



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

Date Prepared/Updated: 06/28/2021 | Report No: ESRSC02154



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Ghana	AFRICA WEST	P172850	
Project Name	Cocoa Sector Development Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	1/24/2022	9/22/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	COCOBOD		

Proposed Development Objective

The proposed project development objective is to improve the economic, environmental and social sustainability of cocoa production in targeted areas.

Financing (in USD Million)	Amount
Total Project Cost	200.00

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

No

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

Cocoa production supports the livelihoods of more than 800,000 smallholder households in Ghana and many others who depend on it for a significant share of their income. In 2018-19, Ghana produced 811,746 tons of cocoa, generating over USD1.8 billion in foreign exchange. Cocoa export accounts for 20-25 percent of total foreign exchange earnings and contributes about 20 percent of global cocoa exports. Ghana cocoa beans have high international reputation for quality and command a 3-5 percent market premium. Increased agricultural production, particularly in the cocoa sector, has contributed to Ghana’s rapid and steady decline in poverty.

Despite being a very important commodity, Ghana’s cocoa sector faces several challenges. There is a challenge of low productivity in the cocoa sector which threatens Ghana’s competitiveness and position in the international market.



Current average yields are estimated at 450kg/ha. This is lower compared to leading producers such as Cote d'Ivoire (580 kg/ha) and Indonesia (800 kg/ha). The low yields are a result of a multiplicity of factors such as age of the trees, pest and disease infestation, and poor agricultural practices.

To address the challenges in the cocoa sector, the Government of Ghana has developed the Cocoa Sector Development Strategy II with the objective of deploying productivity enhancing interventions in the cocoa sector, addressing gender, child labor and deforestation. These interventions are expected to raise the current productivity to 1,000kg/ha as compared to other producing countries like the Dominican Republic (1,250 kg/ha) and Madagascar (2,000 kg/ha). In addition, the strategy includes objectives of adopting climate smart cocoa practices, undertaking shaded rehabilitation, responding to the child labor issue, and increasing the share of locally processed cocoa beans to 50 percent.

The proposed project is being prepared under the Joint Ghana Cote d'Ivoire cocoa initiative which seeks to manage price volatility, optimize government revenue and welfare of cocoa farmers (income). The project will support implementation of the Cocoa Sector Development Strategy II particularly the Productivity Enhancement Program (PEP). The project would be implemented over a period of six years with results-based activities that will be defined during preparation. The project design includes three interrelated technical components: (i) Institutional Strengthening and Value Chain Governance; (ii) Sustainable Cocoa Intensification; and (iii) Socially and Environmentally Responsible Diversification. The fourth component would focus on Project management and M&E, and the fifth component on a zero allocation Contingency Emergency Response Component (CERC). The preliminary project description is presented as follows:

Component 1 – Institutional Strengthening and Value Chain Governance. Component 1 aims to promote the overall efficiency of the cocoa value chain by strengthening its organization, management, and coordination, with a focus on addressing critical sustainability issues such as child labor, deforestation, gender gap and poverty, as well as the need for greater transparency in the management of the sector. The component would finance the technical assistance, consultancies, and equipment, as well as incremental operating costs, required to support the activities described below.

The component would support the following sets of activities: (i) Support to COCOBOD capacity building for: (a) general organizational development and leadership for coordinating activities in the cocoa sector, with the aim to ensure greater transparency in its operations and participation of all key sector actors in the stakeholder policy deliberative processes; this would include digitizing COCOBOD's management systems and procedures, and attendant staff training to monitor operational programs; (b) operationalization of the cocoa farmer database (Cocoa Management System-CMS) for better planning and forecasting production and its integration with existing digital platforms for supplying inputs, as well as paying for cocoa beans and the Living Income Differential (LID); (c) Climate Change Desk on zero deforestation and monitoring of the greening of the cocoa landscape through the use of remote sensing technology for detecting land-use changes, and measuring carbon footprint, and impact of climate change ; and (d) responsible management and mainstreaming of implementation modalities for conducting child labor and gender gap closing interventions; (ii) Organizational support for Farmer-Based Organizations (FBOs), including the legal registration of such organizations, and technical and managerial training for their officials in areas such as good governance, operational management, business development, group dynamics, service provision, marketing plans, and creditworthiness; this support will position them to increase membership, strengthen internal governance, and reinforce deliberative process; in this regard, the project would support the Ghana Cocoa Platform (GCP) and other public-private partnerships and initiatives, to enable FBOs to participate in the multi-stakeholder value chain policy dialogue; (iii) Support to building national capacity to address child labor and deforestation: this activity would include monitoring and reporting of child labor issues, mapping of child labor interventions and developing communication



programs regarding child labor awareness and behavioral change, and strengthening the Forestry Commission's capacity to coordinate forest protection and zero deforestation activities. The project would establish linkages with Government of Ghana (GoG)'s National Plan of Action for the Elimination of the Worst Forms of Child Labor) under the MELR, the Cocoa Forest Initiative (CFI), the Emission Reduction Program and other cocoa landscape restoration interventions; and (iv) Implementation of regional standards and traceability system: this activity would cover the launching and operationalization of the Regional Cocoa Sustainability Standard with Cote d'Ivoire, the design and development of a traceability system (barcoding of cocoa bag tag and its integration to the Content Management System-CMS) that will complement the regional standard, and support for south-south collaboration on knowledge exchange and technologies for post-harvest management including cocoa pulp juice and cocoa pod valued added services.

Component 2 – Sustainable Cocoa Intensification. Component 2 aims to improve the productivity of existing cocoa farms and strengthen the resilience to climate change of cocoa-based production systems. The component is expected not only to help improve and buffer farmers' yields against climate shocks, but also to reduce the incentive for deforestation, to which most farmers often resort to expand their farms in response to stagnating or declining yields. The project would finance incremental operating costs, goods and services, training activities and technical assistance as required. The support is proposed to be organized under three subcomponents as detailed below. Subcomponent 2.1 - Renovation and replanting (R&R) of cocoa farms. The project would support COCOBOD's R&R program as part of CSDS II strictly on CSSVD-infested farms. The remedy to CSSVD is treating affected farms and/or uprooting and replanting with disease-tolerant varieties, followed by improved disease surveillance and management. GoG, with the support of other donors, including AfDB, is already implementing a treatment and replanting program targeting about 320,000 ha - a scale which most practitioners believe is needed to reach a threshold level of intervention for effective control and eradication of CSSVD in the country. The project would support GoG's program on about 80,000 ha of CSSVD infested farms in the intensive cocoa growing areas of the Western North, Eastern, Bono, and Ahafo Regions, and Bono East, all within the High Forest and Transition Zone (HFZ) of Ghana at an estimated cost of US\$1385 per hectare. Bank support for the R&R program is justified in that it is public good initiative of an emergency nature. This is in contrast with the replanting of old trees that is deemed to pertain to the private goods category and will be left for producers to decide based on market signals. Project R&R activities will come under the purview of the Government. Producers will decide to participate on a voluntary basis, with support provided strictly for plantations outside protected, marginal or fragile areas.

The project would support the survey and mapping of CSSVD disease incidence to identify and prioritize hotspots; the cutting out and proper disposal of diseased plants; provision of disease-tolerant seedlings, as well as the package of inputs required for replanting; and sanitary barriers and other complementary measures (to be elaborated in the cocoa farm development plans) to prevent disease transmission into replanted areas. The project would also support the provision of one-off cash grants to farmers and cocoa landowners participating in the rejuvenation/ replanting program, as compensation for the potential income forgone until replanted trees reach maturity and full production. It would build on COCOBOD's experience in providing this kind of financial compensation.

Subcomponent 2.2 - Advisory services, and research and development. This subcomponent would support the provision of advisory services targeting disease surveillance/ early detection, management, and reporting; the adoption of climate-smart practices on replanted areas; improved soil fertility management; as well as other Good Agricultural Practices (GAPs), including the reestablishment of optimum-shade cultivation practices (cocoa agroforestry). The project would also (i) pilot, and scale up if successful, a payment for environmental services scheme to encourage farmers to keep shade trees on their farm, and (ii) support the Cocoa Research Institute of Ghana (CRIG) and other institutions to pursue collaborative applied research in disease management as well as other research and development activities relevant to cocoa production (e.g., agronomic research on Integrated Soil Fertility



Management (ISFM), agroforestry, socio-economic research and byproduct development research). The research program would be implemented in collaboration with IITA, ICCO, World Forestry Centers, and private sector (such as Mars, Cargill and Nestle which have active R&D programs).

Subcomponent 2.3 - Land and tree tenure arrangements. Support under this subcomponent seeks to address land and tree tenure insecurity, which is known to constrain productivity by reducing farmers' interest in making long-term investments in rehabilitation of old and diseased cocoa farms or engage in sustainable land management practices. The project would finance the documentation of land and tree tenure for an estimated 40,000 farmers in line with the new Ghana Land Act (Act 1036). The documentation of the land tenure arrangements would contribute particularly towards enhancing the security of tenure for migrant and tenant farmers with the attendant advantage of supporting increasing productivity on their farms. The documentation process would include consultations with customary authorities, chiefs and other local level institutions, sensitization of farmers on the benefits of recording tenure arrangements, mapping of the farms boundaries, joint recording of ownership and use rights through a participatory process, issuance of joint (husband and wife) land records (where applicable), strengthening of tree tenure security , as well as the related conflict management which would be embedded into the project Grievance Redress Mechanism (GRM). The project would support the ongoing dialogue with other donors on land and tree tenure policy in Ghana, working closely with the WB Urban Resilience and Land (URL) practice.

To ensure that project activities does not infringe on protected, marginal or fragile areas, the project would rely on the support of the Cocoa and Forests Initiative (CFI) and Resource Management Support Centre (RMSC) of the Forestry Commission to identify and geotag such areas, which will then be ineligible for support.

Component 3 – Socially and Environmentally Responsible Diversification. Component 3 aims to increase cocoa producers' income and value capture by supporting alternative livelihood pathways beyond cocoa beans, strengthening household resilience, and promoting socially responsible practices that address poverty amongst cocoa growers. The component would support, on a demand driven basis, activities geared to improving farmer skills, productive assets and infrastructures, and community development, for alternative income generating activities. Eligible activities would include: (i) Market-oriented diversification into profitable alternative tree crops, resilient to climate change, in locations not suitable for cocoa, or into off-farm income opportunities along innovating financial models: activities to be financed would be in areas such as green enterprises (post-harvest quality management, organic cocoa and cocoa byproduct value chain development), agroforestry, high value shade loving crops (ginger/alligator pepper), commercially viable service-provision (mechanization of key operations, e.g., spraying, pod breaking, and pulp extraction); these activities would target Small and Medium Enterprises (SMEs) with priority given to youth and women enterprises; the project diversification programs would be aligned with the Planting For Export and Rural Development (PERD) initiative, through the Tree Crop Development Authority (TCDA); and (ii) Last mile, climate proof infrastructures to improve the living conditions in the communities and access to market and services, such as access roads, transport equipment, storage facilities, power/green energy, water supply, etc. The selected infrastructures would consider the needs expressed in the Cocoa Farm development and the Child Labor Community Action Plan (CAP) . Under this subcomponent, farmers participating in the project treatment and replanting program would be targeted for labor intensive programs or cash for work activities to mitigate the impact of their expected shortfall in income.

To implement the above activities, the component would finance consultancies, equipment and civil works, as well incremental operating costs. The project would consciously target women for support regarding income generating activities, given the high membership fees for FBOs and strict customary requirements of land or tree ownership that serve as barriers to female empowerment in cocoa growing areas. Improved income and livelihood support for women, in turn, would have the advantage of contributing towards child labor prevention. The project would explore



synergies with World Bank operations in the transport and social sector (education, safety net, water, and sanitation) to complement the infrastructure activities under (ii).

Component 4 - Project Management, Monitoring and Evaluation (M&E), and safeguards. Component 4 would finance: (i) the project day-to-day administrative, technical and fiduciary management, under the oversight of the project inter-ministerial steering committee; (ii) the setting up of the project implementation unit and the coordination of project activities across the whole scope of project execution; (iii) the establishment and implementation of a robust Monitoring and Evaluation (M&E) framework that relies on modern IT and will continue as a dynamic system to support the operations of the relevant institutions beyond the project, including baseline, mid-term and final evaluation of the project; and (iv) the implementation of environmental and social safeguard policies, citizen and stakeholder engagement, and the project's grievance redress mechanism.

Component 5 - Contingent Emergency Response. This zero-cost, Contingent Emergency Response Component (CERC) would finance eligible expenditures meant to respond to emergencies and covariates shocks. The conditions for triggering the CERC would be discussed and agreed during preparation. Implementation of this component would follow a detailed Contingent Emergency Response Implementation Plan (CERIP) satisfactory to the World Bank to be prepared for each eligible crisis.

D. Environmental and Social Overview

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

The proposed project will be implemented in the cocoa growing areas of Western North and Eastern Regions of Ghana. These regions are generally High Forest Zone (HFZ) with rich biodiversity (flora and fauna), high carbon stock and a vegetation which influences the micro-climate. Both regions lie in the equatorial climate zone characterized by moderate temperatures usually between 24 to 35 Degrees Celsius. The Integrated Biodiversity Assessment Tool (IBAT) report indicates there are 8 Key Biodiversity Areas (KBAs), 8 critically endangered species, 8 endangered and 25 vulnerable species within the Western North Region. The Eastern Region has 3 KBAs, 11 critically endangered, 20 endangered and 29 vulnerable species. Historically, Ghana's cocoa production is associated with deforestation and continues to threaten the livelihoods of the poor, disrupt ecosystem services, and exacerbate pre-existing vulnerability to climate change. About 13 percent of Ghana's forests under protected areas designation was lost to illegal cocoa production between 2001 and 2017. However, there is progress in Ghana with respect to reducing the loss of primary forests. A recent publication by Global Forest Watch on Cocoa & Forests Initiative reported the reduction of deforestation in West Africa -- Ghana and Côte d'Ivoire both reduced primary forest loss by over 50 percent in 2019 compared to the previous year. Several positive initiatives could be responsible, including, REDD+ programs and pledges by both countries and major cocoa and chocolate companies to end deforestation. The targeted cocoa growing areas are confronted with the CSSVD which is fast spreading with adverse economic impacts on the smallholder farmers who rely solely on the sector for livelihood.

Gender inequality mainly fostered by cultural norms and practices is prevalent in Ghana and particularly in the cocoa producing areas. Women lack access to land and so largely work on their husband's land as unpaid family labor. It is estimated that they contribute up to 45 percent of labor input. Despite their contribution, they face constraints related to cultural norms and gender division of labor. They are poorly represented in farmer organizations because of



the high cost of membership and the strict requirements of land or tree ownership, and are rarely reached with essential services including training, extension services, and access to finance.

The use of child labor is predominant in cocoa production in Ghana. This is mainly because of low household incomes, lack of access to quality education, limited access to finance, labor shortage, as well as a host of socio-cultural traditions. By some estimates, prevalence rate of child labor in cocoa production in Ghana was 55 percent (770,000 children engaged in cocoa production) in 2018-19 of which a large share was exposed to at least one component of hazardous child labor. Despite some effort by the government to curb the use of child labor in cocoa production in Ghana, recent reporting from the National Opinion Research Center (NORC) of the University of Chicago confirms that, in the past decade, progress in the fight against the vice has been very limited.

Activities of illegal small-scale miners (locally known as *glamsey*) have increased for the past six years in these regions. These illegal miners are involved in surface mining using crude methods leaving in their trail the destruction of large tracts of land including cocoa farms and water bodies. The use of obnoxious chemicals such as mercury, arsenic, lead etc. by these illegal miners create risks for all forms of life.

D. 2. Borrower's Institutional Capacity

The Ministry of Food and Agriculture (MoFA) through COCOBOD will have the overall responsibility for the project. MoFA has had some experience implementing World Bank funded projects including the Ghana Commercial Agriculture Project (GCAP) and the West Africa Agricultural Productivity Program (WAAPP). While GCAP is currently ongoing and steadily progressing towards the attainment of the project objective, the WAAPP is completed and has been highly rated by the Bank. The COCOBOD is currently an implementing agency in the ongoing World Bank funded Forest Investment Program (FIP) – Enhancing Natural Forest and Agroforest Landscape (ENFAL) – where it leads cocoa landscape restoration interventions.

Driven by the corporate agenda to achieve higher productivity, maintain good image and premium prices for cocoa beans, COCOBOD has built its internal capacity to respond to environmental and social issues. For instance, the Research, Monitoring and Evaluation Directorate (RMED) of COCOBOD has a Climate Change Desk which specifically deals with climate change issues in the cocoa sector including deforestation, forest degradation, climate-smart cocoa production etc.

The project proposes a collaboration among Ministries and Agencies including the Environmental Protection Agency (EPA), the Ministry of Science, Technology and Innovation (MESTI), Water Resources Commission (WRC), the Ministry of Gender, Children and Social Protection, Child Labor Unit (CLU) of the Ministry of Employment and Labor Relations (MELR), Ministry of Land and Natural Resources (MLNR), etc. This collaboration is expected to achieve positive synergies through better harmonization of responsibilities and policies which are currently segmented. Besides, Ghana has a robust and well-grounded legislative and policy framework which support environmental and social risk management. For example, the Constitution of Ghana, the Labor Act (Act 651), and the Children's Act (Act 560) prohibit employment of children in hazardous work. The Government of Ghana has recently approved National Plans of Action Phase II for the Elimination of the Worst Forms of Child Labor (NPA2) (2017–2020) and for the Elimination of Human Trafficking (NPA) (2017–2021). Also, the Government has ratified the international conventions on child labor including ILO C 138 and 182 and UN CRC.

The implementing agencies are conversant with the World Bank Operation Policies (OPs). However, none has so far implemented a project under the new World Bank Environmental and Social Framework (ESF) even though some of



their staff have benefitted from previous World Bank ESF trainings. The Bank will provide training to strengthen their capacity to enhance their compliance with the Environmental and Social Standards (ESSs).

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The proposed Environmental Risk Rating for the project is substantial. The classification is based on the potential environmental risks and impacts, the sensitivity of the recipient environment as well as the capacity of the implementing agencies to manage the risks and impacts. Adverse environmental risks and impacts could emanate from interventions proposed under Components 2 and 3. These include exposure of cleared lands to erosion, destruction of habitats, exposure to pesticides and other agrochemical poisoning, waste generation, dust, noise, fumes, vibrations, effluent discharges, soil contamination, occupational and community health and safety issues including, animal attacks, cuts, bruises, musculoskeletal disorders, stress, falls, slips, trips etc. Since the project area (i.e., cocoa growing areas of Western North and Eastern Regions of Ghana) is generally High Forest Zone (HFZ) with rich biodiversity (flora and fauna) project’s impact on biodiversity loss and deforestation should be assessed and managed carefully. Despite these adverse impacts, the project will contribute towards reducing incentive for deforestation and will strengthen the resilience of cocoa production systems through intensification and improvement of existing cocoa farms without necessarily expanding cultivable areas. The project could generally contribute to a net gain in biodiversity because of the agroforestry practices and poly-cropping systems which have been incorporated in the project design. The potential environmental risks and impacts are largely predictable and are expected to be localized with moderate to substantial ratings. They can be easily mitigated with readily available and cost-effective solutions. However, the risk of agrochemical spray drifts and their potential water contamination could transcend communities or go beyond the immediate project area. The implementing agencies do not have experience in the use of the World Bank ESF and will require capacity building to enhance their E&S performance on the project.

Social Risk Rating

Substantial

The Social Risk Rating for the project is substantial. This classification is based on the potential social risks and impacts as well as the capacity of the implementing agencies to manage risks and impacts. The main anticipated social risks and impacts associated with the proposed project include: i) weak enforcement of existing laws, plans and measures for preventing the use and incidence of child labor on cocoa plantation, and there is further risk of exacerbating weak institutional collaboration and less clarity of roles and mandates by the involvement of multiple agencies; ii) localized social conflicts arising from a complex array of interests on land uses; iii) challenges in ensuring meaningful consultation, citizens engagement, gender and social inclusion; v) large use of migrant labor and incidence of gender-based violence (GBV), HIV/AIDS and sexually transmitted diseases/infections (STD/I); vi) likely security risks posed by activities of illegal small-scale miners; and vii) Community health risk. In the last few years, the incidence of child labor in cocoa sector has risen in Ghana due to various reasons, including weak enforcement of existing laws, plans and measures for preventing the use and incidence of child labor in cocoa plantation, poverty in the cocoa families and introduction of high-yielding and/or disease-resistant cocoa varieties that require more labor to maintain, harvest and process cocoa. The proposed project activities are likely to generate localized social conflicts arising from a complex array of interests on land uses, for rehabilitation and rejuvenation of moribund



cocoa farms, establishment of nurseries and tree crop diversification. These activities can alter land tenure arrangement, with potential adverse risk on rights of tenant farmers and their economic displacement. The multiplicity of land rights, the complex nature of land tenure system and frequent presence of many land users in a given parcel of land can pose risks to the project by: (a) presenting difficulty to ascertain what the landowner characterizes as a voluntary land donation; (b) impeding farmer’s ability for access to land rights for expansion; (c) increasing the vulnerability of existing land users to displacement, particularly settlers and women farmers. The risk of exclusion for the project is highly likely given broad array of affected and interested stakeholders along the cocoa value-chain particularly farmers, women, local communities. Mitigating the risk of exclusion would require robust mechanisms for meaningful community and stakeholders’ consultation, gender mainstreaming and social inclusion along the entire value-chain. Again, there is risk of exacerbating weak institutional collaboration and less clarity of roles and mandates by the involvement of multiple agencies, which would be addressed through vigorous pursuit of institutional strengthening and collaboration envisaged under Component 1. Hand pollination and related activities on cocoa farms will attract large number of migrant labor. This could likely lead to SEA/H and gender-based violence (GBV), HIV/AIDS and sexually transmitted diseases/infections (STD/I). The potential presence of migrant labor can also pose a risk of social conflict. The migrant workers performing hand pollination tasks and related activities on cocoa farms will also be faced with the risk of working in unsafe working and living conditions. It is likely activities of illegal small-scale miners might create security risk and increase the possibility for conflict in the project area. In this regard, the MoFA will be required to undertake ‘security risk assessment’ and develop ‘security management plan. The proposed project activities such as R&R of moribund cocoa farms, last mile, climate proof market infrastructures etc. may pose community health and safety concerns.

Public Disclosure

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

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

ESS 1 is relevant for this project. Component 2 will support survey, uprooting, treatment, replanting, and reinspection of 50,000 to 70,000 hectares of CSSVD infested farms. CSSVD infested cocoa trees will be identified and uprooted from stand. The uprooted cocoa trees will be treated with arboricides to avoid re-infestation of the field. New healthy and hybrid cocoa seedlings will be replanted to replace the uprooted trees and fill up existing spaces. The interventions will be restricted to the existing farms outside protected forest areas and will entail support for climate-smart practices and pest and diseases management. The Component will also support the production and supply of healthy and hybrid cocoa seedlings, plantain suckers and economic trees, as well as the package of inputs required for treating and replanting the diseased trees. The removal of diseased cocoa trees will temporarily expose farmlands to erosion and may contribute to loss of habitats. The arboricides and other pest and disease control agrochemicals and their containers could contaminate fields and may be washed into water bodies posing health risks to downstream water users. The clearing, replanting and nurturing of replanted cocoa seedlings will entail occupational health and safety issues including slips, trips, falls, cuts, bruises, manual handling and associated musculoskeletal disorders, agrochemical/pesticide poisoning, animal attacks etc.

Component 3 will entail support for activities such as last mile road access, climate proof market infrastructure, storage facilities, water supply, production of profitable alternative tree crops, and support for off-farm income opportunities. The Component will finance equipment and civil works. The civil work activities could result in



dust/fumes emissions, noise generation, vibration, vegetation and habitat losses, erosion, soil and water contamination, waste generation including hazardous waste, and occupational health and safety risks. The civil work activities might also result in biodiversity loss and deforestation. Once the project activities, nature of civil work and alternative sites are identified, E&S risk screening according to ESMF will be undertaken and ESMPs, biodiversity field surveys (including flora and fauna) and biodiversity management plans (where needed) will be prepared and implemented following the mitigation hierarchy (i.e., avoid, minimize, mitigate, and as a last resort offset). The support for water supply could entail construction of boreholes or hand-dug wells at communities and designated service centers where cocoa pod breaking, and pulp processing will take place. The potential risk of water over-abstraction must be considered, assessed and mitigated. The support for other off-farm income opportunities lack specifics but potential enterprises/ventures could include animal husbandry, food processing activities, soap making, etc. These activities are largely associated with waste and effluent discharges which could cause community nuisances such as odor and pest proliferation.

Project components might require extensive use of labor such as construction workers etc. In order to ensure workers do not harm biodiversity in the area via killing endangered animals, destroying critical habitat and ecosystems, etc. site specific ESMPs will include necessary measures and monitoring.

The construction of last mile cocoa farm roads, climate proof market infrastructures, storage facilities, the rehabilitation and rejuvenation of cocoa farms and, the establishment of nurseries and tree crop diversification are likely to alter land tenure arrangements. The potential social risk and adverse impacts resulting from these activities are likely to include: i) worsening women's unequal access to land, ii) widening the income inequality gap between women and men farmers, iii) increasing the likelihood of use of child labor on cocoa farms, iv) complicating existing and complex land tenure arrangements v) increasing the likelihood of illegal activities by small-scale miners which in turn could create security risks and fertile ground for conflict and, v) increasing community health risks associated with the large number of migrant works as well exert pressure on community resources.

At this stage of project preparation, the exact districts and sites where sub-projects and specific activities will be implemented have not been decided. Also, the scope and scale of project activities are not clearly defined. The MoFA will identify, assess and mitigate the potential environmental and social risks through the development and implementation of proportional mitigation measures and suitable E&S instruments. The borrower will prepare, consult upon and disclose prior to appraisal an Environmental and Social Management Framework (ESMF), a Pest Management Plan (PMP), a Resettlement Policy Framework (RPF) and a Process Framework (PF) which will detail the processes, procedures (including a screening tool), institutional coordination, responsibilities and areas for E&S capacity needs in conformity to the requirements of ESS1. The ESMF will include potential E&S risk and impacts of project activities and any field survey and monitoring where needed, including but not limited to biodiversity field surveys. Also, the borrower will prepare and disclose the Environmental and Social Commitment Plan (ESCP), Stakeholder Engagement Plan (SEP), and Labor Management Procedures (LMP). Once the project decides on specific project sites and interventions are clear, the borrower will conduct screening to inform subsequent preparation of specific instruments such as ESIA, ESMP, RAP etc.

Risks related to Sexual Exploitation and Abuse /Harassment (SEA/H) has been assessed using the Bank's SEA/SH risk assessment tool and found to be low. However, as part of the ESMF the Borrower will assess the risk of SEA/SH and put-in place prevention protocols to guide project activities at all levels. The ESMF screening tool will also be used to identify and address the potential risks of HIV/AIDS, sexually transmitted diseases/infections (STD/I) and the causes for widening gender inequality associated with project interventions and locations; and GBV Action Plan and ESMP will include measures for addressing such risks.



To address the potential risk of child labor, the project would establish linkages with Government of Ghana’s National Plan of Action for the Elimination of the Worst Forms of Child Labor) under the Ministry of Employment and Labor Relations and support the building of national capacity to address child labor.

Areas where “Use of Borrower Framework” is being considered:

The project will not rely on Borrower’s E&S Framework

ESS10 Stakeholder Engagement and Information Disclosure

In Ghana, the entire cocoa value-chain involves a complex network of actors with varying and sometimes opposing interests, which need to be efficiently managed. The diverse array of stakeholders includes Ministries, Departments and Agencies (MDAs) at the central state level as well as Metropolitan, Municipal and District Assemblies (MMDAs), traditional authorities, landowners, farmers including tenant farmers, Farmer-Based Organizations and Associations, Civil Society Organizations/Non-Governmental Organizations (CSOs/NGOs), Women’s Associations, Vulnerable Groups including women, youth, the aged and people with disabilities (PwDs). Designing and implementation of child labor mitigation measures will also require wide consultations with the communities in the project areas as well as with other stakeholders, including Ministries, CSOs and the private sector.

The MoFA will prepare and implement a Stakeholder Engagement Plan (SEP) proportional to the nature and scale of the project activities and associated risks and impacts. The SEP will outline the characteristics, interests and influences of the relevant stakeholders, timing, methods and mechanisms of engagement, feedback loop, places and budget to support its implementation. Stakeholders’ engagement is key in both the successful preparation and implementation of the proposed project. The SEP shall incorporate the specific challenges associated with combating COVID-19 and the required measures to prevent its spread. It will point out ways to minimize close contact and follow the recommended good hygiene procedures as outlined in WHO guidance. The MoFA will engage in meaningful consultations with all stakeholders throughout the project life cycle paying particular attention to the inclusion of vulnerable and disadvantaged groups (including the elderly, persons with disabilities, female headed households and orphans and vulnerable children). The MoFA will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation. As part of the environmental and social assessment the implementing agency will maintain and disclose a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not.

As part of the SEP, the project will design a functional and comprehensive Grievance Redress Mechanism (GRM) to provide a framework for project-affected persons (PAPs) in particular and stakeholders as a whole for addressing and resolving grievances. Given that the project is labor intensive (hand pollination, pruning and spraying), special attention will need to be paid to grievances related to child labor and gender-based violence issues that may be precipitated by project activities. A draft SEP will be completed and disclosed prior to appraisal.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions



ESS2 is relevant because of the potential use of child labor, the farmers and construction workers involved and the likelihood of large migrant workers influx into the project area. The incidence of child labor has risen in Ghana in the last few years due to reasons such as poverty in the cocoa families and the introduction of high-yielding and/or disease-resistant cocoa varieties that require more labor to maintain, harvest and process cocoa. The project proposes to include awareness-raising about child labor and financing the livelihood diversification, market access and last mile digitalization under component 2. To further tackle the problem of child labor in the cocoa sector, the project will include activities such as monitoring and reporting of child labor issues, mapping of child labor interventions, development of regional standard and traceability system and developing communication programs regarding child labor awareness and behavioral change. ESS2 is also relevant because the Borrower will engage different categories of workers. The proposed project will contract community workers in the establishment of nurseries and tree crop diversification, the rehabilitation and rejuvenation (R&R) of moribund farms, hand pollination of rejuvenated and existing (productive) farms, agroforestry; and planting of temporary and permanent shade crops as climate change adaptation and mitigation measures. These activities will pose occupational health and safety risks to the workers who will be mostly unskilled involving the use of simple farm tools and equipment. Activities that will address area-based development interventions, alternative livelihoods and economic empowerment, the development of Micro Medium and Small Scale Enterprises (MMSSE), the facilitation of commercial partnerships and market linkage for shade crops and those that will address remoteness and connectivity such as last mile road connections, and intermediate transport equipment will involve contracted workers, and primary supply workers. Potential occupational health and safety (OHS) risks could include injuries; snake bites and animal attacks; agrochemical contamination and poisoning; manual handling with its associated injuries; slips, trips; falls, stress; collision with machinery; entanglement with machine parts; vibration disorders, noise induced hearing disorders; dust and fumes inhalation etc. The OHS risks and impacts will be assessed in the ESMF and subsequently in the specific safeguards instruments to be prepared at the project implementation stage. The different mix of workers requires the Borrower to develop prudent labor management practices. Therefore, the Borrower will develop a Child Labor Prevention Plan (CLPP) and Labor Management Procedure (LMP) including a Grievance Redress Mechanism (GRM) for different categories of workers employed in the project prior to appraisal.

ESS3 Resource Efficiency and Pollution Prevention and Management

ESS3 is relevant for this project. The rehabilitation and rejuvenation of cocoa farms will mainly be under rain-fed irrigation. The proposed climate smart interventions such as mulching, composting, provision of temporary and permanent shading will contribute towards efficient use and conservation of water resources. The project's water supply activities will be limited to the provision of boreholes at community level and designated service centers where cocoa pod breaking, and pulp processing will take place. For all boreholes meant for human consumption, the project will conduct water quality assessment and ensure they are potable for human use. The project will explore using solar pumps to power the boreholes, where necessary. As part of the site-specific screening to be conducted for subprojects, the project will assess the potential impact of water abstraction on aquifers and downstream users and provide mitigations measures accordingly. The ESMF and subsequent site-specific E&S instruments will assess the potential waste from solar panels and batteries and provide appropriate mitigations. The project includes alternative livelihood ventures as means of diversifying farmers' income and reducing their vulnerability to market shocks. Possible alternative livelihood ventures may include soap making from cocoa husk and development of compost for agricultural purposes. These interventions will contribute to efficient use of waste resources. The project's support for green/renewable energy will contribute to energy savings and reduce the project's carbon footprint. During



project implementation, the borrower will explore solar and renewable energy sources for alternative livelihood ventures, where feasible.

As part of COCOBOD's protocol for treatment of CSSVD to avoid re-infestation of healthy cocoa trees, arboricide is usually sprayed on the diseased trees after removal. Also, farmers generally use agrochemicals to control weeds, pest and to improve plant nutrition. The borrower will prepare and disclose an Integrated Pest Management Plan (IPMP), according to National requirements, WB ESF, WBG EHS Guidelines and GIIP, to guide pest control activities and the use of pesticides prior to appraisal. Handling and disposal of empty chemical containers might pose significant hazard to community and environment. Hazardous and other waste that will be generated by the project activities will be handled and disposed according to the waste management plan that will be in line with National requirements, WB ESF, WBG EHS Guidelines and GIIP.

The project's air emissions are likely to emanate from the use of machinery for land clearing and road construction. Also, the civil works and associated machinery repair and maintenance could produce noise and waste including hazardous materials which could contaminate the soil and water bodies. The magnitude of such impacts will be further assessed in the ESMF and other specific safeguard instruments which will be developed during project implementation. Burning of vegetation will be prohibited on the project to reduce the project's carbon footprint. Project activities will be screened for E&S risks and impacts as per ESMF, and any ESS3 related risk, impacts and mitigation measures will be described in site specific ESMPs. Project will follow National requirements, WB ESF, WBG EHS Guidelines and GIIP to ensure resource efficiency and pollution prevention and management.

ESS4 Community Health and Safety

ESS4 is relevant to the proposed project. The proposed project activities such as rehabilitation and rejuvenation (R&R) of CSSVD-infested cocoa farms, last mile road connections, intermediate transport equipment, and those leading to the development of Micro, Medium and Small Scale Enterprises (MMSSE) will contribute towards community development and improving incomes of farmers and households at the community level. The development of alternative livelihoods will serve as means of diversifying farmers' income and reducing their vulnerability to market shocks. However, the use of agrochemicals including arboricides can pose community health and safety concerns.

Use of migrant labor can enhance the risks of SEA/H for communities in the project areas. The construction and rehabilitation of last mile roads and other civil works particularly those close to communities may pose health and safety risks to communities due to unfenced trenches, water stagnation and breeding of disease borne vectors, dust and fumes emissions, road safety risk, noise, etc. Health issues anticipated include communicable diseases such as HIV/AIDs associated with labor influx, and spread of COVID-19 in project communities through project workers and vice versa. These risks and mitigations will be assessed and mitigated in the ESMF and subsequently in the site-specific E&S instruments before the implementation of such interventions. The climate proof market infrastructures and storage facilities will incorporate necessary structural measures for adaptation to climate and geophysical hazards considering safety risks to the communities.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement



The proposed project is unlikely to acquire land for infrastructural development or for cocoa farms. However, project activities, such as the rehabilitation and rejuvenation of cocoa farms, the establishment of nurseries and tree crop diversification can alter the land tenure arrangement, with potential risk and adverse impacts on the rights of tenant farmers and their means of livelihoods. Also, there is often a complex array of interests present on land which are often not documented and include (i) long-term customary rights derived from membership in the community; (ii) tenancies of varying durations, including migrants (or so-called “strangers”) from outside the community, some of whom may have been present for generations, others of whom may be of recent origin; (iii) sharecropping arrangements; and (iv) pastoral and other rights over common property. The multiplicity of land rights and the frequent presence of many land users in a given parcel of land can pose risks to the project by: (a) presenting difficult to ascertain what the landowner characterizes as a voluntary land donation; (b) impeding the ability of farmers to gain access to land rights for expansion; and (c) increasing the vulnerability of existing land users to displacement, particularly settler farmers and women farmers given the specific locations of project subcomponents have not been yet determined, the MoFA shall be required to prepare and disclose a Resettlement Policy Framework and a Process Framework (PF) by or before project appraisal.

The Ghana Cocoa Board (COCOBOD) has a practice for treating disease cocoa trees and old cocoa trees. In this practice, COCOBOD makes a one-off cash payment to cocoa farmers and cocoa farms landowners as compensation for the seasonal loss of income. In the context of the project, the purpose of the PF is to enable the Borrower to document the principles and procedures for identifying farm boundaries, beneficiary farmers and cocoa farm landowners, the valuation for the one-off cash payment, and the method of the cash payment among others in compliance with Bank ESF.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant. The use of agrochemicals including pesticides in cocoa farms could be deleterious to some biodiversity. Also, the proposed construction of last mile road facilities and support for market-oriented diversification into other profitable alternative tree crops in locations not suitable for cocoa production could cause loss of vegetation and habitat for some biodiversity. The ESMF and subsequent site-specific E&S instruments will assess the potential risks and impacts of project interventions on biodiversity and living natural resources and include appropriate mitigation measures. The Project will prior to appraisal prepare an Integrated Pest Management Plan (IPMP) which will provide an integrated approach to pest management to help reduce the use of pesticides on the project. During project implementation, the project will screen project sites and activities using a screening tool to be developed as part of the ESMF. Any potential biodiversity hotspot will be avoided. Following the mitigation hierarchy, the project will only undertake activities when relevant E&S instruments including a Biodiversity Management Plan (BMP) have been prepared in areas where necessary.

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

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

ESS8 Cultural Heritage



This standard is relevant for the project. Project activities, particularly Component 3, have the potential to impact negatively on sacred lands, sacred groves, and historical sites which some rural communities protect as cultural relics and abodes of deities and may manifest the historical, spiritual and ecological ethos of communities. However, these risks and impacts are not likely to be significant given that most project interventions will happen on existing farms. The potential impacts and risks will be localized and could easily be prevented and/or mitigated in a predictable manner. The ESMF will include Chance Find Procedures as a guide to deal with any surprises that may be encountered during project implementation. Screening of sites prior to commencement of project activities and subsequent preparation of site-specific E&S instruments will help identify and mitigate potential adverse impacts on cultural heritage.

ESS9 Financial Intermediaries

This standard is not relevant for the project at this stage. The project proposes to collaborate with the International Finance Corporation (IFC) on complementary and coordination purposes. The IFC they will not co-finance the project neither will they fund financial institutions to on-lend to project beneficiaries. The project design has been informed by IFC’s study materials and they will continuously be a part of the policy dialogue in the cocoa sector. The IFC is planning a standalone, blended R&R financing for smallholder cocoa farmers with potential investment in the cocoa byproduct value chain which might complement the WB funding in the sector.

B.3 Other Relevant Project Risks

No anticipated other relevant project risks.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

Nil

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

Actions to be completed prior to Bank Board Approval:

- Prepare, consult upon and disclose Stakeholder Engagement Plan (SEP) including GRM;
- Prepare, consult upon and disclose Environmental and Social Commitment Plan (ESCP);

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- Prepare, consult upon and disclose Environmental Social Management Framework (ESMF) including Labor Management Procedures (LMP);
- Prepare, consult upon and disclose Integrated Pest Management Plan (IPMP);
- Prepare, consult upon and disclose Resettlement Policy Framework (RPF).

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

- Finalization and Implementation of the ESMF, RPF, RF, IPMP, SEP, LMP;
- Institutional capacity strengthening for MoFA, COCOBOD and other key stakeholders including artisanal cocoa processors on ESF;
- Preparation of site-specific safeguard instruments: ESIA, ESMPs, RAPs/ ARAP, etc. as may be required after project screening;
- Acquisition of necessary applicable statutory permits;
- Specific actions on implementation of ESIA, ESMPs, RAPs/ARAPs etc.
- Implementation of Project Grievance Redress Mechanism (DGM)
- Development of GBV prevention protocols

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

30-Sep-2021

IV. CONTACT POINTS

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Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: COCOBOD

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Sheu Salau
Practice Manager (ENR/Social)	Senait Nigiru Assefa Recommended on 28-Jun-2021 at 14:26:53 GMT-04:00
Safeguards Advisor ESSA	Nathalie S. Munzberg (SAESSA) Cleared on 28-Jun-2021 at 18:13:27 GMT-04:00