areas in a small number of selected sites as localized demonstrations of appropriate technical approaches, analysis and testing technologies and policies, and clean up / reclamation practices. Selected sites will undergo detailed sampling and testing for contaminant presence (including on potential backfill material) before design of interventions at each site. Interventions will include rehabilitation of degraded land and river banks, remediation and clean-up of contaminated sites, and restoration of vegetation to reclaimed areas. Activities will be targeted to inactive illegally mined areas in Tarkwa and Bibiani Forest Districts in Western Region and Begoro and Kade Forest Districts in Eastern Region. After site visits and technical assessment, these four districts were chosen to represent a geographic diversity of sites and a range of reclamation issues and socio-economic conditions.
25. **This proposed activity is coordinated with a larger GoG initiative to control and manage ASGM.** Beyond the initial enforcement campaign and ban on small scale mining, the GoG's Multilateral Mining Integrated Programme (MMIP) has a longer-term forward plan to shift incentives, consolidate ASM locations, regulate mining better, and engage communities in more sustainable livelihood alternatives. The proposed activities in this package will be implemented and integrated within this larger governance framework fully coordinated with MESTI and MLNR leadership of the MMIP. Activities financed under Component 1 will engage relevant institutions, conduct policy analysis, develop and disseminate guidance, and build capacity at national, regional and local level to sustainably control illegal artisanal mining and protect rehabilitated sites. This investment is designed to develop lessons and successful models that can be scaled up and replicated.
26. **Rehabilitation, in this document, means that a degraded and disturbed site is returned to a condition** where pollutants and runoff are contained and some economically productive activities can be pursued with minimal risk to site users. The expected use of the land would have to be agreed upon by all stakeholders and the rehabilitation approach would be designed accordingly. This component will



finance the following approach and activities for the design and implementation of rehabilitation interventions at specific sites:

- **Site selection and characterization for clean-up** will include mapping, prioritization and characterization of mining degradation in forest reserves and cocoa landscapes in the HFZ. This will include site sampling and assessment of potential clean up approaches and techniques,¹ which will inform site-specific rehabilitation plans.
- **Community engagement in planning and preparation.** The AF will support assessments and stakeholder consultations on issues related to site selection, land status and suitable land uses, and complementary livelihood activities with a focus on gender issues and the potential differential uses of the site and replanted areas by men and women. It will finance engagement with local and traditional authorities and land use planning processes to improve district government collaboration with communities on forest and land protection. Training will be provided for communities, including miners, and local governments on responsible management and protection of reclaimed areas. More targeted training for women and youth on how they can better benefit from project activities will also be provided as needed.
- **Clarification of legal status in advance of implementation.** An important aspect of site selection will be to consult and agree on basic principles and legal status of the land in advance of implementation of rehabilitation. This may require negotiation and resolution of land use and ownership claims in advance of spending public funds. Public funds should support rehabilitation in areas that enjoy wide public support and wide sharing of benefits.
- **Community engagement in implementation** will create opportunities for local people, men, women, youth, and Community Resource Management Area (CREMA) members in reclamation activities, using appropriate land contouring and replanting approaches.
- **Alternative livelihood activities will be supported** through engagement with communities, particularly miners, to identify suitable and beneficial alternative livelihood activities that can complement reclamation efforts.² Women's participation is essential to the development of alternative livelihood activities. Women and men will have different preferences over which livelihood activities are offered as alternatives to engagement in mining. Women will benefit from awareness and outreach about the negative effects of mining pollution on water and health. The parent project has already communication and outreach activities designed to facilitate knowledge sharing and replication.
- **Private sector will be engaged for lessons.** Engagement with legally operating small- and large-scale mining operations will help to generate support, understanding of incentives, lessons on good practices from existing sites, technical assistance and potential visits to demonstration sites. Specific activities will learn from and be developed in collaboration with projects and partners that are already engaging in this area (see Annex 5).
- **Guidance on improved practices and promotion of replication.** The AF will finance development and roll out of guidance materials on site assessment, clean up / reclamation approaches and success stories, as well as the preparation and studies needed in advance of reclamation efforts.

¹ Through a collaboration with the Pollution Monitoring and Environmental Health Trust Fund program on Contaminated and Toxic Land Pollution, the Bank team will access resources for a Rapid Screening Assessment that will help to help identify and characterize up to 100 contaminated sites, in collaboration with Ghanaian institutions.

² Proposed activities will draw on the surveys and assessments on Alternative Livelihood Programs in Mining Communities conducted by MC under the NREG TA (June 2016).



The AF will support site visits, media engagement and outreach activities to ensure that successful small-scale demonstrations are used to influence policy makers and local land use decision makers. These efforts will be supplemented with communication and awareness raising activities financed under Component 3.

27. Specific activities will learn from and be developed in collaboration with projects and partners that are already engaging in this area. Annex 5 provides some examples of organizations and their work. Implementation will be combined with effective engagement of land owners, traditional authorities, mine managers and workers, and community members.
28. **Screening criteria for selection of mined-out sites for rehabilitation** will seek to identify sites with inactive operations, near Forest Reserves or water bodies, with clear legal status, no existing plans for reclamation and local communities willing to participate in reclamation. Strength of local institutions including both traditional and District Assembly and proximity of potential partner institutions (training, service delivery) will also be considered. To support preparation of this operation, the MLNR commissioned an assessment³ of illegally mined areas in the four target regions. The study confirmed the approaches proposed in this AF and contributed to the design of activities recommended for implementation at selected sites. The assessment mapped the areas, examined and characterized the degraded sites, conducted sampling and analysis for key contaminants (i.e., Mercury, Arsenic and Cadmium), conducted consultations with nearby stakeholders and communities, developed and costed reclamation approaches for several example sites. Site selection is being informed by the results of this assessment, as described in Annex 2.
29. **Theory of Change.** The transformative nature of this activity is to provide positive demonstrations of the potential for local community action (with technical and scientific support) to reclaim and rehabilitate locally affected sites and waterways following the destructive impacts of improper mining. The siting of these pilots, the lessons learned, and the outreach activities aim to promote replication and scale up with non-FIP resources. If successful, these demonstrations will influence wider scale Government-driven, locally-owned interventions, with support from the MMIP, and potentially other development partners. The AF interventions, albeit on a small scale, will help to show the uses of alternative livelihoods, reduce environmental risks in target mined-out areas and support communities to engage in more sustainable forest and land management, which will enhance carbon stocks. Land reclamation has the potential to create sustainable local economic opportunities through production of timber, bamboo and other fast-growing species, along with the nurseries that support them, which will help to diversify livelihoods at those sites. Local communities will benefit from improved ecosystem services, through soil stabilization, erosion control, and increase in biodiversity. Rehabilitation co-benefits include reduced erosion of riverbanks, sediment pollution of waterways, use and release of toxic materials into the environment, reduced human health effects in reclaimed areas, reduced impact of sediment and pollution on aquatic species, and improved recognition of the rule of law, as well as awareness of the long-term health and environmental effects.
30. The demonstration sites should become focal points for learning-by-doing as part of an effort to promote

³ Scoping Study of the Potential of Reclamation of Mined-Out Areas in Forest Landscapes - Eastern & Western Region. Final Report. Traffic & Environmental Network, Tema-Accra. Commissioned by MLNR/GFIP. Sept. 2018.



wider replication and scale-up to other degraded, mined-out areas across Ghana. These demonstrations and knowledge transfers will also inform and involve local officials, traditional authorities and regulators, who will learn practical approaches, and inform national authorities who will be improving guidelines and policies under Component 1.

31. **Component 2b. Pilot for incentivizing investment and local level job creation in timber plantations (US\$7 million concessional loan).** This pilot activity will provide financing incentives and technical assistance to support tree planting by small and medium-scale plantation enterprises (SMPEs). SMPEs that access loan funds will provide employment benefits to nearby community members who will engage in site preparation, nursery establishment, tree planting, plantation maintenance and other activities. This could reach up to 2,000 beneficiaries in local communities (targets still being established), with up to half being women (the project will ensure that women have equal access to resources). Where feasible, these investments will be located near mined-out site rehabilitation pilots as described above.
32. **Specific activities may include financial assistance for (small and medium) private plantation developers (including nurseries) to expand planted areas,** focusing on trees in high demand for specific markets. Firms will be selected based on technical and financial viability (independently assessed), level of interest, willingness, business model to promote local employment opportunities (targeting vulnerable groups and forest fringe communities) and to promote quality wood products for domestic markets (criteria to be further refined). Support may include: low cost tree seedlings of economic species; business and marketing skills development; transport and delivery of the seedlings; training, tools and equipment for site preparation, planting/spacing, and care. Firms will have to demonstrate viable businesses based on financial assessment, business track record and due diligence by an independent financial assessment. SMPEs will be expected to comply with quality standards for seedling quality and stand maintenance practices, assessed through regular monitoring.
33. The design of the financing mechanism addresses specific needs identified during preparation, including the small and medium plantation enterprises (SMPEs) need for long-term financing; entrepreneurial and business management training (e.g., book keeping, financial reporting); and technical and extension support. Other needs are being addressed under the FIP ENFAL policy component: clarification of processes for acquiring land for plantations on forest reserves; improving management of wildfires; simplification of the timber harvest permitting process; and guidelines for forest investors. This financing mechanism design also recognizes past difficulties with SMPE loan schemes in Ghana and brings in lessons from other countries and studies. There is recognition of the need to select credit-worthy beneficiaries, build a history of loan performance success, and move from a culture of reliance on government grants to a system of using public funds to catalyze investment in productive forestry enterprises and repayment of funds that can continue to support the sector.
34. **The on-lending arrangements will involve partnership between public and private sector institutions,** building on the strengths of each to deliver services and manage risks. The SMPEs will develop loan applications based on sound business plans and experience in the sector. Applications will be reviewed by a Joint Loan Appraisal Committee comprised of government representatives and a competitively selected commercial financial institution. Beneficiary forest plantation firms will receive both technical and business management support and regular monitoring visits to help in assuring successful plantation establishment (under Component 2c). Building the SMPE's direct relationship with the financial



institution has the potential co-benefit of addressing SMPE's short term financing requirements (outside of the plantation financing facility). Successful SMPEs will sign legal agreements with MLNR and the financial institution that include conditions and requirements, including agreed repayment plans. The design is based on analytical studies, consultant recommendations, and discussions among GoG institutions. The design is further described in Annex 2, Detailed Project Description.

35. **Theory of Change.** Forest plantation development by private firms in Ghana has been constrained by a weak enabling environment and a poor investment climate, especially for small and medium plantation enterprises. The transformative nature of this activity is to stimulate private sector investment in tree planting which will in turn create employment for local communities and timber supply for local markets. It will also empower communities to engage in local timber production and processing. Components 2b and c will reduce pressure on natural forests, create alternative livelihood options, rehabilitate degraded landscapes and sequester carbon. This activity supports and operationalizes the GoG's plans to augment the legal, sustainable supply of timber through a plantation development program, which aims to enhance and promote private sector investments. It also helps to demonstrate an approach to promote SME investment in plantations, which has been constrained by a weak enabling environment and a poor investment climate. In addition to direct employment generation, plantation development has the potential to generate local economic opportunities through seedling production and service delivery or out-grower arrangements. Local government, traditional authorities and the state will benefit from increased revenue, as well as increased economic activity and business opportunities. Ecosystem services will be enhanced also, especially when plantations are located as part of a natural and planted forest mosaic, with enrichment planting of indigenous species under the original ENFAL project.
36. **Component 2c. Field Activity Monitoring and Technical Assistance (US\$2.29⁴ million grant).** This sub-component will finance professional monitoring, technical assistance and follow up to ensure that investments, financial management, and plantation maintenance remain on track during the loan period. Technical assistance activities will focus on advising on tree planting and nurturing techniques, business planning and financial management and reporting, species selection, mapping and land titling services. The Forestry Commission and a partner financial institution will provide the technical assistance and may draw on the work of service delivery organizations such as Solidaridad, International Institute for Environment and Development (IIED), Nature Conservation Research Centre (NCRC), the Sustainable Trade Initiative (IDH), and the National Board for Small Scale Industries (NBSSI), a GoG agency providing technical assistance to small businesses. Training and assistance for SMPEs will draw on established certification standards and systems that are operating in Ghana and accepted in timber markets.
37. The activities will include mobilization of community members (in targeted, degraded, mined-out areas) to engage in planting of economic trees and plants (possibly including indigenous bamboo) that can contribute to short-term livelihoods, longer-term economic options, landscape restoration, and soil/stream bank stabilization. Support may also include local livelihood opportunities, including (carefully selected) crops that can be grown within plantation systems at the early planting stage before the canopy closes (in Ghana this practice is well established and referred to as the Modified Taungya System). Community members engaged in agricultural production where plantations are being

⁴ This activity is noted separately to indicate the different forms of financing available in this tranche of FIP financing, which includes both grants and concessional finance.



established help with weed control around the tree seedlings. The agricultural products also provide an early income source in advance of the first thinning and timber harvest. For communities organized into CREMAs, support may include technical assistance in business planning for value addition so that the tree/timber output is eventually used efficiently to contribute to local economic development (processing of timber into sawn wood, poles, building components and other value added/downstream markets).

38. **Component 3: Innovation, capacity building, and communications (US\$1.00 million grant).** Following the structure of FIP ENFAL, this AF will expand support for communication, outreach and regular reporting on trends and results of the activity by MLNR to coordination bodies and higher authorities engaged in the MMIP implementation and follow on planning, including MESTI, EPA, MC and others. It will support scaled up communication and outreach activities to engage communities and miners (both legal and illegal) with awareness campaigns about the government's plans and programs. Outreach activities will be designed to engage miners on good environmental practices in artisanal gold mining and mine site rehabilitation, including use of established, legal small-scale mining operations as learning sites and mentors (to the extent possible). Where useful, training programs will be conducted with communities, mine owners and workers, local and traditional authorities and others to introduce improved practices, raise awareness of health impacts, and raise awareness of environmental degradation costs and impacts. Outreach activities will also be aimed to promote replication of good practices and scale-up of mine site rehabilitation at additional sites across Ghana.
39. **Component 4: Project management, monitoring, and coordination (US\$1.00 million grant).** Additional support for management, monitoring and coordination recognizes the need to expand the G-FIP Steering Committee to include key agencies, such as the Ministry of Chieftaincy and Traditional Affairs and others as needed. Project management and reporting functions will expand to ensure regular reporting on and integration of the FIP ENFAL- and AF-funded activities with larger scale Government programs to address and control the negative effects of illegal ASM.
40. **Results Monitoring and Evaluation.** Under a national framework reporting to the National Development Planning Commission (NDPC), each sectoral ministry, including MLNR, is responsible for sector M&E. Section 10 of the National Development Planning (Systems) Act, 1994 (Act 480) requires the Ministries to monitor the implementation of their Sector Medium-Term Development Plans (SMTDPs) and submit reports at intervals in prescribed formats to the NDPC. MLNR is also responsible for ensuring that its associated agencies, including the Forestry Commission, operate and report within this Monitoring and Evaluation (M&E) framework. Under this system, the Minister and the Chief Director have ultimate responsibility for: (i) Development and implementation of Sector M&E Plans; (ii) M&E capacity building within the Ministry; and providing the necessary funds and supporting conditions for M&E in the sector. Within MLNR, the Policy, Planning, Monitoring and Evaluation Division (PPMED) is responsible for M&E, plus reporting into the national system.
41. **Project Level M&E** will be implemented under the current MLNR M&E system, with FIP indicators incorporated into the national M&E system. Project monitoring and evaluation will serve to: (a) monitor and report on implementation progress; (b) identify gaps that require corrective actions; and (c) assess and report on results (see section VIII for Results Framework). Project level M&E will also feed into the country FIP Program reporting per the guidelines on "Result monitoring and reporting in the FIP"



approved by the Sub-Committee on October 30, 2013. The FIP Coordination Unit will be responsible for data collection and upstream annual reporting of progress on results to the World Bank and into the global FIP M&E system, directly to the FIP Steering Committee and the CIF / FIP Administrative Unit. Cost for collection of monitoring information is embedded in the overall budget.

42. **Climate Change Co-benefits.** As a FIP-funded operation, the proposed AF is designed to contribute directly to climate change mitigation by enhancing carbon sequestration into soil and vegetation. Through a complementary package of investment financing, technical assistance, capacity building, and outreach, the Project will demonstrate local level rehabilitation approaches to address the degradation and deforestation of forest landscapes caused by AGSM. Investments in Component 2 (remediation of mined-out sites, timber plantation development), where a significant share of financing is directed, are thus expected to result in close to 3,000 additional hectares of land to be a-/re-forested leading to significant emission reductions.
43. **Gender Aspects.** In the current environment, where illegal artisanal mining is prolific, negative environmental effects have a disproportionate effect on women, children, and other vulnerable populations. There is the differential impact of mining pollution, specifically from mercury, on women and children through toxic exposure in water and diet. *Galamsey* also contributes to restricting, and in many cases precluding, access to resources, such as clean water and fuel wood—which women and children are most often tasked with obtaining—as well as agricultural lands, most notably cocoa farms. Contributing to these impacts is the fact that women and children often have lower levels of awareness about the risks and costs of artisanal mining to their health and to their households. Implementation will assess and monitor potential gender gaps arising from access to project benefits, including access to revenues from alternative livelihoods and jobs created – in reclamation, maintenance, and monitoring and enforcement of private woodlots and community resource areas. The project will ensure that women actively participate in, and have decision-making authority, on committees, groups, or any governmental or non-governmental bodies making project, program or policy decisions with respect to community forest management and natural resource management. It will also ensure that women have access to livelihoods support schemes offered by the project.
44. **The project will take the following steps to address potential gender gaps.** The project will follow international best practices in transitioning women in pilot sites away from illegal mining, including lessons from previous projects, e.g. the recently closed Ethiopia: Support to Artisan Miners project (P125487). The project will use and leverage toolkits on gender and extractives to best meet the needs of women involved in or affected by ASM at target sites. The project will strive to support women's organizations, which can help to represent women's interests within the community and help to create "economic groups" that can support and exchange knowledge, training, and alternative livelihood pathways. Currently under the ENFAL project, women are increasingly benefitting economically from tree planting as part of village work groups, as well as work on local plant nurseries. Finally, the project will look at the linkages between mining, natural resources management, and gender; typically, job and revenue generation are accorded the highest priority. Under its communications component, the project will help to raise awareness of this nexus to the highest levels of state, as well as to the international community, with the potential to showcase case studies and lessons learned at international conferences and venues.



E. Implementation

Institutional and Implementation Arrangements

45. The AF will work within existing implementation structures include primarily MLNR, NREG Technical Coordination Committee, FC, COCOBOD, EPA and the Forest Research Institute of Ghana (FORIG). Under the AF, the institutional engagement will expand to include the MC, the minerals and land directorates within MLNR, the local Mineral District offices and the EPA.
46. **Project Steering Committee.** This project will be adopted by the existing GFIP project Steering Committee (NREG TCC+) for coordination of policy, resources and priorities. The proposed FIP implementation arrangement is integrated with the existing Natural Resources and Environmental Governance Technical Coordination Committee + (NREG TCC+), established in 2010 to facilitate the implementation of all natural resource and environment donor funded programs. The TCC+ also supports the implementation of Ghana's REDD+ agenda and includes representatives of key MDAs including (Minerals Commission and Local Government), plus the private sector, civil society and traditional authorities. For wider sharing and stakeholder engagement, the TCC+ can invite community-based organizations, women's groups, research institutions, etc. The DGM is represented in the GFIP Steering Committee.
47. **Implementing Agency.** The Ministry of Lands and Natural Resources (MLNR), which host the Minerals Directorate and the proposed Multilateral Mining Integrated Project (MMIP) which seeks to tackle illegal mining and ensure that legal mining is done in a sustainable way, will be the lead Implementing Agency responsible for overall management, coordination and project reporting. MLNR has responsibility for policy and legislation formulation and for monitoring and evaluation for the forestry and natural resources sectors including mines and lands. The Ministry has a dedicated team of technical staff responsible for the implementation of the on-going Ghana Forest Investment.
48. **Project Management Unit.** The existing Forest Investment PMU in the MLNR will coordinate the project under the Technical Director (Forestry) of MLNR. The FIP Management Unit in MLNR consists of a Project Coordinator (at Senior Director level), a Project Manager, a Project M&E unit, headed by the Director, Policy, Planning, Monitoring and Evaluation Division (PPMED), a Procurement Officer, a Planning/ Desk Officer FIP, a Financial Controller, and a Project Accountant. PMU staff resources may be supplemented as needed with consulting expertise for communications, reporting, and logistics.
49. **A broader Project Coordination Unit** will include the PMU and the dedicated project Focal Points from the Forestry Commission, Minerals Commission, Environmental Protection Agency and Ministry of Local Government and Rural Development and may include representatives of other collaborating agencies as needed. FC will implement field activities and provide services to local committees (of CREMAs and other CBOs) as outlined in paragraph 4. The FORIG, which undertakes forestry research, will lead on activities related to selection of appropriate tree species for the plantation activities and be a collaborating partner under Component 2. The Minerals Commission and the district offices in the pilot areas will be responsible for supporting project activities including field activities and policy and legislation reforms to ensure that reclaimed lands are not explored again. The EPA which represent MESTI at the district level



will ensure compliance with all environmental regulations. District Assemblies in the pilot areas will be members of local implementation committees and will be responsible for monitoring implementation of field activities. A subcommittee of the PCU made of representatives from the District Forestry Offices, District Minerals Offices, district EPA offices, and the District Assemblies will be directly responsible for overseeing implementation of field activities including monitoring of the reclamation activities, and Alternative Livelihood activities at community level.

50. Stakeholders to be engaged in consultations, policy dialogue processes and implementation of activities under this project include the following:
- Communities and institutions supporting the development and implementation of CREMAs.
 - Traditional authorities and land owners.
 - District and Local Governments
 - Local and International NGOs.
 - The Ghana Investment Promotion Centre
 - Professional communication enterprises, plus other intermediate service providers that may bring skills in training, visual communication, survey design, and M&E approaches.
 - Ghana National Association of Small Scale Miners (GNASSM) and the Private Afforestation Developers Organization (PADO).
51. **Financial Management Assessment and Arrangements.** Consistent with the guidelines of the Financial Management Manual for World Bank-Financed Investment Operations issued on March 1, 2010, a financial management (FM) assessment was conducted for MLNR, the key implementing agency under the Project, and FC. MLNR has in the past successfully implemented a series of IDA project and is presently managing original and first Additional Financing for FIP project for which the Financial Management arrangements are rated as **Satisfactory (S)**. Likewise, the FC is also presently managing several Trust Funds and their ratings are moderately satisfactory.
52. Even though the technical design of the Project is anchored between the MLNR/FIP Secretariat and the Forestry Commission, for purposes of financial management, the FM will be managed by the Accounts Department of the MLNR. The FM staffing strength at MLNR is strong and has been further strengthened by the assignment of a dedicated qualified Project Accountant.
53. **MLNR.** The overall financial management responsibility throughout implementation will be handled by the Financial Controller at the MLNR. The responsibility of the Financial Controller is to ensure that throughout implementation there are adequate financial management systems in place which can report adequately on the use of project funds. As recommended during the first AF, the MLNR has now assigned the daily transactional processing to a fully dedicated qualified accountant and this has helped in ensuring improved fiduciary arrangements. Under the direct technical oversight of the Financial Controller, the overall financial management responsibility will be handled by the dedicated Project Accountant assigned by the Director and *imbedded* as part of the PIP/PIU. The responsibility of the Project Accountant is to ensure that throughout implementation there are adequate financial management systems in place which can report adequately on the use of project funds. In addition, and with the supervisory role of the Director, the Project Accountant will be tasked with maintaining oversight responsibilities with regards to ensuring compliance with financial covenants such as



submitting Interim Unaudited Financial Reports (IFRs), maintaining internal controls over project expenditure and engaging external auditors. The Project Accountant will also be responsible for maintaining and operating the designated account and support the processing of payments to contractors and service providers and verifying and authorizing payments for all contracts and activities.

54. The Project Accountant, working closely with the Project Director/Coordinator will be the focal person for fiduciary oversight and is expected to interact frequently with accountants at the various implementing agencies (FC, COCOBOD, EPA, MC) to ensure timely submission of imprest reports and documentation of expenditure in a manner that facilitates their consolidation into the project's financial system. In sum, the Financial Controller of MLNR, supported by the Project Accountant would be responsible for ensuring compliance with financial covenants such as submitting Interim Unaudited Financial Reports (IFRs) to the Bank, maintaining internal controls over project expenditure and engaging external auditors.
55. **Forestry Commission.** Even though the Forestry Commission (FC) will play a critical role in the technical aspects of implementation, it has been proposed that in terms of financial management their role will be limited to **receiving funds from the single designated account**, to be operated by the MLNR. Transfers will be made to the FC to support eligible project activities based on quarterly releases as per the approved annual work plans. As such the FM assessment focused on the systems in place at the FC to ensure that there will be adequate record keeping and documentation of project activities. The Finance Section of the FC is headed by the Director of Finance who is a qualified accountant with relevant years of experience and supported by a team of accounts officers with varying levels of qualification. As done in the current projects, a dedicated Project Accountant will be assigned the role of managing the FIP project to ensure that there is more focus on project financial activities. It is expected that the Project Accountant will be directly supervised and accountable to the Director of Finance.
56. **Compliance with Financial management covenants.** In terms of compliance of the Financial Covenants as per the Financing Agreement, throughout the implementation of the original credit and the additional financing the project has generally complied fully with the covenants (*submitting acceptable interim quarterly financial reports and audit reports*). The 2018 IFRs were submitted on time and in form and content that is acceptable to the Bank. With regards to the submission of audited financial statements, the project has complied satisfactorily. The most recent audit report was for the year ending 2017 and the audit report was received on July 9, 2018 which was within the six months' period after the end of the fiscal year and thus in-compliance with the provision of the Financing Agreement. In addition, the audit indicated that the control environment for implementation was adequate and that minor issues noted were not material or significant to affect the underlying records.
57. In conclusion, the assessment of the financial management arrangements at the MLNR and FC concludes that there are adequate systems in place that satisfy the Bank's minimum requirements under OP/BP10.00 and the overall FM risk has been assessed as **Moderate**.
58. **Strengths and weaknesses of the Financial Management System.** MLNR has a fully functioning accounts unit which is staffed with a mix of qualified and unqualified accountants with varying degrees of experience particularly in public sector accounting. The presence of an existing accounting unit with



established processes and procedures as complemented by adequate staffing who are already conversant with IDA projects is the key advantage of the finance and accounting team within the MLNR. As part of the ongoing implementation of the FIP and the first AF, the accounts team has been further strengthened by the assignment of a fully dedicated qualified accountant who oversees the transactional processing and reporting arrangements. This has helped to ensure full compliance with IDA FM guidelines.

59. A possible weakness could arise from the inherent risk associated with challenges in inter-departmental coordination, oversight and controls between the MLNR and the key implementing agencies e.g. EPA, COCOBOD, FC, MC etc. Specifically, for Financial Management this could result in delays in preparing and approving consolidated budgets, delays in releasing of fund and challenges in providing appropriate supporting documentation. In addition, a major challenge has been delays in preparing and submitting acceptable financial returns from the implementing agencies. To address this risk, the Bank has recommended that the Project should only transfer additional funds to the beneficiary agencies only if they have **documented up to 75 percent** of the outstanding balances (advances). Furthermore, the accountants should understand that the funds are not “earmarked” and so they can be used for any eligible project activity as determined in the approved AWP& Budget. This should help address the issue of funds being requested for new activities even though funds are still available for planned activities which are yet to be initiated. *The proposed changes have been discussed and agreed and will be amended in the revised Project Implementation Manual (PIM).*
60. In general, the assessment indicates that both primary implementing agencies have in-depth prior experience of implementing Bank and donor-financed projects. They thus have the requisite know-how and experience to carry out the accounting function of the proposed project when supplemented by dedicated incremental staff over the life of the project.

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

The rehabilitation of Mined-Out Areas pilot activity aims to reclaim and rehabilitate mined-out areas in selected sites characterized by mining degradation in the High Forest Zone cocoa landscapes in the Western and Eastern Region of Ghana. Activities will be targeted in illegally mined areas in Tarkwa and Bibiani Forest Districts in Western Region and Begoro and Kade Forest Districts in Eastern Region. These four districts were chosen to represent a geographic diversity of sites and a range of reclamation issues and socio-economic conditions. Screening criteria for selection of mined-out sites for rehabilitation will seek to identify sites with inactive operations, near Forest Reserves or water bodies, with clear legal status, and local communities willing to participate in reclamation and strength of local institutions including both traditional and District Assembly and proximity of potential partner institutions (training, service delivery) will also be considered. Selected sites will undergo detailed sampling and testing for contaminant presence (including on potential backfill material) before design of interventions at each site. Interventions will include rehabilitation of degraded land and river banks, remediation and clean-up of contaminated sites, and restoration of vegetation to reclaimed areas. The pilot for incentivizing investment in plantation development will provide financing incentives and technical assistance to support tree planting by small and medium-scale plantation enterprises (SMPEs) that are within the High Forest Zone cocoa landscapes in the of Ghana – Ashanti, Brong-



Ahafo, Eastern Central and Western Regions. SMPEs that access loan funds will provide employment benefits to nearby community members who will engage in site preparation, nursery establishment, tree planting, plantation maintenance and other activities. This could reach up to 2,000 beneficiaries in local communities (targets still being established), with up to half being women. Where feasible, these investments will be located near mined-out site rehabilitation pilots as described above. Firms will be selected based on technical and financial viability (independently assessed), level of interest, willingness, business model to promote local employment opportunities (criteria to be further refined).

G. Environmental and Social Safeguards Specialists on the Team

Anita Bimunka Takura Tingbani, Environmental Specialist
Charles Ankisiba, Social Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project will continue to engage in many activities that use forest resources in selected sites and potentially impact other environmental areas. However, key to the AF is the rehabilitation of degraded areas as a result of artisanal mining. Due to the general processing methods used by artisanal miners, additional land pollution risks with chemicals such as mercury and arsenic is elaborated in the updated ESMF to provide for testing of areas to be rehabilitated. The reclamation and rehabilitation of mined-out sites are likely to be associated with health and safety risks to workers and the nearby local communities. Therefore, appropriate health and safety management plans will be prepared alongside the ESIA for each of sites to be reclaimed/rehabilitated. The updated Environmental and Social Management Framework (ESMF) has been consulted upon, and disclosed in-country on January 28, 2019 and cleared and disclosed by the Bank on January 17, 2019.
Performance Standards for Private Sector Activities OP/BP 4.03	No	



Natural Habitats OP/BP 4.04	Yes	The project activities within the AF will still involve forest areas which may contain critical ecosystems; the project will enhance the quality of the management of these critical ecosystems and reduce risks associated with cocoa production, degraded land restoration and other agroforestry practices. The updated ESMF provides guidance on avoiding or mitigating impacts on natural habitats.
Forests OP/BP 4.36	Yes	Forest policy and management are a primary focus of this project, in addition to trees in the agroforestry landscape. The project will explore integrated and participatory forest management as part of a strategy of storing carbon through sustainable forest management. The ESMF includes guidance on managing forestry issues.
Pest Management OP 4.09	Yes	The project will not directly finance the use of pesticides but will promote integrated pest management (IPM) and application of pesticide to minimize risks to human health and the environment, particularly in situations when pesticide use may increase in association with the project, such as promotion of suitable food crops as part of degraded landscape activities. The project-specific Pest Management Plan (PMP) has been updated based on this background and the potential crops to be promoted, to ensure that the project does not increase the environmental impacts of pesticide use, and where possible these would be managed responsibly, in line with sound environmental and human health protection objectives.
Physical Cultural Resources OP/BP 4.11	Yes	The ESMF and Process Framework incorporate screening to ensure that the project would not have any negative impact on sacred sites. Decisions on pilot activities will be made in consultation with local communities; the location of sacred sites is local knowledge and rarely (if ever) documented or mapped. Screening of sites for pilot activities will include specific screening under the ESMF to avoid adversely affecting physical cultural heritage, such as sacred groves.
Indigenous Peoples OP/BP 4.10	No	Based on portfolio review, previous experience, and Bank guidance, this policy is not triggered for projects in Ghana.



Involuntary Resettlement OP/BP 4.12	Yes	<p>No involuntary resettlement is anticipated as a result of activities undertaken under the AF. However, as part of the plans for ensuring forest reserves are protected and mined-out sites are restored through investment in tree planting and other rehabilitation activities, these activities may reduce or restrict access to locations or resources by community members. The reclamation of mined-out sites, including regrading and replanting, for example, may have adverse impacts on livelihoods. Livelihoods may be restricted by the introduction of new land uses (e.g., riparian zones, timber plantations) or by the introduction of remedial actions or regulations on for example, space needed for water treatment / settling needs, or restrictions on activities due to contamination. These restrictions of access will be negotiated with farmers through consultative processes, and alternative livelihoods support and other inputs and incentives will be offered to increase agricultural productivity. Similarly, use and access to resources may be restricted due to changes in forest management, delineation of boundaries and resource management plans, including those developed voluntarily by CREMAs. A Grievance Redress Mechanism has been set up under the FIP ENFAL project and will continue to be improved for more functional application in collaboration with the communities to provide avenues for complaints redress and social accountability. These activities will be guided by the Process Framework to ensure participatory processes are incorporated into resource management plans and appropriate alternative livelihood support. The Process Framework has been consulted on, disclosed in-country on January 28, 2019 and by the Bank on January 17, 2019.</p>
Safety of Dams OP/BP 4.37	No	The project does not involve dams.
Projects on International Waterways OP/BP 7.50	No	N/A
Projects in Disputed Areas OP/BP 7.60	No	N/A



KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

This AF includes new activities: 2a. Pilot demonstration of clean up and reclamation practices with alternative livelihood support after forest and land degradation due to ASM; and 2b. Pilot for incentivizing investment and local level job creation in timber plantations. These components will be implemented in forest and cocoa landscapes in Ghana's High Forest zone, which includes areas of Brong-Ahafo, Western, Ashanti and Eastern Regions. These activities will have positive social and environmental benefits; possible adverse impacts will be mitigated by safeguard instruments prepared for FIP ENFAL. The project is classified as Environmental Assessment (EA) Category B.

Under component 2a there is a plan to rehabilitate some pilot sites from a mined-out and degraded state to an economically usable state. Since mined sites may be contaminated with heavy metals, including Mercury, which is toxic to humans and the environment, care should be taken – including appropriate soil testing – in the process of reclaiming mined-out sites to protect people and the environment from contamination. Soil management measures such as liming are required to prevent the contaminant migration from the topsoil into the subsoil and groundwater as well as to provide suitable conditions for planting trees. Similarly, the choice of species for rehabilitation of degraded land must consider the potential for soil (and water) contamination, for example timber trees or bamboo would likely be preferred to crops that would be handled or processed for consumption. The ESMF has been updated to provide a procedure on how contaminated sites will be reclaimed to avoid adverse impacts on people and the environment.

In addition, Phytotechnology (Phytoremediation) is recommended as the best available and cost-effective technology option without much complexity. It is considered to have the following effectiveness advantages: short-term and/or long-term effectiveness; effectiveness of contaminant reduction at the site; reduction of contaminant toxicity; and cost effectiveness of remediation. This technology uses plant roots, shoots, tissue and leaves to remove, transfer, stabilize or destroy contaminants in soil, sediments and water. It is considered as a "Green Revolution" in the field of innovative cleanup technologies. The mitigation of accumulation of contaminants in plant tissues would be achieved by limiting plants to use for remediation to non-edible cash crops like Teak. The institutions and parties responsible for this activity are the Environmental Protection Agency, Minerals Commission and the Forestry Commission.

The original ENFAL project has benefited from parallel environmental and social assessments and due diligence developed under the FCPF support to the REDD+ Readiness Process, including development of a Social and Environmental Strategic Assessment (SESA) that has identified possible social and environmental risks. The FIP ESMF, Pest Management Plan (PMP) and Process Framework identified specific safeguard activities, roles and responsibilities, capacity building and budget requirements. The Environmental and Social Management Framework (ESMF) and Process Framework have been updated to include the new areas that have been added in this Additional Finance. The update provides a revised budget incorporating the capacity building needs of the additional implementation agencies.

The updated PF would continue to be applicable to project activities that impose restriction on access to forests areas including the historically admitted farms. On the other hand, the new activities to be undertaken under the AF on degraded land on mined-out sites would be clearly marked out and mitigation measures, as appropriate would be



developed to address any potential social risks and impacts that would be identified in the ESMF. The criteria for the selection of project sites for plantation development in mined-out sites would be discussed in a participatory manner with the local communities to ensure that these lands are abandoned and not currently under any use, since they would have been degraded by the illegal mining activities and may be contaminated. To that extent, it is envisioned that the rehabilitation of tree plantations on such lands would not result in restriction nor access to the use of the land. Potential social risks and impacts that may be identified would be mitigated by appropriate measures in the ESMF.

Key lessons learnt in the implementation of the environmental and social safeguards include the following: (i) Continuous capacity development for frontline project staff and extended the trainings beyond the Safeguards Focal Persons helped sustained the capacity despite frequent turn over of staff; (ii) Engaging Community Based Organization improved and enhanced consultation as well as support the community entry roles of the Safeguards Focal Persons to effectively reach PAPs; (iii) the need to simplify and make accessible the Grievance Redress Mechanism and process.

The Ministry of Lands and Natural Resources (MLNR) together with the Environmental Protection Agency, Minerals Commission and the Forestry Commission would be involved in the remediation, and as part of their mandates and responsibility, these institutions will continue to provide resources for maintenance and monitoring the efficacy of phytoremediation.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: The Project is contributing to improving and expanding forest biomass and introducing land management schemes to reduce deforestation and degradation.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. The Project has benefited from extensive consultation across many stakeholders to identify possible REDD interventions and the FIP has built upon these processes to select appropriate positive forest benefits.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

At the national level the project has hired a safeguard specialist. At the regional and district levels Focal Persons are assigned to screen sub-projects using screening forms. As part of the implementation of the GFIP ESMF, Focal Persons have received safeguards training on the use of checklist to screen forestry activities for potential impacts and mitigation measures. The Project so far demonstrated good progress in implementing mitigation measures. With further training, which is planned as part of the AF, the performance of the borrower is expected to improve more.

- Environmental Assessment OP/ BP 4.01. The project will continue to engage in many activities that use forest resources in selected sites and potentially impact other environmental areas. However, key to the AF is the rehabilitation of degraded areas as a result of artisanal mining. Due to the general processing methods used by artisanal miners, additional land pollution risks with chemicals such as mercury and arsenic is elaborated in the updated ESMF to provide for testing of areas to be rehabilitated. The reclamation and rehabilitation of mined-out sites are likely to be associated with health and safety risks to workers and the nearby local communities. Therefore, appropriate health and safety management plans will be prepared alongside the ESIA for each of sites to be



reclaimed/ rehabilitated. The updated Environmental and Social Management Framework (ESMF) has been consulted upon, and disclosed in-country on January 28, 2019 and cleared and disclosed by the Bank on January 17, 2019.

- **Natural Habitats OP/BP 4.04.** The project activities within the AF will still involve forest areas which may contain critical ecosystems; the project will enhance the quality of the management of these critical ecosystems and reduce risks associated with cocoa production, degraded land restoration and other agroforestry practices. The updated ESMF provides guidance on avoiding or mitigating impacts on natural habitats.
- **Forests OP/BP 4.36.** Forest policy and management are a primary focus of this project, in addition to trees in the agroforestry landscape. The project will explore integrated and participatory forest management as part of a strategy of storing carbon through sustainable forest management. The ESMF includes guidance on managing forestry issues.
- **Pest Management OP 4.09.** The project will not directly finance the use of pesticides but will promote integrated pest management (IPM) and application of pesticide to minimize risks to human health and the environment, particularly in situations when pesticide use may increase in association with the project, such as promotion of suitable food crops as part of degraded landscape activities. The project-specific Pest Management Plan (PMP) has been updated based on this background and the potential crops to be promoted, to ensure that the project does not increase the environmental impacts of pesticide use, and where possible these would be managed responsibly, in line with sound environmental and human health protection objectives.
- **Physical Cultural Resources OP/ BP 4.11.** The ESMF and Process Framework incorporate screening to ensure that the project would not have any negative impact on sacred sites. Decisions on pilot activities will be made in consultation with local communities; the location of sacred sites is local knowledge and rarely (if ever) documented or mapped. Screening of sites for pilot activities will include specific screening under the ESMF to avoid adversely affecting physical cultural heritage, such as sacred groves.
- **Indigenous Peoples OP/BP 4.10.** Based on portfolio review, previous experience, and Bank guidance, this policy is not triggered for projects in Ghana.
- **Involuntary Resettlement OP/BP 4.12.** No involuntary resettlement is anticipated as a result of activities undertaken under the AF. However, as part of the plans for ensuring forest reserves are protected and mined-out sites are restored through investment in tree planting and other rehabilitation activities, these activities may reduce or restrict access to locations or resources by community members. The reclamation of mined-out sites, including regrading and replanting, for example, may have adverse impacts on livelihoods. Livelihoods may be restricted by the introduction of new land uses (e.g., riparian zones, timber plantations) or by the introduction of remedial actions or regulations on for example, space needed for water treatment / settling needs, or restrictions on activities due to contamination. These restrictions of access will be negotiated with farmers through consultative processes, and alternative livelihoods support and other inputs and incentives will be offered to increase agricultural productivity. Similarly, use and access to resources may be restricted due to changes in forest management, delineation of boundaries and resource management plans, including those developed voluntarily by CREMAs. A Grievance Redress Mechanism has been set up under the FIP ENFAL project and will continue to be improved for more functional application in collaboration with the communities to provide avenues for complaints redress and social accountability. These activities will be guided by the Process Framework to ensure participatory processes are incorporated into resource management plans and appropriate alternative livelihood support. The Process Framework has been



consulted on, disclosed in-country on January 28, 2019 and by the Bank on January 17, 2019.

Recipient's Institutional Capacity. The Government of Ghana has gained significant experience in implementing projects that are similar to this project using the World Bank safeguards instruments. Since the thematic areas under the proposed AF are similar to the original project and past projects, the team is confident that the Government has the appropriate capacities to properly prepare and enforce safeguards policies. The Ministry of Lands and Natural Resources (MLNR), the main implementing agency, is in the process of building capacity on safeguards at the district levels. Since the AF will be implemented within the same Ministry, it would benefit from existing experience and knowledge transfer from the main FIP project. The Minerals Commission, being introduced under this AF, already has experience with the implementation of other World Bank projects. EPA will be instrumental in developing regulations and standards to address adverse impacts of artisanal mining. However, to bridge any capacity gaps and to ensure consistency in knowledge across the implementing agencies, the Bank will continue to provide guidance and training on safeguards policies and procedures to key project staff during implementation to ensure the project is in compliance with safeguards requirements.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

A stakeholder engagement process was followed during project preparation which included several interactions with affected communities. The methodology included desk studies and qualitative and quantitative survey in the project areas. This was based on focus groups and in-depth interviews with communities of the project areas, representatives of civic associations, local NGOs, and representatives of local commercial enterprises and district assemblies as well as gender advocacy groups.

The objectives of these meetings were to: (a) assess the existing social conditions; (b) determine the potential negative impacts of the component, if any; (c) serve as a vehicle for community consultations on the project; and (d) inform the ongoing project design.

The issues/ concerns arising out of the consultations in the Western and Brong Ahafo Regions for both the FIP and the SESA for the REDD+ mechanism in Ghana are summarised in the ESMF under four main headings: (1) Natural Resources; (2) Institutions; (3) Economic; and (4) Socio- cultural Issues.

In order to engage the Project Affected Persons (PAPs) successfully, the strategies to be used will include using the assembly men/ women to assist in accessing the chiefs and people of communities and in the identification of PAPs/ contact persons/ stakeholders/ focal persons etc.

The methods to be employed will include: (i) National Newspapers, (ii) local FM stations, (iii) beating of gong-gong and (iv) oral presentations at social gatherings (churches, mosques, funeral grounds, durbars etc).

The safeguards documents have been updated and disclosed in compliance with relevant Ghanaian regulations and the World Bank safeguards policies respectively as mentioned above. The public/community will be allowed up to 21 days to comment on any proposals prior to implementation.



B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
16-Jan-2019	17-Jan-2019	

"In country" Disclosure

Ghana
28-Jan-2019

Comments

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
16-Jan-2019	17-Jan-2019

"In country" Disclosure

Ghana
28-Jan-2019

Comments

Pest Management Plan

Was the document disclosed prior to appraisal?	Date of receipt by the Bank	Date of submission for disclosure
Yes	16-Jan-2019	17-Jan-2019

"In country" Disclosure

Ghana
28-Jan-2019

Comments

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.



If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?

No

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

No

OP 4.09 - Pest Management

Does the EA adequately address the pest management issues?

Yes

Is a separate PMP required?

Yes

If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?

Yes

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes



Is physical displacement/relocation expected?

No

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

No

OP/BP 4.36 - Forests

Has the sector-wide analysis of policy and institutional issues and constraints been carried out?

No

Does the project design include satisfactory measures to overcome these constraints?

Yes

Does the project finance commercial harvesting, and if so, does it include provisions for certification system?

No

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank for disclosure?

Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?

Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?

Yes

Have costs related to safeguard policy measures been included in the project cost?

Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?

Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?

Yes

CONTACT POINT

World Bank



The World Bank

Additional Financing for Ghana Forest Investment Program (FIP) - Enhancing Natural Forest and Agroforest Landscapes Project (P163745)

Timothy H. Brown
Sr Natural Resources Mgmt. Spec.

Asferachew Abate Abebe
Senior Environmental Specialist

Philippe Ambrosi
Senior Environmental Economist

Borrower/Client/Recipient

Republic of Ghana
Sauda Ahmed Seinu
Ag. Head, World Bank Unit, Ministry of Finance
sahmed@mofep.gov.gh

Republic of Ghana

Implementing Agencies

Ministry of Lands and Natural Resources
Musah Abu Juam
Technical Director for Forests
abujuam@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):

Timothy H. Brown
Asferachew Abate Abebe



The World Bank

Additional Financing for Ghana Forest Investment Program (FIP) - Enhancing Natural Forest and Agroforest Landscapes Project (P163745)

	Philippe Ambrosi
--	------------------

Approved By

Safeguards Advisor:	Maman-Sani Issa	01-Feb-2019
Practice Manager/Manager:	Maria Sarraf	01-Feb-2019
Country Director:	Henry G. Kerali	11-Feb-2019
