

# **Comments from the World Bank Team<sup>1</sup>**

on

## **Ghana's readiness preparation proposal (submitted on January 2010)**

### **General Comments**

Overall, we note that the Government of Ghana has adhered to the REDDplus option (the R-PP last November was mentioning REDD). Maybe an argumentation could be made on this point.

An impressive work has been conducted by the GoG to better understand the major causes for deforestation and forest degradation and this is clearly presented in the Section on REDD options. However, one could think that a prioritization could be proposed among the different pillars from the REDD strategy. For instance, there is no quantitative assessment of the contribution of the different factors on deforestation/degradation, so it is not easy to identify which of those factors are the most harmful to forests. This may be helpful to prioritize.

The budget requested to the FCPF is US\$5.6 million, which is largely beyond the envelope available for Ghana under the FCPF. The activities intended to be covered by the \$.3.4 m budget potentially available from the FCPF should be identified. Alternative financing sources for other activities should be identified and if the sources are not known as yet, then this should be indicated as funding gap.

Globally, the articulation of the FCPF operation with the other existing activities (on-going and planned), though improved in comparison with the previous version, could still be substantially improved. By doing so, the Government of Ghana could also identify some potential sources of co-financing of the REDD Readiness process.

The Bank provided one set of comments on an early R-PP draft in October 2009. These comments have been largely addressed in the latest version of the R-PP submitted by Ghana in January 2010, whilst others are still outstanding. The World Bank Team's comments for Ghana's consideration are elaborated in the following sections. It should be noted that some of these may have been already addressed in the revised draft to be submitted by Ghana following the discussions with the Technical Advisory Panel team in the first week of March 2010.

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<sup>1</sup> The WB comments were prepared by a group of experts from AFTEN (Africa Region), FCPF Management Team and ARD (Agriculture and Rural Development).

## Component 1a: National Readiness Management Arrangements

Some recommendations from the TAP committee and WB team on the institutional framework have been taken into consideration. However, the WB team still thinks that there is room for improvement:

- Overall, we recommend the simplification of the organizational chart or at least add some sentences that clearly explain the logics of the proposed framework. How the articulation between the policy development level and the implementation will be ensured? A kind of *Modus operandi* between all the different entities would be useful: who does what, how they report? How they guide implementation? ... Writing of terms of reference of the NRSC (National REDD steering committee) may be also a good option. Particularly, to make sure that REDD is known and has the attention at an inter-ministerial level, it is suggested to design a formal relation between the NRSC and the NREAC (Natural Resources and Environmental Advisory Council). Please refer to the comments from Oct 2010 where the need for legal underpinning was highlighted. It is indicated that the NREAC will be an inter-ministerial cabinet rank committee. It would be useful to include the composition and Terms of Reference for this Committee. Moreover, since a lot is expected from this Committee in terms of political buy-in and cross-sectoral coordination, it would be useful to have an indication of when this committee is expected to be operational. At what level in the government is the setting up of such a committee been endorsed? It is mentioned that the creation of the NREAC is part of the NREG: could this be clarified: does this mean that this is a trigger for the NREG operation?
- Reference is made to a REDDplus Secretariat. However, it does not appear in the graph on the institutional framework. A clarification of its positioning and its role would be useful (specifically the link with the Climate Change unit within the FC).
- The three working groups may be reflected in this graph as well (under the NRSC)
- Mention is made to the reinforcement of the REDDplus Secretariat with the hiring of two full-time persons however, very few information is given on the profiles of these persons as well as on the specific tasks they will be asked to cover. It would be very useful to have some Terms of references. Moreover, the budget accounts for 3 staff. Clarification should be given.

## Component 1b: Stakeholder Consultations and Participation

It is appreciated that Ghana has held two sensitization workshops with the Traditional Authorities and Forest - dependent communities in Jan 2010 facilitated by local NGOs-, as recommended during the last PC meeting. However, it would have been very appreciated if the outputs of the workshops had been included in the new version of the R-PP.

Whilst the overlaps between consultative processes with ongoing initiative are recognized in the R-PP (Pages 23 and 28), it remains unclear how the institutional arrangements for REDD plus consultations will mitigate overlaps and co-ordinate with other initiatives.

### **Component 2a: Assessment of Land Use, Forest Policy and Governance**

Inclusion of the background paper, 'Brief assessment of land use and forest policies and governance in the forest area in Ghana' as Annex 7 is useful. The paper discusses in some detail the drivers of deforestation and degradation, however the policy context of the problem could be more systematically analyzed and documented., e.g. provisions of the existing forest law and the reasons for non enforcement. Table 1 also provides a very well articulated analysis of root causes of deforestation and forest degradation.

Under the Component 2.a, the identified needs are on research gaps that need to be fulfilled. However, it is not clear how the GoG wants to fill these gaps and what kind of activities are required: would there be analytical work? Will the recommended research works be made under pilot projects –as on the field-research activities-? How could the existing operations/projects be used for the research purposes (it seems that numerous activities exist on cocoa, charcoal ... that could be useful for research application)? No terms of reference to guide additional analytical work to understand the drivers of deforestation and degradation (DD), identifying priority areas have been produced. It seems very important that the R-PP provides largely more detailed on the activities to be conducted under for this component (scope, objectives, outputs, activities...)

Moreover, the budget is very vague and seems to indicate that the GoG is not yet clear with the activities it wants to implement under this component. Further should be done.

### **Component 2b: REDD strategy options**

The GoG has identified two major pillars: (i) Timber policy and supply and (ii) Wider aspects of forest policy including agro-forestry and other carbon conserving activities. Two national Expert Consultations will be commissioned under the first pillar, whereas four working groups are also proposed. TORs have been produced in annex, but they are not very detailed when it comes to the working groups (and also, in a lesser extent, the national expert consultations on carbon rights). It would be useful to better understand how the working groups will operate, their membership, to whom they will report, how they should deliver ... as well as how all this working groups will be coordinated (cf. implementation framework).

A Review of Forest and Wildlife Policy's and Laws have been recently conducted. Wouldn't it be possible to better reflect the outcomes of this review and identify, in a more practical way, how the FCPF operation will build on those (cf. some lessons learnt on land tenure and incentives to develop off-reserve could be presented).

Demonstration activities are also planned. This combined approach with national strategic approach and pilot projects is very welcome and should be very fruitful. However, this would be very useful if, at this stage, these activities were defined in more details (type of activities: forest protection, off-reserve plantations, charcoal..., location), even though we can agree that their full description can come later.

### Component 2c: REDD implementation Framework

Comments on the institutional framework and in particular on the articulation between the political level and the implementation level apply on this section as well.

Some comments made under the previous assessment (October 2009) remain unanswered:

- **Benefit-sharing:** the R-PP mentions that a fair Benefit sharing system should be established, that rewards actors on the basis of their contribution to REDD. As mentioned in the previous WB comments, the R-PP could further extrapolate on this by, for instance, assessing the newly-modified taungya system for plantation establishment, as well we the Social Responsibility Agreement Law under the 2002 Timber Resources Management Act (this law stipulates a 5% stumpage fees should be paid directly to land owners, and under the plantation system, 40% of plantation revenues should be allocated directly to landholders). The R-PP should also be clearer as to what analytical pieces would be undertaken to stimulate the debate on the management of REDD revenues and benefit-sharing system. As forest carbon projects (REDD and A/R) are developed in the country, how will Ghana coordinate and oversee these interventions? What would the DNA's role be exactly? Would an additional committee for the demonstration activities be established or should this responsibility be covered by one of the already-existing entity? Would a Registry be developed? If so, how, under whose responsibility and what would be the budget and timeline? What regulations are expected to be developed to provide these pilot projects with an institutional and legal framework that clarifies rights, roles and responsibilities of parties involved in a carbon transaction? If no information on this is available at present, what are the analytical studies necessary to inform decision making? How would those decisions be made?

The steps detailed in this section address the issues above but it may be useful to include ToRs detailing the scope of work for mainstreaming the pilot activities within a institutional and legal framework.

### Component 2d: Environmental and Social Impacts

The previous comments have been addressed to a large extent. The general comments on SESA and SESA ToRs are as follows: Specific comments are included in the Annex 1.

- **Title:** A SESA is a strategic environmental and social assessment NOT Social and Environmental Standards Assessment (SESA). It is important to make the distinction between the inputs of the

SESA into the refinement of the REDD strategy options (the more strategic component) and the ESMF component that links the strategy options with Bank safeguards. (Page 11 of R-PP)

- **Using the SEA procedures of EPA and SESA:** The R-PP states (page 67) that *“In parallel with the SESA tool, the R-PP will be subjected to the Strategic Environment Assessment2 (SEA) procedures developed by Ghana’s Environmental Protection Agency”*.

It is unclear on why this would be a parallel process, and what exactly does it mean to say the R-PP is subject to an SEA – all the proposed activities in the R-PP or something else? If the EPA has an SEA (and it is more than impact-centered) then Ghana should be able to build on this rather than initiate a parallel process.

- **Linkage to Adaptation:** Further the R-PP mentions that the SESA “component should also be informed by, and collaborate with, an on-going World Bank study on the Economics of Adaptation to Climate Change (EACC) in Ghana and other countries: <https://beta.worldbank.org/content/ghana-economics-adaptation-climate-change-study>”. This linkage is useful and the work on economics of adaptation may have a link to the SESA, in that it could provide insights on what are important social and environmental considerations.
- **Structure of ToRs:** The RPP team should keep in mind that the SESA allows for incorporation of environmental and social considerations into the REDD Readiness process at two levels:
  - ✓ A Strategic level: assessment of legal, policy, regulatory, institutional and capacity context for addressing key environmental and social sustainability issues associated with deforestation and forest degradation.
  - ✓ An Environmental and Social Management Framework (ESMF):
    - assessment of environmental and social risks of interventions/projects proposed by the REDD strategy to reduce deforestation and forest degradation.
    - Links SESA with the Bank’s safeguard policies.

Accordingly it can help to structure the TOR at these two levels and within the TOR point to where there are overlaps (with the broader RPP as well as between the SESA components), to minimize duplication. Which of these two components requires more attention will depend on the work the country team will have already done on the RPP process or in other relevant processes that can inform the SESA.

- **Objectives:** One of the objectives of this TOR includes developing an ESMF and this needs to be made explicit. Also, in the objectives, the team indicates that environmental concerns may not be significant. They should be cautious about this as there can be spillover effects and issues tied to leakage that would need to be captured and often, because of rural poor communities reliance on natural resources, several of the social implications have environmental

consequences associated with it – e.g., change in access or pricing of fuelwood may result in fuelwood obtained illegally or alternatives used that are more polluting.

- **On the composition of the Impact Assessment Team:** The team should consider viewing the SESA as more than an impact assessment. The team used should be structured based on the expertise required to deliver on the scope of work. This expertise could be found domestically or internationally, and that the team could articulate this explicitly if they wish. But the expertise needed should really come at the end of the process of developing the TOR and seeing what is needed to deliver on the TOR. It may be worth revisiting the ToRs and see if references to impact assessment make sense given that scope of the SESA is more strategic and at this point as there are no concrete projects in the proposed REDD strategy options, whether an impact assessment is what is needed.
- **Core Tasks and Activities:** In this the team has listed several tasks – all are fine, but the team should consider revisiting these based on what is mentioned in the general comments. Also, keep in mind that the REDD strategy options have to frame the SESA so this needs to be brought upfront.

What is currently listed under the section on initial diagnostics may need to be revisited. More specifically the team should start with a stakeholder analysis – building on the analyses that have already been done. Once this is in place a rapid political economy assessment that explores the power dynamics among stakeholders but also who has the power in decision making realms who are affected by REDD decisions, etc. Political economy would focus on these issues. Further comments are included in the Annex 1.

### **Components 3 and 4: Reference Scenario and MRV**

It is noted that improvements to component 3, Reference Scenario, in response to the previous comments have been made. However, both components 3 and 4 are still relatively generic and do not explicitly reflect the Ghanaian context. Specifically, it would be useful to learn (i) in which institutions in the country the basic technical capacity exists to process and analyze remote sensing data (even in non-forest sectors or the private sector), (ii) what the constraints may be to perform systematic field –based inventories in the future, (iii) what the experiences have been in Ghana to provide information on public goods (including the sustainability of other information services), (iv) other potential risks (e.g. political) that may impact the establishment of reference levels and a MRV system, (v) how Ghanaian institutions are networked with international research centers, (vi) what kind of service providers (data, technical, analytical etc.) exist in Ghana to support this kind of work, and (vii) what alternative approaches were considered.

The methodological framework for REL and MRV is relatively well developed, but it is not well integrated with the other components. The capacity to develop REL and a MRV systems are closely linked to the overall REDD strategy, and it would be important to know how the success and quality of the both REL

and MRV would impact the strategy overall. For instance how do the activities detailed under component 2 relate to components 3 and 4? How do the activities to be performed by FORIG relate to the overall implementation plan? How does the review of land use policies and governance (2.1) inform the implementation of the REL and MRV? How did the strategic considerations inform the design of REL development and MRV? The proposed activities and budget for components 3 and 4 are quite considerable. It would be important to demonstrate how these activities are related to other routine operations performed by the forest service and its mandate, and what the synergies (or possible conflicts) are with forest sector policies and practices. The R-PP could be considerably improved if it could be demonstrated how the technical work on REL and MRV could strengthen the forest service and forest policy more generally, and what other sector investment (planned or ongoing) may reinforce the work on REDD.

There is a reference to Component 3 stating that there will be synergies between Components 3 and 4. However, it will be useful to at least mention one or two key institutions expected to lead this work. Even the potential composition of a proposed MRV working group has not been elaborated.

The R-PP notes that forest carbon loss is primarily a process of forest degradation. At the same time, the proposed methodology for degradation (based on Landsat data) is the least developed part of the proposed work and generally the most difficult. It would be important to address more explicitly how the proposed methodological framework for MRV and REL is designed for the particular patterns of forest cover and carbon loss in Ghana.

### **Component 5: Schedule and Budget**

Refer to the Overall Remarks regarding the budget estimation and the potential funding from FCPF. The R-PP provides the list of activities and the budget required for each component. Use the budget information in each component of the R-PP and, summarize the total budget requirements for the R-PP and the sources of funding in the table in component 5.

## Annex 1: Component 2d: Specific comments on SESA and SESA ToRs

### 1. Page 68: Consider the following changes to this sentence:

*“A strong SESA analysis will promote integration of social and environmental issues into the upstream policy-making process (Should be strategy design), thereby promoting more sustainable and equitable REDDplus policies.* The strategy options are not limited to REDDplus policies, so should consider omitting this sentence.

### 2. Page 69: The following paragraph needs to be revised.

*“This component also needs to be developed in conjunction with the strategy development process (section 2b) and to take into consideration existing initiatives impacting on forest areas, especially those of the Voluntary Partnership Agreement (VPA) (see Mayers et al, 2008, for an impact assessment of the VPA). An integrated approach will enable more rapid development and assessment of REDDplus strategies as well as ensure that the impacts of these strategies are assessed within the context of an evolving forest sector. Finally it should be noted that a SESA analysis will be most effective when there is an agreed coherent set of REDD strategies and policies following a multiple stakeholder planning process. A SESA analysis prior to this would be of limited value”.*

The above paragraph has a lot of good points, but they are not all appropriate for the SESA – the SESA has a strategic component that can be useful in the design and finalization of the REDD strategies. The SESA also has a more impact-oriented component that would focus on potential impacts and developing an environmental and social management framework that would help mitigate potential negative impacts and enhance positive ones. Processes such as VPA may be helpful in identifying what are possible considerations and the institutional context in which the key considerations are being handled.

### 3. SESA ToRs: Core Tasks and Activities:

The stakeholders identified should be validated in a participatory manner – and this could be done at a launch workshop for the SESA – As part of the RPP outreach and consultation work or other appropriate outreach processes it will be important to inform the stakeholder who would be participating in the SESA on what the SESA is, its objectives etc. before they come to a launch workshop.

Then, building on what has already been done for the RPP and through consultations already done (or some that may need to be done) identify what are social and environmental issues associated with the drivers of deforestation and degradation. A list of issues would emerge and where you have pilot REDD initiatives the SESA team could also look at these and see what issues are emerging. The issues may be region specific, what is important at this point is to draw on what the team has to identify these issues. Then conduct a participatory process for first confirming that all the main issues have been identified and then prioritizing the issues (this could be done by using the same launch workshop or another workshop or another more appropriate process). These priority issues then become the focus of the SESA.

The next step becomes looking at what are the policies, laws and institutions in place for addressing these priority issues. How effectively do they address the issue, and where there is a shortcoming (a gap), what needs to be done to fix the gap – what capacity measures or institutional measures are

needed. This is usually some of the analysis that has to be done specifically for the SESA, though this step too can draw heavily on prior work.

Looking at the REDD strategy options – consider whether these are helping to fill some of the gaps mentioned in the previous paragraph. If the strategy options do not fill the gaps, then consider modifying these options to more effectively address these gaps. This should be done through a participatory process, so that the stakeholders can weigh in on how to modify the options.

Now the Ghana team has refined strategy options. With these refined options the team can also think about what which WB safeguards are relevant (section 5.3 in the TOR). Build on information that is already available and do, where needed, some additional work to collect the relevant baseline social, economic and environmental information. Look at as indicated in 5.1.2 the institutional and governance capacity to address the potential risks and potential direct or indirect social and environmental impacts. Where there is a weakness in capacity make recommendations on the steps that would need to be taken prior to conducting an activity or implementing the REDD strategy option that could generate these potential risks and potential impacts – this is usually done in the context of an ESMF.