

AFRICAN DEVELOPMENT FUND

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... September 2013**

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FOR CONSIDERATION

MEMORANDUM

TO : THE BOARD OF DIRECTORS

**FROM : Cecilia AKINTOMIDE
Secretary General & Vice President**

**SUBJECT : GHANA – ENGAGING LOCAL COMMUNITIES IN REDD+/
ENHANCEMENT OF CARBON STOCKS – GHANA (ELCIR+)**

**ADF GRANT OF UA 3.20 MILLION AND SCF-FIP GRANT OF USD 9.75
MILLION**

Please find attached the Appraisal Report pertaining to the above-mentioned Project.

The Outcome of Negotiations and draft Resolutions will be submitted to you as an addendum.

Attach:

Cc: The President

*** Questions on this document should be referred to:**

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**AFRICAN DEVELOPMENT
BANK GROUP**

Engaging Local Communities in REDD+/Enhancement of Carbon Stocks (ELCIR+)

COUNTRY: Ghana

APPRAISAL REPORT

Date : 7 October 2013

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Currency Equivalents

As of July 2013

1 UA	=	GHS 2.99
1 USD	=	GHS 1.97
1 UA	=	USD 1.51

Fiscal Year

1st January – 31st December

Weights and Measures

1 metric tonne	=	2204 pounds (lbs)
1 kilogramme (kg)	=	2.200 lbs
1 metre (m)	=	3.28 feet (ft)
1 millimetre (mm)	=	0.03937 inch (“)
1 kilometre (km)	=	0.62 mile
1 hectare (ha)	=	2.471 acres

Acronyms and Abbreviations

CCBS	Carbon, Community and Biodiversity Standard
COCOBOD	Cocoa Board
CRIG	Crop Research Institute of Ghana
CSMC	Carbon Support Monitoring Centre
CSSVDU	Cocoa Swollen Shoot Virus Disease Control Unit
DGM	Dedicated Grant Mechanism
ELCIR+	Engaging Local Communities in REDD+/ Enhancing Carbon Stocks Project
EPA	Environmental Protection Agency
FC	Forestry Commission
FIP	Forest Investment Program
FIPMU	Forest Investment Program Management Unit
GPRS-I/II	Ghana Poverty Reduction Strategy-Phase I / II
GSGDA	Ghana Shared Growth and Development Agenda
HFZ	High Forest Zone
IPCC	Intergovernmental Panel on Climate Change
IUCN	International Union for the Conservation of Nature
LULUCF	Land Use and Land Use Change and Forestry
MESTI	Ministry of Environment Science Technology and Innovation
MLNR/MoFA	Ministry of Lands and Natural Resources/Food and Agriculture
MoFEP	Ministry of Finance and Economic Planning
MRV	Measurement Reporting and Verification
NCCPF	National Climate Change Policy Framework
NLBI	Non-Legally Binding Instruments
NREG	Natural Resources and Environmental Governance Group
REDD+	Reduced Deforestation and Forest Degradation Strategic Climate Funds
SCF	Technical Coordination Committee Plus
TCC+	
VCS	Verified Carbon Standard

Grant Information

Client's information

RECIPIENT: Republic of Ghana

EXECUTING AGENCY: Ministry of Lands and Natural Resources

Financing plan

Source	Amount (UA million)	Instrument
ADF	3.20 ¹	Grant
Forest Investment Program	6.457 (US\$ 9.75)	Grant
Gov't of Ghana	0.812	Counterpart funds
TOTAL COST	10.469	

Key financing information

	ADF	SCF-FIP
Grant currency	UA 3.20 million	USD 9.75 million
Interest type*	NA	NA
Interest rate spread*	NA	NA
FIRR, NPV (base case)	17.35%	USD4,762,090
EIRR (base case)	27.5%	

Timeframe - Main Milestones (expected)

Concept Note approval	May, 2013
Project approval	October, 2013
Effectiveness	November 2013
Completion	December 2018
Last Disbursement	December 2019

¹ Resources coming from the cancelled amount from a closed ADF project

Project Summary

Project Overview

The Engaging Local Communities in REDD+/ Enhancement of Carbon Stocks (ELCIR+) project objective is to mobilize and invest funds to reduce deforestation and forest degradation and also financially benefit local communities. This will lead to emission reductions and the protection of carbon reservoirs as part of the REDD+ agenda. The project forms part of the Ghana Investment Plan for the Forest Investment Program. The investment plan is expected to be co-financed through basket funding with the World Bank and the International Finance Corporation (IFC). The Bank financed portion of the project supports (i) restoration of degraded agricultural landscapes, (ii) climate smart agriculture, (iii) livelihoods improvement and (iv) capacity building. With a total cost of USD 15.8 million, the project will be implemented over 5 years.

The project will pilot a jurisdictional² approach to REDD+ at the regional level focusing on the Western and Brong Ahafo regions. Project's direct beneficiaries are estimated to be 12,000 people, with women representing about half of the targeted population. Furthermore, the project is expected to indirectly benefit 175,000 people (5% of the population of the two regions). Direct beneficiaries will be supported with capacity building, inputs (e.g. seeds), equipment, and financial incentives through benefit-sharing agreements, to develop forestry, agroforestry and alternate livelihoods activities.

Needs Assessment

Estimated at 2.0%, Ghana's annual deforestation rate is alarming, with (i) agricultural expansion, especially cocoa cultivation (50%) and (ii) wood harvesting (35%) considered as the main drivers. This shift has resulted in significant loss of forest cover and a decline in carbon stocks. The limited alternative livelihoods opportunities are also a challenge for the community.

Bank's Added Value

The Bank has been a major financier in the forestry sub-sector where it has invested substantially in its regional member countries, for over three decades. The portfolio in the sector peaked in 2010 with a total Bank's commitment valued at UA 190 million. Specifically for Ghana, the Bank successfully supported the implementation of the Community Forestry Management Project which closed in 2010. The Bank's support to sustainable forest management has generated positive environmental and socioeconomic outputs and impacts. The ELCIR+ Project will further consolidate these past achievements for the benefit of the Ghanaian forestry sector.

Knowledge Management

The Project will pilot the use of Measurement, Reporting and Verification (MRV) system which would be extended to other similar areas in the country. Specific knowledge management products will be developed and disseminated on such issues as: Governance and benefit sharing practices in off-reserve areas; subnational jurisdictional approach to REDD+; shade cocoa; sacred groves conservation; sustainable charcoal value chain; forest extension system; gender in the context of REDD+ implementation.

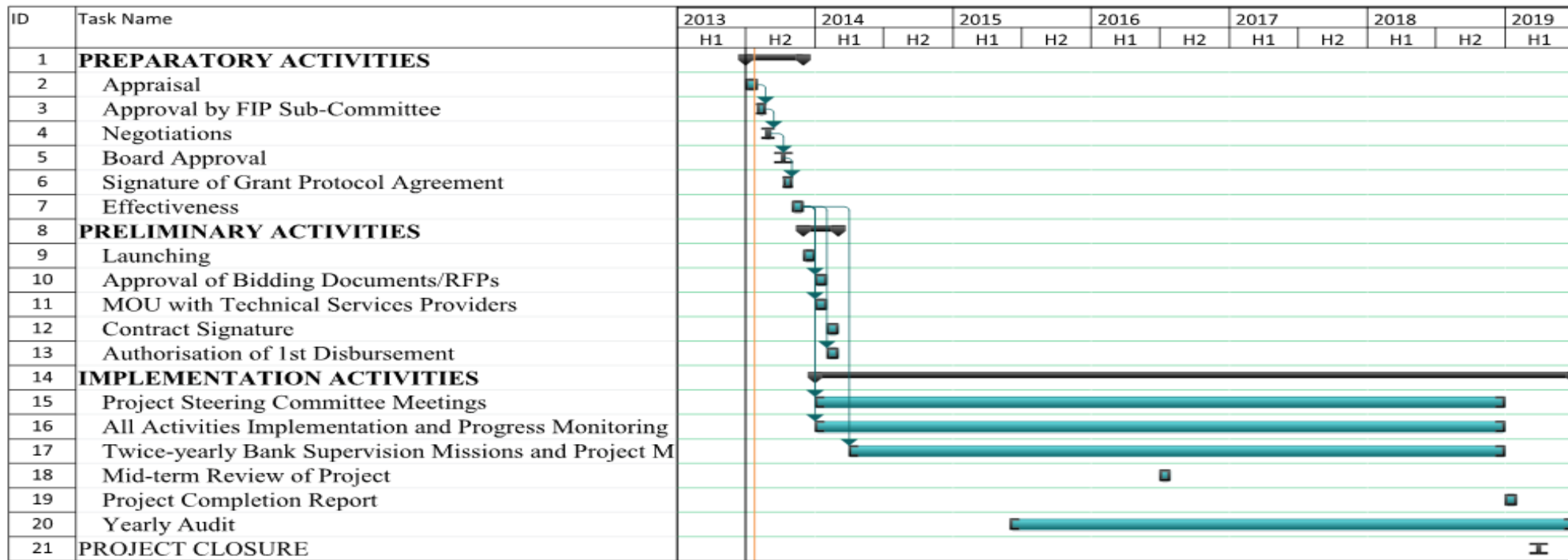
² Which means the carbon approach will be led by jurisdictions: the Brong Ahafo and Western regions.

Result-Based Logical Framework (RBLF)

Country and project name: GHANA – Engaging local communities in REDD+ (ELCIR+)						
Purpose of the project: Increasing carbon stocks and poverty reduction in the off reserve areas of the High Forest Zones by engaging communities in land management approaches that generate direct financial and environmental benefits						
Result chain		Performance indicator			Means of verification	Risk/mitigation measures
		Indicator (2012/3)	Baseline (2013)	Target (2018): Disaggregated by sex & age		
IMPACTS	Reduced GHG emissions from deforestation and degradation; enhancement of forest carbon stocks	tCO ₂ likely to be sequestered/\$ by project/program over 25 years (millions tons of CO ₂)	0	3.9 (in 2038 based on 2018 achievements)	Project MRV and PDD (carbon's Project Design Document)	
	Reduced poverty through improved quality of life of local communities	Poverty rate of direct beneficiaries	38%	28%	National poverty assessment report	
OUTCOMES	Reduced pressure on forest ecosystems	Change in hectares (ha) of forests and forest plantations in project area (change against baseline)	0	22 400	Project MRV and PDD	Risk: Increased yield in Cocoa farming may results in an increase of profitability leading to more deforestation Mitigation: Development of strategies for reducing expansion of cocoa into forest areas
	Increased tree density in farming systems	Total number of hectares where agroforestry has been adopted as part of the project	0	26 000	Project reports, MRV	Risk : low yield for shade cocoa and other agroforestry scheme limiting the adoption Mitigation : investment on research
	Improved livelihoods of local communities	Number of sustainable jobs created by the project (men/women)	0	1000 (500men/500women)	Project reports	Risk : low participation of women Mitigation : gender as a selection criterion for project beneficiaries
Component 1: Community Restoration of Degraded off-reserve forests and Agricultural Landscapes						
	Output 1: Degraded forest rehabilitated and woodlots established	Total Ha planted with seedlings	500	6,200	Project reports	Risk: Delay in approval of benefit sharing framework Mitigation: Anticipated works carried out through the project preparation grant
	Output 2: Guidelines for off reserve forest management and benefit sharing developed and operational	Guidelines for off reserve forest management developed	0	2 (1 for HFZ and 1 for transition zone)	Project reports	
		Pilot benefit sharing mechanism for off reserve plantations (PPP)	0	1		
	Output 3: Conservation of off reserve remnant forest and sacred groves	Hectares of sacred groves/patches of forest identified and managed	0	80% of sacred groves managed with management plans and by-laws	Project reports	
	Output 4 : Wildfire management in off-reserves implemented	Guidelines developed	0	1	Project reports	
		Number of fire volunteer squads established thanks to the project	0	300		

Component 2: Promoting Climate Smart and Environmentally Responsible Cocoa and Agroforestry systems						
Output 1 : Climate Smart Cocoa systems promoted	Increase in hectare under shade cocoa	-	16 000	Project reports	Risk: Slow adoption of CSA Mitigation: Capacity building, demonstration activities, and strengthening extension services	
Output 2 : Climate Smart Agroforestry systems promoted	Increase in hectare under agroforestry	1000	10 000	Project reports		
Output 3 : Soil carbon enhancement promoted	Number of farmers practicing improved fallow management practices	0	9 000	Project reports		
Component 3: Community alternative livelihoods and capacity building						
Output 1 : Community livelihood initiatives supported	Number of Communal Managed enterprises supported by the project	-	10	Project reports	Risk: The training may take long Mitigation: Consistent extension support	
Output 2: Capacity building for Government and Local communities	a) Number of staff trained b) Number of beneficiaries trained (men/women) c) Number of KM studies carried-out and shared	0 0 -	526 12000 (6000men/ 6000women) 8	Project reports		Risk: National MRV system not operational Mitigation: subnational jurisdictional approaches piloted in the two regions
Component 4: Project Management and M&E						
Output 1 : Efficient project management	Number of quarterly, annual and audit and ESMP reports produced on time	0	7	Project reports	Risk: Difficulties to coordinate with other FIP projects Mitigation: Ownership and implementation by GoG	
Output 2: National M&E for Forest operational	National forestry M & E system strengthened and operational	-	1	Project reports		
<u>Component 1:</u> Community (Small-medium size) Restoration of Degraded off-reserve forests and Agricultural Landscapes <u>Component 2:</u> Promoting Sustainable Cocoa and Agroforestry systems that are, Climate Smart and Environmentally Responsible <u>Component 3:</u> Community alternative livelihoods and capacity building <u>Component 4:</u> Project Management and M&E					<u>INPUTS (Millions USD)</u> Component 1 5.30 Component 2 3.20 Component 3 4.00 Component 4 1.40 Total Cost 15.82	

PROJECT IMPLEMENTATION SCHEDULE



Project: GHANA - ELCIR + Date: Thu 25/07/13	Task		External Milestone		Manual Summary Rollup	
	Split		Inactive Task		Manual Summary	
	Milestone		Inactive Milestone		Start-only	
	Summary		Inactive Summary		Finish-only	
	Project Summary		Manual Task		Deadline	
	External Tasks		Duration-only		Progress	

**REPORT AND RECOMMENDATION OF MANAGEMENT
TO THE BOARD OF DIRECTORS ON A PROPOSED LOAN AND GRANT
FOR ENGAGING LOCAL COMMUNITIES IN REDD+ / ENHANCEMENT OF
CARBON STOCKS (ELCIR+) IN GHANA**

Management submits the following report and recommendation on a grant of UA 3.2 million (USD 4.8 million) from the ADF from cancelled project balances and a grant of UA 6.46 million (US\$ 9.75 million) from the Strategic Climate Fund/ Forest Investment Program for the financing requirements of the Engaging Local Communities in REDD+/ Enhancement of Carbon Stocks Project (ELCIR+) in Ghana.

I - STRATEGIC THRUST & RATIONALE

1.1. Project linkages with country strategies and objectives

1.1.1 The Medium Term National Development Policy Framework: “*Ghana Shared Growth and Development Agenda*” (GSGDA), 2011- 2013, is structured around seven thematic (pillars) areas, of which the project is targeting pillar (3) i.e. “*Accelerated Agricultural Modernization and Sustainable Natural Resources Management (AAMSNRM)*”. The project further contributes to the country’s National Climate Change Policy Framework (NCCPF) whose objectives are: (i) adaptation to and reduction of vulnerability to impacts of climate change; (ii) mitigation of the impacts of climate change; and (iii) low carbon growth. The NCCPF targets reductions in carbon emissions and enhancement of carbon stocks through Land Use and Land Use Change and Forestry (LULUCF) interventions. The project will also contribute to the achievement of the objectives of the Ghana Forest and Wildlife Policy 2012. In addition, the Project will support the Government in the implementation of the National Forest Plantations Development Program (NFPDP) and also inform the Forest Plantation Strategy under preparation. The Project will help to increase further, the contribution Forestry sector to the Ghanaian economy (GDP) which is presently estimated at 2% (2012) down from 8% in the years past.

1.1.2 The project is well aligned to Pillar 1 of Bank Group CSP for Ghana (2012 – 2016) “Improving Productivity in Ghanaian enterprises and in particular in the micro, small and medium-sized agribusinesses” in forestry, agroforestry and alternate livelihood activities and it is in line with the Bank’s AgSS (2010-2014) by supporting the Pillar II i.e. promotion of sustainable land management.

1.1.3 Furthermore, the project promotes the three most promising REDD Preparedness Plan (R-PP) strategies including : a) Mitigating effects of agricultural expansion (particularly cocoa in the High Forest Zones); b) addressing unsustainable timber harvesting by supporting sustainable supply of timber to meet export and domestic timber demand; and c) clarifying tree tenure and rights regimes, especially in off-reserve areas.

1.2. Rationale for Bank’s involvement

1.2.1 The Bank is an implementing agency for the Forest Investment Program (FIP) for which it has secured USD 42 million for investment projects in Ghana, Burkina Faso and the Democratic Republic of Congo. This project will tackle the deforestation and forest degradation problems that currently threaten community livelihoods and resilience to climate

change, while causing environmental degradation of local and international concerns (CO₂ emissions). By doing so, the project will pilot the implementation of the national REDD+ strategy in two regions. The project’s objectives are in line with the Bank’s (i) Ten Year Strategy (2013-2022), especially the transitioning to green growth; (ii) Agricultural Sector Strategy (2010-2014), which emphasizes the need for the Bank to invest in sustainable land management for enhanced agricultural productivity; and, (iii) Climate Change Action Plan (CCAP) especially on climate change mitigation.

1.2.2 The Bank has been a major player in the African forestry sub-sector where it has been a lead donor in regional member countries for more than three decades. At the close of 2010, for example, the Bank’s forestry portfolio comprised 12 projects with a commitment value of UA 190 million. The Bank successfully supported the implementation of the Ghana: Community Forestry Management Project which successfully closed in 2010. This project is to further consolidate on the Bank’s past achievements in the Ghanaian forestry sector.

1.3. Donor coordination

Sector	Size		
	GDP	Export	Labor
Environment and Natural Resource (ENR)	22.7%	-	56%
Players - Public Annual Expenditure 2008 - 2015			
Organization	Amount (million dollars)		Government
World Bank	109		
FAO	1.0		0.5
EU	12.8		
Netherlands	35		
GIZ	0.5		0.075
AfDB	16.0		
UNDP (GEF)	2.5		
UNEP	2.2		
JICA	7.8		1.3
DfID	5		
AfD	5		
EU/ACP	0.25		
Swiss	2		
Existence of Thematic Working Groups			[Yes]
Existence of SWAPs or Integrated Sector Approaches			[Yes]
AfDB's Involvement in donors coordination group			[Member]

Donors in the LULUCF sector are coordinated through the Natural Resources & Environmental Governance Group (NREG). The NREG Technical Coordination Committee (TCC) facilitates the implementation of all natural resources and environment donor funded programmes. The TCC has been expanded to take into account the special requirements of the FIP (e.g. participation of the private sector, local communities and relevant civil society groups) and has been rebranded as TCC+.

II - PROJECT DESCRIPTION

2.1. Project components

The Project development objective is to contribute to the increase carbon stocks and poverty reduction in the off reserve areas of the High Forest Zones by engaging communities in land management approaches that generate direct financial and environmental benefits. The project forms part of a coordinated investment plan to be co-financed through basket funding with the World Bank and the IFC. The detailed investment plan and costing of the project is found in annex B1.

Table 1: Project components

	Component	Cost Estimates (million USD & %)	Description of Components
1	Community Restoration of Degraded off-reserve forests and Agricultural Landscapes	5.3 (38.1%)	This component entails: i) Surveying , mapping and registration of 5,000 ha of degraded plots; ii) Conservation and Management of 1008 ha of Dedicated Forests and Sacred Groves; iii) Reconnaissance and Sensitisation of Beneficiaries on options for Public Private Partnerships (PPP); iv) Promotion of strategies for off reserve wildfire management; v) establishment and maintenance of 6 model plantations for training & extension through the farmer field schools and cross farm visits; vi) Identification of innovative options and develop best practice guidelines for PPP in Plantation establishment off reserve; vii) Provision of Seed and Equipment for Plantation Development; viii) Promotion of high quality Tree seeds through NTSC and support management of seed stands and orchards The project will incentivise the beneficiaries by promoting benefit sharing mechanism as obtained during the closed Bank intervention. The benefit sharing mechanism will be further improved upon to guarantee sustainability of the Project's interventions.
2	Promoting Climate Smart and Environmentally Responsible Cocoa and Agroforestry systems	3.2 (23.0%)	This component will support: i) Implementation of tested technologies in shade trees (tree planting, enrichment planting and natural regeneration) into 16,000 ha of the cocoa landscapes including establishment of CSA cocoa plantations in erstwhile degraded cocoa fields, ii) Integration of trees into 10,000 ha of <i>other agricultural farming systems</i> to increase yields, resilience and carbon stocks through the enhancement of soil carbon and fallow management. iii) testing and integration of shade trees into the <i>cocoa landscape</i> to increase yields, resilience, carbon stocks and biodiversity iv) Support CSSVDU and the operationalization of cocoa roundtable (COCOBOD's Ghana cocoa platform)

3	Community alternative livelihoods and capacity building	4.0 (28.8%)	<p>This consists of two groups of activities namely:</p> <p>I) Alternate Livelihood activities including: i) Supporting the Establishment of 1200 ha of Woodlots for fuel wood and charcoal production in charcoal production areas ; ii) promoting interventions for enhanced efficiency in charcoal production and usage (including charcoal value chain and create awareness);</p> <p>II) Capacity building support to community groups/national institutions including: i) value addition to Non Timber Forest Products); ii) sponsorship of 3 Master’s degree programmes in plantation economics, carbon stocks management and REDD + related Policy training, iii) 40 specialised short courses in REDD+ and carbon stocks management, climate smart agriculture and provision of motorized transport, iv) Training on methods of restoration of degraded off-reserve forest; v) Community Capacity building for sustainable alternative livelihoods and climate smart agriculture; vi) Knowledge Management studies including Gender & REDD+; vii) Review of existing governance systems for carbon, tree and land tenure and Promotion of Benefit Sharing/Carbon Rights. ix) Promotion of Strategies and policy for Payment for Environmental/Ecological Services for Off-Reserve Watersheds Services.</p>
4	Project Management	1.4 (10.1%)	i) Formulation of work plans and annual budget, ii) Programme monitoring and evaluation, iii) procurement iv) financial management v) External audits and vi) quarterly progress reports, vi) MTR & PCR, and vi) ESMP implementation; iv) Carbon Monitoring (MRV, REL, Certification) , Monitoring and Evaluation, Implementation of ESMP

2.2 Technical solutions retained and other alternative explored

Table 2: Alternatives explored and reasons for their rejection

Alternative	Brief description	Reason for rejection
National and project level approach to REDD+	Forest carbon is sold at the national or project level by the state.	The finances that will be available under the UNFCCC for national level REDD+ approach are not yet secured, neither are the necessary capacities at the national/project level already built. In addition, there is a need to integrate REDD+ initiatives at the local level within governments’ (national and regional) REDD+ activities. Adopting a project approach to REDD+ would not allow piloting the integration of local/private-led and governmental REDD+ activities.
Plantation development approach (i.e. 5000 ha and above)	Would entail working with corporations who would benefit from the carbon sales, thus excluding local communities/farmers whose farming activities drive deforestation.	The approach excludes farmers and does not enhance farmer livelihood activities, i.e. shade cocoa growing, community empowerment and engagement in agroforestry, and excludes communities from the centre of local sustainable forest management activities. In addition, the approach does not encourage natural forest management.

2.3. Project type

This is a stand-alone operation with finances coming from grants from Strategic Climate Fund /Forest Investment Program (SCF-FIP) in the amount of USD 9.75 (UA 6.46 million) and ADF of amount of UA 3.2³ (USD 4.8 million). This project is the first major REDD+ investment in Ghana.

2.4. Project cost and financing arrangement

2.4.1 The total project cost is USD15.8 million or UA10.489million. This comprises USD13.86 million (88%) in base costs and USD 1.96 million in physical (8%) and price contingencies (6%). The foreign exchange element is USD 8.08 million estimated at 51% of total cost. A summary of the costs by component is shown in Table 3 and by category of expenditure in Table 3.

Table 3: Summary of Project Cost by Component

COMPONENTS	UA ('000)			USD ('000)			% F.E
	L.C	F.C	Total	L.C	F.C	Total	
1. Community Restoration of Degraded off-reserve forests and Agricultural Landscapes	1,785	1,723	3,507	2,695	2,601	5,297	49
2. Promoting climate smart & environmentally responsible cocoa and agroforestry systems that are (agro-forestry)	722	1,389	2,111	1,090	2,097	3,188	66
3. Community alternative livelihoods & capacity building	1,395	1,270	2,664	2,106	1,917	4,023	48
4. Project management	510	382.12	892	770	577	1,354	43
Total Base Costs (BC)	4,417	4,763	9,180	6,670	7,192	13,863	52
Price Contingency	347.020	227.81	574.83	524	344	869	
Physical Contingency	360.265	362.25	723	544	547	1,091	
TOTAL PROJECT COSTS	5,125	5,354	10,489	7,739	8,084	15,823	51

³ From canceled loan and grant balances

Table 4: Summary of Project Cost by Category of Expenditure

Expenditure category	Cost (UA'000)			Cost (USD '000)			% F.C	% Total Base Costs
	L.C	F.C	Total	L.C	F.C	Total		
Works	992	2,334	3,326	1,498	3,524	5,023	70	36
Goods	33.11	99.34	132.45	50	150	200	75	1
Services	2,991	2,195	5,187	4,517	3,315	7,832	42	56
Recurrent costs	400	134.44	534.44	604	203	807	25	6
Total base costs	4,417	4,763	9,181	6,670	7,192	13,863	52	100
Physical contingencies	360	362	723	544	547	1,091	50	
Price contingencies	347	227	575	524	344	869	40	
Total cost	5,125	5,354	10,489	7,739	8,084	15,823	51	

2.4.2 The Project will be financed by ADF, SCF-FIP and the Government of Ghana. Table 4 presents the contribution and the proportion for each financier. The source of finance by category of expenditure is summarised in Table 4. Table 5 gives the expenditure schedule by components.

Table 5: Sources of Finance

Sources	USD			%
	L.C	F.C	TOTAL	
FINANCING SOURCES				
ADF GRANT	2,639,600	2,750,560	5,390,160	34
FIP GRANT	5,262,880	4,425,040	9,687,920	61
GoG	611,630	137,260	748,890	5
TOTAL	7,787,230	8,039,740	15,826,970	100

Table 6: Schedule of Investment and Recurrent Costs (USD '000)

Investment Costs	2014	2015	2016	2017	2018	TOTAL
Goods	1,291	1,216	1,098	998	963	5,568
Works	222	-	-	-	-	222
Services	1,628	2,124	2,327	1,560	1,533	9,174
Total Investment Costs						
Recurrent costs	161	170	172	174	179	858
Total Project Costs	3,303	3,512	3,597	2,733	2,676	15,823

2.4.3 ADF resources, (emanating from the cancelled grant balances), will finance 48.9% of the foreign exchange costs of the project estimated at USD 7.74 million. About 74.6% of ADF resources will be spent in Component 3. These include costs associated with

establishing community alternative livelihoods and capacity building. The balance of ADF funds will finance the Project Management activities, namely monitoring & evaluation (including audit and implementation of ESMP). The SCF-FIP will be used to finance costs related to community (small-medium size) restoration of degraded off-reserve forests and agricultural landscapes (component 1) and Promotion of sustainable cocoa and agroforestry systems that are, climate smart and environmentally responsible (agroforestry - Component 2) at USD 5.3 and USD 4.2 million respectively. These two components constitute a bulk of activities related to carbon enhancement through increasing tree stocks.

2.4.4 Government will finance part of the recurrent costs, including salaries, utilities, office space, and some of the general and vehicle operating costs amounting to USD 745,910. As part of Government contribution, the District Assemblies will also contribute to: (i) finance salaries of MoFA Agricultural Extension staff and other support staff. Beneficiary farmers are expected to contribute 20% - 30% of their time to training and participation in Project related activities.

2.5. Project's target area and population

2.5.1 The project area is mainly in the high forest and some portions of the transitional zones. Project interventions will target 14 districts in the Western Region and 24 districts in Brong Ahafo Region. The direct beneficiaries are estimated at about 12,000 involved in diversified livelihood options such as tree growing, cocoa and food farming, charcoal production and Non-Timber Forest Product (NTFP) gathering. About 50% of the total number of beneficiaries would be women who are mainly involved in the above-cited livelihood activities. They will benefit from jobs creation, increased incomes, improved access to environmental goods and services, as well as enhanced livelihood resilience. The indirect beneficiaries are estimated at about 175, 000 people which represents 5% of the total populations of the two regions. The selection of the target districts was based on the following criteria: (i) GHG abatement potential; (ii) co-benefits (e.g. biodiversity conservation and employment generation) potential; (iii) interest in FIP activities; and, (iv) existing supporting institutions.

2.6. Participatory process for project identification, design and implementation

2.6.1 During the preparation of the Forest Investment Plan, the Government organized several meetings and set up arrangements to seek inputs from a broad range of stakeholders and interest groups, and to build awareness and support for the program. The identification and development of ELCIR+ also benefitted from the consultations and the Voluntary Partnerships Agreement (VPA) process adopted during the REDD+ Preparedness Plan (R-PP) stage. The country's REDD+ readiness has progressed into the early stages of implementation (Phase 2). The FIP consultation process included discussions with the private sector (the timber industry, wood workers associations, plantation developers, cocoa farmers, and those involved in charcoal production, agriculture, and finance) and the civil society actors (forest fringe communities; NGOs specializing in the environment, climate change, natural resource management, and community development).

2.6.2 The R-PP was approved in March 2010 after extensive stakeholder consultations. The FIP consultation process continued over a period 2010-2012 and involved (i) a scoping mission in Sep-Oct 2010, (ii) a Joint Mission on May/ June 2011, (iii) focus group meetings with various stakeholders in March 2012 and, (iv) FIP workshop in August 2012. The Ghana Forest Investment Plan was approved by the FIP Sub-Committee on 5 November 2012 and a joint mission was subsequently undertaken in February 2013 to discuss project preparation activities. Appraisal mission was undertaken in July 2013 in which the TCC+ was consulted to validate the project's activities, costs as well as the implementation arrangement.

2.6.3 The elaborate consultations undertaken generated the following outcomes to guide the project implementation process: (a) There is need to create greater awareness for the people living within the fringes of the forest and to make them feel they are true partners in the management of these natural resources ; (b) There is need to strengthen the management of benefits accruing to the various stakeholders; (c) Private timber operators will need to be sensitized on a systematic approach to forest management for sustainability; and (d) and various capacity building programs for the stakeholders will be needed. These outcomes have informed the activities listed in the above stated components.

2.6.4 The ELCIR+ design and implementation arrangements have retained the same stakeholder consultation process that includes the private sector, civil society and community organizations. This consultative approach has provided Ghana with an opportunity to benefit from the FIP Dedicated Grant Mechanism (DGM) which will avail additional resources to support community participation in the overall FIP Program.

2.7. Bank Group experience, lessons reflected in the Project design

2.7.1 The Bank's portfolio in the forestry sub-sector has mainly been through the support of the UA 7.0 million ADF funded, Community Forestry Management Project (CFMP) which was successfully completed in 2010. The objective of the CFMP was to rehabilitate degraded forest reserves while increasing production of agricultural, wood and non-wood forestry products and strengthening the capacity of relevant institutions

2.7.2 Important lessons were learnt from CFMP and these have been integrated in the design of the ELCIR+ project. These include: (a) the importance of benefit sharing schemes for plantation development in degraded areas to ensure long term sustainability; (b) the need for enhanced access to better technology including improved seed varieties and extension services; (c) the importance of investing in institutional and community capacity building which are important building blocks for sustainability of project outcomes; and (d) need for providing alternative livelihoods that can improve incomes (e.g. seedling sales, products processing and value addition, etc.). The design of the ELCIR+ project has also been informed by lessons from other forestry related Bank Projects. These lessons have highlighted institutional development, linkage of knowledge generated at local level to policy development processes and overall natural resources governance, and the relevance of the green zone approach from the Kenya Green Zones Project in creating forest (green) zones around the sacred groves.

2.7.3 To enhance project management and its sustainability, the design of the ELCIR+ has included the building of the capacity of the executing agency. In addition, capacities of the implementing agencies will be strengthened in order to be closer to the beneficiaries in terms

of extension advice. The Project design has also adopted a decentralized and coordinated implementation approach across LULUCF sector Ministries, District Assemblies and local beneficiary communities

2.8. Project’s performance indicators

2.8.1 The result framework of the project is developed towards the FIP and the national development objectives, with the aim to demonstrate clearly how operations are linked to the investment plan and project outputs, outcomes and catalytic replication level. Therefore, the project has specific impact, outcome and output indicators chosen to ensure that there is a strong link between operations at the country level and the higher order of the FIP objectives. These indicators ensure also that the results at the transformative and catalytic replication level occur at the country level.

The project results framework includes the following indicators that were proposed to inform and be integrated into a national M&E system and, hence be monitored at the project and IP levels. These include the following:

- indicators related to FIP core objective such as tons (millions) of CO2 emissions from forests reduced relative to reference emissions;
- indicators related to FIP co-benefit objectives such as the Changes in income in forest communities over time (total and in relation to the change in forest increase);
- Indicators related to FIP Catalytic and Replication Outcomes such as the Change in hectares of natural forest cover (including percentage change against baseline), the Access of local communities (women and men) to relevant information in a timely and culturally appropriate manner, and also the Area of forests under clear, non-discriminative tenure and territorial rights.

2.8.2 The key performance indicators aimed at measuring the project overall impacts have been outlined in the Results Based Logical Framework and these include : (i) 3.9 million tCO₂ likely to be sequestered/\$ by project/program over 25 years, (ii) 1 200 people lifted out of poverty, (iii) 22 400 additional hectares of forests and forest plantations (change against baseline); (iv) 26 000 additional hectares of agroforestry, (v) 1000 sustainable jobs created (500 for men, 5000 for women), (vi) 10 Communal Managed Factories supported by the project, (vii) 12 000 beneficiaries trained, (viii) carbon revenues channelled to local communities, (ix) 7 Knowledge Management studies carried-out and shared, (x) National forestry M & E system strengthened and operational. The data sources will mainly come from the MRV system, the national poverty assessments and project reports. The use of VCS and CCBS certification will ensure credibility and transparency to the evaluation of project impacts.

III - PROJECT FEASIBILITY

3.1 Economic and financial performance

Table C.1: key economic and financial figures

FIRR, NPV (base case) @ 9% cost of capital	25.5% (NPV USD4.762million)
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EIRR (base case)	27.5%
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Assumptions and details of calculations are in Annex 2.

Sensitivity Analyses: The results of financial and economic analyses are quite robust in the event of adverse changes from successive declines in output prices by 2.5%, 5%, 7.5%, 10%, 12.5%, 15%, and 16%, as reflected by the result of the sensitivity analysis.

3.2. Environmental and social impacts

Environment

3.2.1 This project has been classified as Category II. It has limited negative impacts and these will be mitigated through specific measures as specified in the Environmental & Social Management Plan (ESMP). The project’s environmental impacts are on the whole positive. It seeks to reduce deforestation by promoting sustainable wood supply through plantations, energy efficiency and alternatives to wood energy, by enhancing agricultural productivity, by promoting alternative livelihoods and forest remnant and sacred groves conservation. The promotion of agroforestry will also enhance carbon stocks, enhance soil conservation, and increase climate resilience, mitigating in particular the effects of drought and desertification. Other positive impacts will include biodiversity conservation and improved wildfire management and control. The negative externalities of the project will be addressed through the ESMP and effectively implemented in line with the Environmental Protection Agency (EPA) guidelines. MESTI will implement the recommendations of the ESMP costed at USD 702,500 in the context of the entire FIP in coordination with MLNR. In the off-reserve areas under the ELCIR+ project, a total sum of USD 294,000 has been allocated for the ESMP.

Climate Change

3.2.2 The project aims at mitigating climate change through the sequestration of 3.9 million tons of CO₂ over 25 years, by implementing REDD+ activities which will lead to reduced emissions from deforestation and enhancement of carbon stocks. The project will support the implementation of a jurisdictional approach to REDD+ in the Brong Ahafo region, including a MRV system, a reference level and VCS and CCBS certifications. It also aims at strengthening communities’ capacity to adapt to climate change through the promotion of more resilient agroforestry schemes.

Gender

3.2.3 Risks specific to women in this project include violation of their land tenure rights, increased vulnerability, inequitable distribution of benefits, as well as invisibility in their role as major stakeholders and agents of change. Gender equality and women’s empowerment are, therefore, considered critical in implementation of this project. Gender will be used as a selection criterion for project beneficiaries in order to ensure that the project will benefit women. Specific activities have been designed for women, especially promoting women’s groups and enterprises, participation in the charcoal value chain, enhanced access to land especially for woodlots, training and support for alternative livelihoods activities. Gender consideration within the project relies also on awareness creation on gender

equity/empowerment, promotion of their access to land, using gender disaggregated data for M&E. Capacity of gender focal persons in the implementing Districts will be strengthened to serve as liaison officers for the women and youth groups and initiate learning networks between all FIP project districts and other organizations in similar programmes. Gender mainstreaming in the project will be supported by IUCN, which has extensive experience on this issue in Ghana, in particular in the context of REDD+.

Social

3.2.4 The project expects to reduce by 10%, the rate of poverty among direct beneficiaries within the 5 year period and to create some 1,000 sustainable green jobs in the forestry, agricultural, agro-industrial and rural energy sub-sectors. It also aims at enhancing community participation in REDD+, through communal enterprises and plantations. The conservation of sacred groves shall strengthen cohesiveness and cultural heritage within communities.

Involuntary resettlement

3.2.5 There is no involuntary resettlement forecast as part of the project.

IV - IMPLEMENTATION

4.1. Implementation Arrangements

4.1.1 Executing Agency (EA): The Ministry of Lands and Natural Resources (MLNR) will be the executing agency of the Project. The existing Forest Investment Programme Management Unit (FIPMU) will coordinate the project. The head of FIPMU is the Technical Director (Forestry) of MLNR. Other existing staff of the Ministry i.e. Project Manager, Procurement Officer, Monitoring and Evaluation Officer, Director of Finance will assist the Project Director.

4.1.2 Project Steering Committee: The existing Natural Resources and Environmental Governance (NREG) Technical Coordination Committee (TCC+) will be expanded to include representations from the private sector, the Dedicated Grant Mechanism (DGM) executing agency, Civil Society Organizations, MoFA, COCOBOD and the Lands Commission to form the Project Steering Committee. As Ghana's FIP focal point the Hon. Minister of Lands and Natural Resources or his designated representative will chair this committee. The TCC+ will meet twice a year to approve annual workplan and budget and provide policy guidance to project operations.

4.1.3 Implementing Agencies (IA) and Collaborating Partners: The project will be implemented at the project sites by the Forestry Commission (FC) of the Ministry of Lands and Natural Resources. MESTI will also implement its activities through Forestry Research Institute of Ghana (FoRIG); Environmental Protection Agency, Crop Research Institute (CRI) and Soil Research Institute (SRI). The Extension Divisions of the Ministry of Food and Agriculture (MoFA) and COCOBOD in the Brong Ahafo and Western regions will

implement the extension components in collaboration with the Forestry Commission. The MoFA and COCOBOD extension staff will be facilitated to better reach the project beneficiaries. The FC has officers at the regional level to support field implementation activities.

4.1.4 Additionally a number of specialised agencies will play significant role as follows:

- a) The Resource Management Support Centre (RMSC) of the FC and the Climate Change Unit of the FC as well as the Carbon Stocks Monitoring Centre of FoRIG will be used by the Project to implement the carbon MRV system and promote and monitor various technologies;
- b) the Ghana Cocoa Board Platform and CSSVDU will provide advise for enhancement of biodiversity and carbon in cocoa
- c) the Cocoa Research Institute of Ghana (CRIG) will provide research and advice on shade cocoa and agro-forestry.
- d) The Forest Commission shall also access technical support and cooperation from other GoG institutions and external agencies for activities outside its capacity and or mandate.

Procurement arrangements

4.1.5 Procurement of ICB contracts and Consulting services for the proposed project would be carried out in accordance with the Bank's Rules and Procedures: "Rules and Procedures for Procurement of Goods and Works", dated May 2008 and revised in July 2012; and "Rules and Procedures for the Use of Consultants", dated May 2008 and revised in July 2012, using the relevant Bank Standard Bidding Documents, and the provisions stipulated in the Financing Agreement. For the proposed project, procurement of NCB contracts would be carried out in accordance with the national procurement law [Ghana Public Procurement Act], using the national Standard Bidding Documents, and the provisions stipulated in the Financing Agreement". The FIPMU will be responsible for the procurement of goods, works and services. The resources, capacity, expertise and experience of the FIPMU are described in Annex B6. The procurement plan for works, goods, and consultancy services is prepared as a separate attachment is also summarized in Annex B6.

4.1.6 Review Procedures: Generally, the Bank will review and approve before promulgation the General Procurement Notice and all the: i) specific procurement notices; and (ii) tender documents or request for proposals from consultants. It will also, undertake prior reviews for; (i) tender evaluation reports or reports on evaluation of consultants' proposals, including recommendations for contract award; (ii) draft contracts, if these have been amended from the drafts included in the tender invitation documents.

4.1.7 Post-Review: Specifically, contracts for goods, works and services up to an amount of UA 50,000 will be approved by the EAs, and will be subject to post review by the Bank. Procurement documents, including solicitations of price quotations, evaluation sheets and contract awards will be kept at the EA for periodic review by the Bank supervision missions. The procurement post review audits to review the correctness of the procurement activities will be carried out during the first supervision mission after the procurement activities are completed. However, the Bank reserves the right to conduct its procurement audit at any

time during the project implementation. This review will determine the need for modifications and improvement of the procurement arrangements. Information on procurement processing will be collected quarterly by the EA and shall be included in detail in the Project Quarterly Progress Report to be submitted to the Bank.

Financial management arrangements

4.1.8 Financial management capacity assessment: The existing Project Coordinating Unit (PCU) or Forest Investment Programme Management Unit (FIPMU) at the Ministry of Lands and Natural Resources (MNLR) will be responsible for the coordination and FM function of the Project. The FIPMU will be headed a Project Director and assisted by a Project Manger and a Financial Controller (FC). The FC who is is qualified accountant (with over 36 years of experience on donor funded projects) is the head the FM unit and supported by a Project Accountant, 2 Accounts Officers and other support staff.

4.1.9 Sun Accounting software being currently used for the World Bank funded Land Administration Project (LAP) will be upgraded to accommodate the financial reporting requirements of FIP. This will be interfaced with the Ghana Intergrated Financial Management Information System (GIFMIS) (government accounting software), which is currently being deployed to all MDAs. A Project Implementation Manual (PIM) will be developed by the FIPMU to guide project implementation. The PIM will include sections of nternal control policies and procedures and accounting policies and procedures to streamline the FM and accounting practices of the project.

4.1.10 The internal audit Department at the MNLR headed by Director of Audits will be responsible for the overall review of the project operations and also provide internal checks at the FIPMU to strengthen the internal control environment of the project. Financial reports of implementing District Offices of the Forestry Services Division (FSD) (inclusive of activities of collaborating partners) will be collated and consolidated by the FM unit of the Forestry Commision (FC) head office, headed by a Finance Director (qualified), supported by the Finance Manager (qualified) of the Forestry Services Division (FSD) and an Accounts Officer.

4.1.11 While the Forestry Commission will keep separate books of account for the project, it will receive monthly reports from the District FSD Offices (DFSDOs) and collate and consolidated them for onward submission to FIPMU. The DFSDOs will also maintain separate bank accounts and books of accounts for the project activities implemented in their respective Districts. The DFSDOs will use Sun Accounting system to record, process and prepare financial reports. Each DFSDO FM unit is adequately staffed with a District Accountant and 2 Assistant Accounts Officers, who will be responsible for the accounting function of all project activities executed in their respective Districts.

4.1.12 The Internal Audit functions of the DFSDOs and FC will be review the operations of the project at the Districts and FC head office respectively and forward the internal audit reports to the Director of Audits at the the MLNR for review and inclusion in the overall internal audt report issued to the Project Steering Committee (PSC) who will be in charge of the overall governance of the project. The PSC will chaird by the Minister for MLNR or his representative and consist of representatives from various key stakeholders such as MOFA, MoEP, COCOBOD, EPA, MESTI, Lands Commission, CBOs, NGOs, Women Groups, Forest Users and Research Institutions (RIs).

4.1.13 Disbursement arrangements: Direct Payments and Special Accounts methods will be used in disbursing funds under this project. Significant payments against contracts concluded between project management and contractors/ suppliers will be done through direct payment. With the approval of the MoF and CAGD, two segregated USD denominated Special Accounts (one for AfDB Loan proceeds and one for FIP grant resources) and two Ghana Cedi accounts will be opened at Bank of Ghana (BoG) (to be managed by the FIPMU) to handle payments for smaller contracts and recurrent expenses of the project. A third Ghana Cedi account will be opened at the BoG to receive GoG counterpart contributions. Funds will be deposited in the special accounts, which will be replenished twice a year, initially on the basis of semi-annual work plan and thereafter from time to time upon justification of utilization of at least 50 per cent of the recent advance and 100 per cent of earlier replenishments. All disbursement will follow the procedures outlined in the Bank's *Disbursement Handbook*.

4.1.14 Audit arrangements: The Auditor General (AG) of Ghana is constitutionally responsible for the audit of all government funds including donor funded projects. However, the AG currently outsources the audit of donor funded projects to approved private audit firms in Ghana. Thus the FIPMU in consultation with the AG will hire an external auditor for the project under the terms of reference (TOR) acceptable to the Bank. The maximum period the selected firm's contract shall be three (3) years. The FIPMU will ensure that the audited project financial statements, inclusive of the accompanying audit management letter, are submitted to the Bank annually within 6 months of after the end of each year audited.

4.1.15 It is the overall conclusion that the FIPMU after addressing the FM issues detailed in the FM action plan (see Annex B.4) will have adequate capacity to manage the FM, disbursement and audit activities of the project. The overall residual FM risk is moderate.

4.2. Monitoring

N°	Activities	Responsible Entity	Timeframe
1	Approval by FIP Secretariat	FIP/AfDB	August 2013
2	Negotiation	Government/AfDB	August 2013
3	Board Approval	AfDB	October 2013
4	Signature of Grant Protocols	Government/AfDB	November 2013
5	Launching	Government/AfDB	December 2014
6	Approval of Bidding Documents	AfDB	January 2014
7	Contract Signature	Government	February 2014
8	1 st Disbursement	AfDB/Government	February 2014
9	Bank Supervision	AfDB/Government	March 2014
10	Implementation and progress monitoring	Government	December 2018
11	MTR	Government/AfDB	June 2016

12	PCR	AfDB	January 2019
13	Annual Audit	Office of the Auditor General	Annually

4.2.1 External monitoring will be provided by the Bank through two annual supervisions and quarterly reporting by the executing agency. A joint Mid Term Review will also be undertaken by the Bank and the government. The government will also be required to submit annual reports to the FIP Secretariat and copies will also serve as annual reports to the Bank.

4.2.2 Internal project monitoring will be provided by the MLNR together with the implementing agencies and collaborating partners. Disbursement to implementing partners will be tied to activity specific reports. At the general stakeholder level, the FIP management unit will organize site monitoring visits and international visits for lessons learning.

4.3. Governance

4.3.1 Ghana has a total of 8.1 million hectares of forest in the high forest zone representing 34% of the total land area. The savannah zone, on the other hand, covers 15.7 million hectares or 66% of the land area. Although 2.5 million hectares have been set aside as gazetted forest reserves, deforestation and forest degradation on- and off- reserve continues. The country's forests face many governance challenges. These include (i) benefit sharing between traditional authorities, government and local communities; (ii) institutional challenges in the implementation of policies; (iii) land tenure issues; (iv) poor accountability in resource exploitation; (v) lack of cost-effectiveness in the use of resources; and, (vi) generation and distribution of benefits in a transparent and accountable manner.

4.3.2 More than 1.7 million m³ of the Annual Allowable Cut harvested is not accounted for in the national accounts leading to considerable loss of revenue to the landowners, District Assemblies and the State. The project, therefore, will support through policy related interventions on how to promote sustainable and effective governing structure in the project zone. The project will also support adequate maintenance of data for transparency accountability and planning purpose. The involvement of the communities in the implementation arrangement will also limit poor accountability in the sector as they will also benefit through the co-benefit sharing options to be implemented by the project.

4.4. Sustainability

4.4.1 Project activities will be incorporated and mainstreamed by the Forestry Commission, Forestry Research Institute of Ghana, COCOBOD, Crop Research Institute of Ghana and CSSVDU, MOFA, DAs into their respective current and development budgets. Financial sustainability for the project activities will also be supported by the channelling of income generating activities of the communities based on their livelihood options.

4.5. Risk management

The potential risks and mitigation measures are presented in the table below.

Risks	Mitigation
Increased yield in Cocoa farming may result in an increase of profitability leading to more deforestation	Development of strategies for reducing expansion of cocoa into forest areas
Low yield for shade cocoa and other agroforestry scheme limiting the adoption	Investment on research
Low participation of women	Gender as a selection criterion for project beneficiaries
Delay in approval of benefit sharing framework	Anticipated works carried out through the project preparation grant
Slow adoption of climate smart agriculture systems	Capacity building, demonstration activities, and strengthening extension services
The training may take long	Consistent extension support
National MRV system not operational	Subnational jurisdictional approaches piloted in the two regions
Difficulties to coordinate with other FIP projects	Ownership and implementation by GoG

4.6 Knowledge Building

4.6.1 The FIP objective to have transformational impacts and the emphasis placed on the development of efficient Monitoring and Evaluation (M&E) and Monitoring, reporting and Verification (MRV) systems will allow the Bank, the Government and local beneficiaries, to identify and spread the lessons learnt by the project, especially the constraints it faced and the best practices developed to overcome them.

4.6.2 A guide for the integration of REDD+ in District Development Plans will be developed and disseminated within the two regions through a capacity building workshop.

4.6.3 Knowledge management products such as lessons learnt report, fact sheets or policy briefs will be developed on the following 7 issues: Governance practices related to carbon, tree and land tenure and benefit sharing in off-reserve areas; subnational approach to REDD+; shade cocoa; sacred groves and forest remnants conservation; sustainable charcoal value chain; forest extension system; gender in the context of REDD+ implementation. These issues have been identified in consultation with stakeholders taking into account prior lessons learnt from similar projects such as the CFMP and the specificities of this project.

4.6.4 These products will be shared at the regional, national and international levels through being made available on-line and printed. They will also be debated in national workshops, especially those aiming at inspiring policy and regulatory reforms (cf tree tenure and benefit sharing for example). Information sharing with other FIP countries will be facilitated through emails, video conferences and invitations to FIP international workshops and field and country exchange visits. Annex B.10 elaborates further on knowledge management.

V - LEGAL INSTRUMENTS AND AUTHORITY

5.1. Legal instrument

ADF and SCF-FIP Grant resources will be used to finance the ELCIR+ Project. ADF resources are from the cancelled grant balances.

5.2. Conditions associated with Bank's intervention

5.2.1 Conditions precedent to entry into force of the Protocol of Agreement: The ADF and the SCF-FIP Protocols of Agreements will enter into force upon signature by the Recipient and the Bank.

5.2.2 Conditions Precedent to First Disbursement of the ADF Grant and the SCF-FIP Grant:

The obligations of the Fund to make the first disbursement of the ADF and the SCF-FIP Grants shall be conditional upon the entry into force of the respective Grants Protocols of Agreement, and the fulfillment by the Recipient, in form and substance satisfactory to the Fund, of the following condition:

- (i) Provide evidence of the opening of two foreign currency denominated Special Accounts for the Project in a bank acceptable to the Fund for the deposit of the proceeds of the respective Grants.

5.2.3 Other Conditions: The Recipient undertakes to produce Guidelines for implementation and management of Wildfire Policy in off-reserves areas within one (1) year of effectiveness of the grant.

5.3. Compliance with Bank Policies

5.3.1 This Project complies with all applicable Bank policies.

VI - RECOMMENDATION

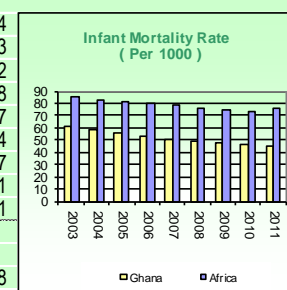
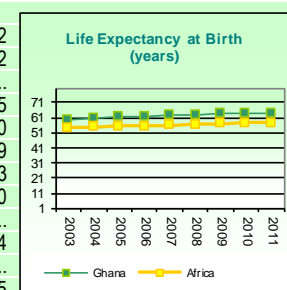
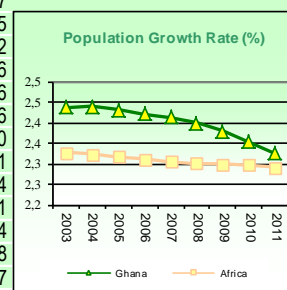
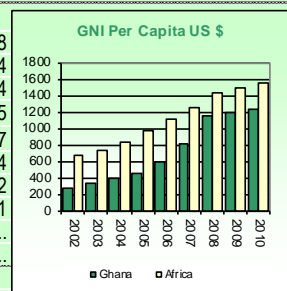
Management recommends that the Board of Directors approves the ADF grant of UA 3.20 million from the cancelled balances of ADF projects and the implementation of the proposed SCF-FIP Grant of USD 9.75 million to the Government of Ghana subject to the conditions stipulated in this report.

Appendix I. Ghana comparative socio-economic indicators

Ghana

COMPARATIVE SOCIO-ECONOMIC INDICATORS

	Year	Ghana	Africa	Developing Countries	Developed Countries
Basic Indicators					
Area ('000 Km ²)	2011	239	30 323	80 976	54 658
Total Population (millions)	2011	25,0	1 044,3	5 733,7	1 240,4
Urban Population (% of Total)	2011	52,2	40,4	45,5	75,4
Population Density (per Km ²)	2011	109,7	36,1	59,9	36,5
GNI per Capita (US \$)	2010	1 230	1 549	3 304	38 657
Labor Force Participation - Total (%)	2011	76,4	74,7	65,0	60,4
Labor Force Participation - Female (%)	2011	47,7	42,5	49,2	50,2
Gender -Related Development Index Value	2007	0,524	0,502	0,694	0,911
Human Develop. Index (Rank among 187 countries)	2011	135
Popul. Living Below \$ 1.25 a Day (% of Population)	2007-09	28,6	40,0	22,4	...
Demographic Indicators					
Population Growth Rate - Total (%)	2011	2,3	2,3	1,3	0,4
Population Growth Rate - Urban (%)	2011	3,7	3,4	2,3	0,7
Population < 15 years (%)	2011	38,4	40,4	28,7	16,5
Population >= 65 years (%)	2011	3,9	3,4	5,9	16,2
Dependency Ratio (%)	2011	73,3	78,1	53,0	48,6
Sex Ratio (per 100 female)	2011	103,6	99,5	103,4	94,6
Female Population 15-49 years (% of total population)	2011	24,5	24,4	26,2	23,6
Life Expectancy at Birth - Total (years)	2011	64,2	57,7	77,7	67,0
Life Expectancy at Birth - Female (years)	2011	65,3	58,9	68,9	81,1
Crude Birth Rate (per 1,000)	2011	31,1	34,5	21,1	11,4
Crude Death Rate (per 1,000)	2011	7,7	11,1	7,8	10,1
Infant Mortality Rate (per 1,000)	2011	45,0	76,0	44,7	5,4
Child Mortality Rate (per 1,000)	2011	65,5	119,5	67,8	7,8
Total Fertility Rate (per woman)	2011	4,1	4,4	2,6	1,7
Maternal Mortality Rate (per 100,000)	2010	350,0	530,7	230,0	13,7
Women Using Contraception (%)	2008	23,5	28,6	61,2	72,4
Health & Nutrition Indicators					
Physicians (per 100,000 people)	2009	8,5	57,8	112,0	276,2
Nurses (per 100,000 people)*	2009	104,6	134,7	186,8	708,2
Births attended by Trained Health Personnel (%)	2008	57,1	53,7	65,3	...
Access to Safe Water (% of Population)	2010	86,0	65,7	86,3	99,5
Access to Health Services (% of Population)	2007-09	...	65,2	80,0	100,0
Access to Sanitation (% of Population)	2010	14,0	39,8	56,1	99,9
Percent of Adults (aged 15-49) Living with HIV/AIDS	2009	1,8	4,3	0,9	0,3
Incidence of Tuberculosis (per 100,000)	2010	86,0	241,9	150,0	14,0
Child Immunization Against Tuberculosis (%)	2010	99,0	85,5	95,4	...
Child Immunization Against Measles (%)	2010	93,0	78,5	84,3	93,4
Underweight Children (% of children under 5 years)	2008	14,3	30,9	17,9	...
Daily Calorie Supply per Capita	2007	2 907	2 462	2 675	3 285
Public Expenditure on Health (as % of GDP)	2009	3,1	2,4	2,9	7,4
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School - Total	2011	107,3	101,4	107,8	101,4
Primary School - Female	2011	107,2	97,6	105,6	101,3
Secondary School - Total	2011	58,1	47,5	64,0	100,2
Secondary School - Female	2011	55,2	44,3	62,6	99,8
Primary School Female Teaching Staff (% of Total)	2011	36,7	44,3	60,7	81,7
Adult literacy Rate - Total (%)	2010	67,3	67,0	80,3	98,4
Adult literacy Rate - Male (%)	2010	73,2	75,8	86,0	98,7
Adult literacy Rate - Female (%)	2010	61,2	58,3	74,9	98,1
Percentage of GDP Spent on Education	2010	5,5	4,6	4,1	5,1
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2009	19,3	7,6	10,7	10,8
Annual Rate of Deforestation (%)	2007-09	1,7	0,6	0,4	-0,2
Forest (as % of Total Land Area)	2010	21,7	23,0	28,7	40,4
Per Capita CO2 Emissions (metric tons)	2009	0,3	1,1	2,9	12,5



Sources : AfDB Statistics Department Databases; World Bank: World Development Indicators;

last update : June 2012

UNAIDS; UNSD; WHO, UNICEF, WRI, UNDP; Country Reports.

Note : n.a. : Not Applicable; ... : Data Not Available.

Appendix III. Similar projects financed by the Bank and other development partners in Ghana

TITLE OF PROJECTS / PROGRAMME	OBJECTIVE	Start Date	End Date	Amount (Million US\$)	DONOR	Location
Reducing Emission from Deforestation and Forest Degradation (REDD+) Project	To assist Ghana to prepare itself for REDD+ and become ready for the implementation of the REDD+ mechanism	2010	2013	3.6	World Bank FCPF	FCHQ
Land Administrative Project (LAP)	Dealing with land tenure and legislative reforms in aspects of land use	2011	2014	70	World Bank	MLNR
Global Environment Facility (GEF)	Small grants administered through UNDP on Environment for improving local resource use	2011	2014	Pledges	UNDP	Various
Other REDD+ Related Projects	Aims to establish CDM mechanism and Piloting REDD+ and Biodiversity Conservation with communities.	2009	2013	1,2	ITTO/UNEP	MEST

Specific Details of National REDD+ Pilots

Proponent	Project Title	Location
K.A.Opoku Farms	REDD+ Piloting Project	Kwamisa Forest Reserve, Offinso, Ashanti
Cocoa Research Institute of Ghana	Managing Cocoa Production Landscapes for Increases in Forest Carbon Stocks and Biodiversity Conservation	Aowin-Suaman, Western
Permian Ghana	Ecosystem Restoration; A Proposal for a REDD+ Project in Ghana	Atewa, Atewa Extension, Dadieso Forest Reserves
Conservation Alliance	Cocoa Agroforestry Project	Kakum National Park area, Central Region
IUCN	IUCN Pro-poor Agroforestry Project	Asankragwa, Western
Portal Company Limited	Portal Agroforestry Model	Akasaho Amuni, Western
Vicdoris Limited	Bee-keeping and Woodlot Development to Alleviate the Degradation of the Agro Ecosystem of the Dawadawa and Surrounding Areas in BrongAhafo	Kintampo, BrongAhafo

Appendix IV. Map of Project Area

