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READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

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IN THE AMOUNT US\$ 3.4 MILLION

TO THE

REPUBLIC OF GHANA

FOR

REDD+ READINESS PREPARATION SUPPORT

Vice President:	Obiageli Katryn Ezekwesili
Acting Country Director:	Sergiy V. Kulyk
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DATA SHEET

REPUBLIC OF GHANA REDD+ READINESS PREPARATION SUPPORT

READINESS PREPARATION PROPOSAL (R-PP) ASSESSMENT NOTE

AFR
AFTEN

Date: September 20, 2011 Acting Country Director: Sergiy V. Kulyk Sector Manager/Director: Idah Z. Pswarayi-Riddihough / Jamal Saghir Project ID: P124060 Lending Instrument: TF Grant Team Leader(s): Flavio Chaves Regional Safeguards Coordinator: Alexandra Bezeredi Safeguards Specialist: Lucienne M. M'Baipor Procurement Specialist: Adu-Gyamfi Abunyewa Financial Management Specialist: Robert Degraft Hanson		Risk Rating: 4 Sectors: ENV Themes: Forests, Climate Change	
Does this project include any CDD component?		<input type="radio"/> Yes <input checked="" type="radio"/> No	
Date of country selection into FCPF: July 1, 2008 Date of Participation Agreement signed by Country: August 11, 2008 Date of Participation Agreement signed by Bank: August 11, 2008 Date of R-PP Formulation Grant Agreement signature: January 4, 2009 Expected date of Readiness Preparation Grant Agreement signature: October 15, 2011			
Project Financing Data:			
<input type="checkbox"/> Loan	<input checked="" type="checkbox"/> Grant	<input type="checkbox"/> Other, explain:	
<input type="checkbox"/> Credit	<input type="checkbox"/> Guarantee		
For Loans/Credits/Others: N/A Total Project Cost (US\$M): US\$ 3.4 million Cofinancing: N/A Total Bank Financing (US\$M): N/A			
Source		Total Amount (US\$)	
Recipient		N/A	
IBRD		N/A	
IDA		N/A	

New Recommitted Others (FCPF)	N/A N/A USD 3.4 million
Regional FCPF Trust Fund Number: TF093599 FCPF Country Child Trust Fund Number: TF093723	
Recipient: Republic of Ghana Responsible Agency: Forestry Commission, Ministry of Lands and Natural Resources	
Contact Person: Mr. Robert Bamfo Telephone No.: +233 (0)208237777	Fax No.: N/A Email: bamforobert@yahoo.com
Project Implementation Period: October 2011 to October 2014	
Clearances to the Readiness Preparation Proposal Assessment Note:	
Sector Manager: October 6, 2011 Regional Safeguards Coordinator: October 14, 2011 Procurement Specialist: October 6, 2011 Financial Management Specialist: October 6, 2011	

PURPOSE OF THE READINESS PREPARATION PROPOSAL ASSESSMENT NOTE

As part of its responsibilities for the FCPF, the World Bank has been asked to ensure that the FCPF's activities comply with the relevant World Bank Operational Policies and Procedures, in particular the Safeguard Policies, and the policies on Procurement and Financial Management.

The World Bank has also been asked to assist REDD Country Participants to formulate and implement their Readiness Preparation Proposals (R-PPs).

The purpose of this Readiness Preparation Proposal Assessment Note (R-PP Assessment Note), therefore, is for the Bank to assess if and how the proposed REDD+ Readiness Support Activity, as presented in the R-PP, complies with Safeguard Policies, and the Bank's policies on Procurement and Financial Management, record the assistance it has provided to the REDD Country Participant in the formulation of its R-PP, and describe the assistance it might potentially provide to the REDD+ Country Participant in the implementation of its R-PP.

ABBREVIATIONS AND ACRONYMS

C&P	Consultation & Participation
CAS	Country Assistance Strategy
CO ₂ e	Carbon dioxide equivalent
CPI	Consultation, Participation and Information
CREMA	Community Resource Management Area
CRMU	Country Resource Management Unit
ENRAC	Environment and Natural Resources Advisory Council
ESMF	Environmental and Social Management Framework
FCPF	Forest Carbon Partnership Facility
FLEGT	Forest Law and Enforcement Governance and Trade
FMT	Facility Management Team
FORIG	Forestry Research Institute of Ghana
GHG	Green House Gases
GoG	Government of Ghana
GPRS II	Growth and Poverty Reduction Strategy
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
JICA	Japanese International Cooperation Agency
MLNR	Ministry of the Land And Natural Resources
MRV	Measurement, Reporting and Verification
Mt	Megaton (million metric tons)
NGO	Non-Governmental Organization
NREG	Natural Resources and Environmental Governance Program
PC	Participants Committee
PDO	Project Development Objective
REDD+	Reducing emissions from deforestation and forest degradation, conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks in developing countries
REL	Reference Emission Level
RL	Reference level
R-PIN	Readiness Preparation Idea Note
R-PP	Readiness Preparation Proposal
SESA	Strategic Environmental and Social Assessment
TCC/TCC+	Technical Coordination Committee
UNFCCC	United Nations Framework Convention on Climate Change
UNREDD	United Nations REDD Programme
VPA	Voluntary Partnership Agreement
WBS	World Bank System

REPUBLIC OF GHANA
REDD+ Readiness Preparation Support

CONTENTS

I. Introduction and Context

- A. Country Context
- B. Sectoral and Institutional Context
- C. Relationship to CAS

II. Proposed Project Development Objectives

- A. Proposed PDO
- B. Key Results

III. Project Context

- A. Concept
 - 1. Description
 - 2. Project Components
 - 3. Key risks and Issues
- B. Implementing Agency Assessment
- C. Project Stakeholder Assessment

IV. Overall Risk Ratings

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

VI. Assessment Summary

- A. Technical
- B. Financial Management
- C. Procurement
- D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)
 - 1. Social (including Safeguards)
 - 2. Environmental (including Safeguards)
 - 3. Consultation, Participation and Disclosure
 - 4. Safeguards Policies Triggered

Annex I: Operational Risk Assessment Framework (ORAF)

Annex II: Preparation Schedule and Resource Estimate

Annex III: Draft SESA Terms of Reference

Annex IV: Summary Budget of the overall R-PP

Annex V: R-PP Submitted by the REDD Country Participant

Annex VI: Draft Grant Agreement for REDD+ Readiness Preparation (if available)

I. Introduction and Context

A. Country Context

1. **Population.** Ghana is the third ranked country in Sub-Saharan African to live in - based on the criteria of education, health, quality of life, economic competitiveness, and political environment. The total population of Ghana is estimated at 23.98 million as of July 2008, with an average growth rate of 2.5% per year. Rapid urbanization is indicated by growth rates of up to 4.4% in urban and suburban centers and along the coast. It is estimated that 65% of Ghana's population will live in urban areas by 2020. The highest concentration of human habitation continues to be within the Accra - Kumasi-Takoradi triangle, largely because of the economic productivity of the region.

2. **NRM sector contribution to GDP.** Notwithstanding the trends in urbanization, the country's economy still depends substantially on natural resources as a source of employment, income and tax revenues. The key Natural Resources sectors, including minerals, oil and gas, fisheries, forestry and wildlife, represent 15% of Gross Domestic Product (GDP), 25% of government revenues and are further a substantial source of livelihoods through artisanal activities. The sector is therefore highly significant to the national economy and to poverty reduction.

3. **Cost of environmental degradation.** Like much of Coastal West Africa, Ghana has experienced significant pressure on natural resources over the past 75 years. The loss from natural resource and environmental degradation was estimated at US\$ 730 million (in 2003), or 9.6% of Ghana's GDP. Timber extraction was a key factor to this loss (37%), while soil degradation on agricultural land contributed a further 18.5% of the loss.

B. Sectoral and Institutional Context

4. **Formal forestry sector.** The forestry and wildlife sector formally employs about 120,000 Ghanaians, with employment predominantly in sawmills. The timber industry is currently the fourth largest foreign exchange earner after minerals, cocoa and tourism and contributes about 7% of the GDP, but earnings are largely cancelled out by an annual forest loss cost of about 4% of the country's GDP. Primary wood and processed products account for 89% and 11% of timber exports, respectively (The World Bank, 2008).

5. **Informal forestry sector.** Around 11 million of Ghana's population lives in forest areas and about two thirds of rural livelihoods are supported by forest activities. This includes chainsaw operators, non-wood forest product harvesters, fuel wood and charcoal producers, bush meat hunters, and woodcarvers. More detailed estimates suggest that:

- Small-scale carpenters number approximately 41,000, in addition to around 25 medium to large-scale furniture and joinery companies.

- Chainsaw milling to convert lumber into timber, largely for the domestic market, provides jobs for about 130,000 and livelihood support for about 650,000. Chainsaw milling is the main supplier for timber to the domestic market with an estimated volume of 497,000m³ and a market value of GHC 279 million.
- There is insufficient data on the number of people engaged in bush meat hunting, but crude assumptions estimate about 4.4 hunters per sq. km. Accordingly, bush meat hunting for sale and consumption might provide significant contributions to the livelihoods of perhaps half a million people.

6. **Ghana's Forest and Wildlife Policy (1994)** aims at the conservation and sustainable development of the nation's forest and wildlife resources for maintenance of environmental quality and the perpetual flow of optimum benefits to all segments of society. The challenge over the last 16 years has been to implement the spirit and intentions of the policy.

7. **Forest trends.** In spite of the clear economic and social importance of forests, deforestation has been estimated at 65,000 hectares every year (around 2% a year). At the turn of the 20th century, the country's total forest cover stood at 8.2 million hectares, but has since decreased to about 1.6 million hectares. Much of the off-reserve forest has already been harvested and degraded. The forest reserves – established in the 1900-1930s - are now under threat, with some already severely degraded. During the 1960s-1980s many of the forest reserves in the transition zone were very badly damaged by bush fires. The few intact high forest reserves in southwest Ghana are at high risk from over harvesting for the remaining high value hardwoods and bush meat. As such, only 16% of forests are considered to be in a “healthy” state. Meanwhile, domestic demand (ca. 85% of timber production) is likely to rise or to keep pace with the expanding building construction industry and economic growth. Already, annual demand (385,000 m³) far exceeds the total volume of lumber available for domestic use (150,000 m³), adding pressure on the resource. At the current pace of deforestation, it is estimated that the forests in Ghana will be virtually exhausted by 2025.

8. The key drivers and underlying causes of deforestation and forest degradation **involve a complex of demographic, economic and policy influences.** The condition of Ghana's forests has been in decline for many years, particularly since the 1970s, and the problem is one of gradual ‘degradation’ rather than ‘deforestation’, and is incremental rather than dramatic, with no single dominant driver. All forest zones are affected, including the high forest, transitional areas and northern savannah. An initial analysis of drivers of deforestation and forest degradation was carried out during the R-PP development phase. The following major deforestation drivers have been identified:

9. **Timber Extraction.** The forest sector contributes 4% of the GDP share of natural resources and is the fourth foreign exchange earner, supporting the livelihoods of about 70% of Ghana's rural population, and providing 11% of export earnings. Ownership of natural resources has been dispersed (and therefore fragmented), and economic pressures have encouraged unsustainable exploitation resulting in degradation. The sector has long suffered from severe governance problems, and these have contributed to the degraded condition of the forest estate. The problem is recognized in national policy, including the national poverty reduction strategy, GPRSII. Illegal timber extraction remains a problem particularly as regards provisioning of local and sub-regional markets, where illegal chainsaw lumber is prevalent. Forest policy development is debated topic of major debate and areas of contention include: industry capacity; resource pricing; inadequacies of the legal regime on tree tenure. Under the NREG, certification and

tenure regimes reforms are expected to play an important role in the development of more coherent incentive framework leading to, *inter alia*, more responsible management practices. However, certification of timber supplied from off-reserve areas remains a challenge as these are ineligible for certification on account of their lack of environmental integrity and ‘non-sustainability’. Weak forest governance has exacerbated the problem.

10. Inadequate incentives framework and consequent illegal felling in Off Reserve areas. The rapid decline of the off-reserve tree stock is an area of particular concern. The earmarking of off reserve areas for progressive conversion to agriculture and non forest uses was formerly government policy, but even a policy change in 1994 in favor of sustainable production has failed to arrest the decline. Rights over trees are held by the state in trust for the nation, and income is distributed according to a constitutional formula in which revenues (net of charges by the Forestry Commission and Office of the Administrator of Stool Lands) are shared between District Assemblies, Stool and Traditional Authorities. This does not adequately incentivize the small farming population who would rather keep economic timber trees off their land than risk collateral damage from timber operations to their beverage and food crops. This is made all the more urgent by the huge scale of unregulated chainsaw logging. While this does fill an important gap in supplying the local market, it is a major contributor to forest degradation. Reform of the tree tenure regime is widely viewed as a necessary precondition for reinvigoration of the off-reserve stock, and will be supported under the NREG, FCPF and possibly implemented or piloted under the Forest Investment Program (FIP –see details in paragraph 22).

11. Cocoa farming and Agricultural Expansion. For over a century, cocoa has been a major driver of land use change in the high forest zone, and the new full-sun varieties which are now widely adopted have accelerated the pace of deforestation. The traditional varieties require much denser crown cover and their need for high atmospheric humidity encouraged the farming population to support the forest reserve policy in the past. Readopting traditional varieties would have several benefits including carbon profiles, reduced need of fertilizer application, etc., yet short-term profitability is a major incentive towards new varieties. Generally, agricultural technologies are low productivity and under-developed, particularly in the smallholder sector which dominates the rural economy, and low purchasing power is a major constraint. Farm and livestock management practices are characterized by low-input technologies and risk-aversion strategies. Fire is integral to the agricultural cycle in many areas and serves as a means of restoring soil fertility and controlling plant diseases.

12. High demand for firewood and charcoal. The population of Ghana depends heavily on fuelwood and charcoal for its energy needs. In fact, some estimate up to 90% of the wood harvest is destined for energy uses. The main production areas are in the transitional zone (Brong Ahafo Region) and the northern savannah. In these areas, local councils may depend on charcoal sales taxes for 75% or more of their revenues. Trade in charcoal is one of the main productive activities binding together Ghana’s north and south. Charcoal is claimed to be a major cause of deforestation as well as a significant source of bushfires, carbon emissions and damage to watersheds. The fact that firewood and charcoal are often sourced from what might appear to be open access areas, suggests a depleting resource. However some studies suggest that not all charcoal production technologies are environmentally unsustainable. Given the extent of local demand for wood energy needs, any radical change of energy policy would be challenging. Past attempts to find substitutes for charcoal (LPG, for example) have not been sustainable, although the opening up of petroleum production may offer new possibilities in this area.

13. **Mining.** Mining has a long history in Ghana, mainly for gold and manganese, and in much smaller amounts for bauxite and diamonds. Minerals production accounts for 4% of GDP and 9% of government revenues, gold making up 93% of mining exports. Exploitation of large mineral reserves is perceived as integral to economic development. Given the favorable outlook for gold prices and the prospect of a significant expansion in the demand for minerals concessions, pressures from mining in the forest areas are set to increase. Under the NREG program the Bank and Development Partners has been supportive of increased mainstreaming of environmental and social concerns on the mining sector –including the adoption of the Strategic Environmental Assessment for the mining sector. The Government of Ghana has responded by developing a new draft Mining Policy with specific provisions for mining in forest areas however as of today its effectiveness remains to be confirmed.

14. **Government response.** The Government has already taken action to stem forest losses, and policy options for turning around the forestry sector are being sought and implemented. The main governance challenges in the forestry sector include the need to develop and implement a coherent incentive framework that will help to curtail illegal logging driven largely by domestic markets, to establish sustainable forest management, and to improve the capture of revenues. The sustainability of the forests and the associated ecosystem services and goods the forests provide are put at risk by the absence of effective policy instruments and a regulatory framework. Adequate incentives for sustaining the natural resource base and managing the environment need to be provided to sustain the forests of Ghana.

15. **New incentives for policy reform.** Implementing previous attempts to reform forest policy in Ghana have been hampered by a preference for the status quo by key stakeholders, notably the timber industry, chainsaw operators, chiefs, politicians and the forest administration, all of whom, albeit in various ways, derive substantial financial benefits from the current regulatory framework. Improving policy and identifying alternatives to existing policy instruments for conserving Ghana's forests has been a common goal shared by the Government, civil society and development partners. The establishment of an international mechanism to compensate countries for reducing emissions from deforestation and forest degradation (REDD+) as part of the international climate change negotiations provides Ghana with an opportunity to create and operationalize a new incentives framework conducive to effective forest protection and management and to capitalize on its natural wealth for generating financial stream flows much need to fund Ghana's development efforts.

C. Relationship to World Bank engagement in Natural Resources Sector and Country Assistance Strategy (CAS)

16. **In Ghana, the World Bank's over-arching goal is to support the country's growth and poverty reduction objectives.** The Country Assistance Strategy (CAS) proposes to help Ghana sustain economic growth of at least 6% per year; surpass the 2015 Millennium Development Goal of halving poverty; and start to reduce inequalities. The CAS was approved in May 2007 and lays out objectives, baselines, targets, government actions and partner contributions. Environment and natural resources continue as important elements within wider national growth objectives in the CAS. The World Bank, working closely with a group of Development Partners (EU, DFID, AFD and the Netherlands), has assisted the Government of Ghana to review and strengthen the forestry sector's policy and regulatory framework, to set the stage for participatory governance, and to strengthen institutional capacity. As with other Bank assistance in the forest sector, the ultimate goal is to harness the potential of forests in reducing

poverty, integrating forests in sustainable development, while protecting vital local and global environmental assets.

17. The World Bank has supported the forest sector in Ghana since the early 90's through the Forest Resources Management Project (FRMP) and its successor the Natural Resources Management Projects (NRMP). Among the important lessons learned from the aforementioned projects were: 1) a long-term perspective must be taken to properly address natural resource management issues and identify and test sustainable solutions. A single conventional five-year investment project is unlikely to produce a satisfactory result and a sustainable development impact. What is needed is a longer-term commitment to natural resource management, supported through a series of related rolling projects or phases making up a 10-15 year development program; 2) the underlying basis for any NRM program is an effective policy environment and efficiently operating sector institutions. Any improvement on these issues needs to be embedded in the Government strategy and vision for NRM but it also requires broad consultation with all the stakeholders to ensure good ownership by the parties.; 3) Sustainable NRM can only be achieved when resource-owning local communities are fully involved in the development of resource management plans and receive an equitable share of proceeds when the resource is harvested. This involvement must be encouraged and ensured through the development of collaborative management programs, supported by public awareness programs that inform communities about the potential benefit of sustainable management systems to them; through involvement of all stakeholders in project coordination committees; and by encouraging resource owners to form associations to counteract the lobbying power of well organized and better funded resource users' associations.

18. The lesson learned from the aforementioned operations lead the World Bank to adopt a long term perspective and to support the Government of Ghana with a series of articulated instruments. These include, among others, the Natural Resources and Environmental Governance (NREG) Program¹, the up-coming Forest Investment Program (FIP- which is being prepared under the leadership of the African Development Bank in collaboration with the World Bank and the IFC), and the proposed FCPF grant.

19. **The proposed REDD+ Readiness Program will assist Ghana in preparing itself for a future REDD+ mechanism**, which has the potential to generate substantial financial flows to reward countries for improved management of its forest resources, and could thus ultimately contribute to the country's sustainable development. **The FCPF grant is thus, a preparation phase for REDD+.** Being "ready" for REDD+ will require increased capacity to develop and coordinate land use policies with the view of mitigating future impacts on forest cover, while ensuring that benefits from forests flow to those communities dependant on these resources and stakeholders taking actions to address deforestation and forest degradation. By creating and enabling environment for increased private sector investment in forestry and improving social participation and oversight in forest related policies the REDD+ Readiness Program will contribute to pillar 1 and 3 of the 2007 Country Assistance Strategy, respectively: i) Private sector competitiveness; and ii) Good governance and civic responsibility.

¹ Launched in 2007, the NREG Program aims to ensure predictable and sustainable financing for the forest and wildlife sectors and effective forest law enforcement; improve mining sector revenue collection, management, and transparency; address social issues in forest and mining communities; mainstream environment into economic growth through Strategic Environmental Assessment (SEA), and develop a climate change strategy. Four development partners (Royal Netherlands Embassy, DFID, AFD, and EC) are augmenting IDA support under a common Framework Agreement and Policy Assessment Framework.

20. Currently, the **Forest Carbon Partnership Facility (FCPF)** (with the World Bank as the delivery partner) is supporting Ghana in its national efforts towards “REDD+ Readiness”. The FCPF is a multi-donor initiative assisting countries in establishing the key pillars of REDD+ readiness i.e.: 1) developing their national reference scenarios for emissions from deforestation and forest degradation; 2) adopting and complementing national strategies for stopping deforestation and forest degradation; and 3) designing national monitoring, reporting and verification systems for REDD+. These activities are referred to as ‘REDD+ Readiness’.

21. **Status of the FCPF grants application.** The FCPF Participants Committee authorized grant funding of \$3.4m in March 2010 based on Ghana’s submission of its Readiness Preparation Proposal (R-PP)². The R-PP lays out the roadmap for REDD+ Readiness in the country. As the FCPF grant will not fund all REDD+ Readiness activities, Ghana is expected to leverage resources from other sources to complete its REDD+ Readiness.

22. **Ghana is also a participant in the Forest Investment Program (FIP)**, a multi-donor initiative set up with the objective of providing up-front bridging finance for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help them adapt to climate change on forests and contributing to multiple benefits from forests. FIP may provide from US\$ 35 to 50 million in support of the aforementioned activities, contingent on the needs identified under the FIP Investment Plan currently under preparation, and expected to be finalized by November 2011.

23. **The complementarity of the proposed NREG, FCPF, and FIP financing, provides a powerful opportunity to leverage substantial policy reform and implementation impact towards sustaining standing forests in Ghana and improving forest management in the sector.** More specifically, FCPF financing will largely contribute to the formulation of a National REDD+ Strategy and overall institutional and technical readiness for REDD+. FIP financing will provide investments for early implementation action of strategic options identified in Ghana’s emerging National REDD+ Strategy. Finally, NREG through budget support will provide financing for key policy reforms in support of National REDD+ strategy objectives.

24. **The REDD+ Readiness process will also contribute to overall donor coordination in the forest sector in Ghana.** The World Bank is working closely with the African Development Bank leading FIP as well as with the EU on the Forest Law Enforcement, Governance and Trade (FLEGT) and Voluntary Partnership Agreement (VPA) initiative to ensure all initiatives jointly support Ghana’s REDD+ agenda. Under the VPA, Ghana has committed to ensure that all timber exported from Ghana to Europe is of legal origin. The multi-stakeholder consultation process, on which the forestry reform agenda under FLEGT/VPA was based, was very successful and has laid an important foundation for the REDD+ process. As part of preparation for FCPF REDD+ Readiness grant, it has been ensured there is no duplication with ongoing work through existing programs and that results from these programs are leveraged as Ghana develops its National REDD+ strategy (see table below).

² The latest version of Ghana’s R-PP (January 2011) is available at: www.forestcarbonpartnership.org.

TABLE 1: OTHER DONOR SUPPORT ON REDD+ AND REDD+ RELATED PROJECTS AND PROGRAMMES.

TITLE OF PROJECTS / PROGRAMME	OBJECTIVE	IMPLEMENTATION PERIOD	COST (USD MILLIONS)	DONOR
NATURAL RESOURCES & ENVIRONMENTAL GOVERNANCE PROGRAMME (NREG)	To address governance issues as regards to natural resources and environment to ensure sustainable economic growth, poverty alleviation, increasing revenues and improving environmental protection	2008-12	30.0	World Bank, The Netherlands, EU, DFID, Agence Française Development
VPA/FLEGT	To further governance reforms of the forestry sector, contribute to sustainable forest management.	2009-11	0.5	EU
Non Legally Binding Instrument on all Types of Forests (NLBI)	To pilot a project to support Ghana to move in the implementation of the NLBI	2009-11	0.5	GIZ, FAO, BMZ
Land Administrative Project (LAP)	To improve land tenure and legislative reforms in aspects of land use	2011-14	70.0	World Bank
Forest Preservation Project (FPP)	To support measures towards forest conservation in Ghana by providing equipment, materials and services, especially for MRV activities.	2011-12	7.8	JICA
FPCF	To assist Ghana to prepare itself for REDD and become ready for the implementation of the REDD mechanism	2011-14	3.6	FCPF
FIP	To finance the implementation of transformational REDD+ projects.	2013-onwards	Up to 50.0	CIF

II. Proposed Project Development Objective

A. Proposed PDO

25. The Project Development Objective is to support Ghana to design a socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation (REDD+) and to develop a reference scenario of emissions from deforestation and degradation that takes into account national circumstances.

B. Key Results

- i. A socially and environmentally sound national strategy to reduce emissions from deforestation and forest degradation (REDD+) is prepared and validated by national stakeholders;
- ii. A reference scenario is developed taking into account national circumstances;
- iii. A Strategic Environmental and Social Assessment (SESA) is submitted and associated frameworks are prepared and validated.

III. Project Context

A. Concept

1. Description

26. The Project will support Ghana to advance its REDD+ readiness process with the support of selected key activities identified in the Ghana's Readiness Preparation Proposal (R-PP).

27. The overall REDD+ Readiness needs in Ghana as presented in its R-PP add up to US\$ 7.5 million³. The country has requested US\$ 3.4 million from the FCPF to contribute towards the implementation of the priority activities identified in the R-PP⁴. In the spirit of coordination, the Government of Ghana in consultation with World Bank selected the activities to be financed by the FCPF based on the urgency and importance of the different activities, the comparative advantage of the World Bank in supporting them, as well as the complementarity with support made available by other partners for the REDD+ Readiness process. Various partners have already indicated their willingness to provide funding to the Readiness process, including the Swiss Development Agency, the Japanese government (for purchase of hardware and software to support MRV systems under the JICA financed Forest Preservation Program), and the Sector Budget Support under the NREG.

28. The activities to be financed by the FCPF in support of the REDD+ Readiness Program in Ghana are limited to analytical studies, capacity building, and consultation processes at the national and sub-national levels and do not include the implementation of site specific REDD+ programs on the ground. Through the Readiness Program, the government is expected to identify priority investment needs required to achieve the goals of REDD+. These investment needs will be financed by public and private donors, investors, MDBs, and the Government itself, and not by the FCPF Readiness Grant.

³ For a complete description of R-PP budget, please refer to Annex IV.

⁴ The Government is currently active in raising the remaining funds necessary to implement its overall REDD Readiness Process.

2. *Project Components*

29. FCPF-financed support to Ghana's REDD+ Readiness process has been organized in four components building on the REDD+ readiness map laid out in the R-PP.

Component 1: Support to the coordination of the REDD+ Readiness Process and to Project Management including Monitoring and Evaluation for project performance	\$0.55
Component 2: Contribute to the design of the national REDD+ strategy for Ghana including strategic social and environmental assessment	
a. Analytical work in support of design of National REDD+ strategy + SESA	\$0.6
b. Support Information Sharing and Multi-stakeholder Consultation Process (including consultations for SESA)	\$0.6
Component 3: Preparation of National Reference Scenario for REDD+	\$1.2
Component 4: Support mapping and planning of institutional and technical needs for monitoring, reporting and verification systems for REDD+ ⁵	\$0.15
10 % contingency	\$0.3
TOTAL	\$3.4

COMPONENT 1: SUPPORT TO THE COORDINATION OF THE REDD READINESS PROCESS AND TO PROJECT MANAGEMENT INCLUDING MONITORING AND EVALUATION FOR PROJECT PERFORMANCE (US\$ 0.55 MILLION)

i) Context:

30. The REDD+ Technical Working Group⁶ under the institutional structure of the Forestry Commission was set up in 2009 to support national REDD+ coordination on a day-to-day basis in the country. While the Government has significantly strengthened the overall institutional set-up for the REDD+ Readiness Process following the review process of the R-PP, additional support will be needed to ensure effective coordination of the overall REDD+ Readiness process in Ghana. This component will provide support for capacity building, coordination support and institutional overheads. Finally, fiduciary management (procurement and financial management) of the FCPF REDD+ Readiness support activities will be ensured by the existing structures within the Forestry Commission⁷, which will require support to handle the additional work load for the FCPF grant management.

ii) FCPF grant support:

- Capacity building and training activities for staff managing national REDD+ coordination.
- Recruitment of a communication specialist to support communication activities related to national REDD+ coordination, including overseeing development of a national communication strategy for REDD+.

⁵ This component is predominantly expected to be supported by JICA resources

⁶ Formally known as National REDD+ Steering Committee

⁷ Refer to Section VI.B. on Financial Management Assessment.

- Consultant services to provide specialized input and technical guidance to national REDD+ coordination processes.
- Operational expenditure to support the coordination functions of the REDD+ management structures.
- Equipment support for REDD+ management structures.
- A consultancy for developing a Monitoring and Evaluation (M&E) framework to monitor implementation progress of the REDD+ readiness process.
- Consultant cost of the external audit of the FCPF grant funds.
- Operating cost related to project management (e.g. fiduciary management cost, cost associated with preparation of annual progress reports, M&E reports etc.)

COMPONENT 2: CONTRIBUTE TO THE DESIGN OF A NATIONAL REDD+ STRATEGY (US\$ 1.2 MILLION)

i) Context:

31. An indicative list of strategy options for the National REDD+ Strategy has been elaborated in the R-PP and will serve as the basis for further dialogue on REDD+ options. The final selection of strategy options and the eventual formulation of the REDD+ Strategy document will require further analytical work, consensus building, prioritization and operationalization during 2011-2012. A number of existing projects and programmes, which are REDD+ related, will also provide lessons for the development of the REDD+ strategy⁸.

32. In parallel to REDD+ Strategy formulation, a Strategic Environmental and Social Assessment (SESA) will be carried out to ensure that potential environmental and social risks, including adverse impacts to local communities, are identified and alternatives and/or mitigation actions considered as part of REDD+ Strategy formulation. Any residual risks of the finalized REDD+ Strategy will be addressed in an Environmental and Social Management Framework that will be prepared subsequent to the SESA.

33. A further cornerstone of REDD+ Strategy development, including the SESA process, is a series multi-stakeholder consultations. A Consultation and Participation (C&P) working group was established as a sub-group to the National REDD+ Technical Working Group at the time of R-PP formulation process. The C&P working group prepared a Consultation, Participation and Information Plan (CPI Plan) with six identified target audiences: the media, civil society, opinion makers, forest populations, local communities, the State and the private sector. For each targeted audience, the Plan analyzes communication needs and determines detailed consultation objectives.

ii) FCPF grant support:

a) Preparation of the National REDD+ Strategy, including a SESA:

⁸ For example, the Ghana Cocoa Carbon Initiative led by Nature Conservation Research Centre and Forest Trends is aimed at creating the first cocoa carbon transactions in Ghana based on extra carbon stored in the shade cocoa as opposed to full sun variety cocoa.

- Formulation of the National REDD+ Strategy will be based on the results of a series of analytical studies, the results of the SESA process (see below) and inputs received from a multi-stakeholder consultative process (see further below under c). FCPF financing will provide for:
 - Consultancy services for in-depth analytical work to assess and validate preliminary strategic options for the REDD+ Strategy, including:
 - Cost of different proposed REDD+ Strategy options (opportunity, implementation, transaction cost).
 - Benefits of different REDD+ Strategy options (emission reduction potential, social and environmental co-benefits).
 - Feasibility (including barrier analysis, and review of experiences from REDD+ pilot activities).
 - Thematic workshops to guide and validate analytical work, and to accompany REDD+ Strategy formulation.
 - Consultancy services for finalization of the National REDD+ Strategy document based on the results of the analytical work and stakeholder input.

Overall the analytical work on REDD+ strategic options will build upon and take into account the work undertaken through Ghana's Voluntary Partnership Agreement to address illegal logging.
- Conduct a Strategic Environmental and Social Assessment (SESA) and prepare an ESMF (Draft ToRs attached as Annex III). This will entail the following consultancies:
 - The SESA will cover the following: a) analysis of the initial social and environmental situation around the deforestation issue in Ghana, including an analysis of the candidate REDD+ strategy; b) analysis of potential impacts of the business as usual scenario (without REDD+ activities); c) analysis of the potential social and environmental risks of the preliminary REDD+ strategy, including the draft Investment Strategy for the Forest Investment Program (FIP). The outcomes of the SESA process will provide inputs into the design of the national REDD+ strategy.
 - Preparation of an Environmental and Social Management Framework (ESMF) to mitigate the residual risks of the strategy for future investments. The ESMF will include a Resettlement Policy Framework.
 - Set up and implementation of a Conflict Resolution Mechanism.
 - Consultancy services for an experienced local expert to assist the Government with overseeing the SESA process.

b) Strengthening of the institutional set-up and modalities for REDD+ implementation:

- Consultancy services for institutional mapping and review of the legal framework for REDD+ implementation.
- Consultancy services for development of operational guidelines and standards for sub national/national REDD+ programs.
- Consultant advisory services for establishing the functional modalities of the Challenge Fund (Research Fund) under the oversight of the Forest Research Institute of Ghana (FORIG). The Challenge Fund which will eventually support REDD+ pilot projects (however with other than FCPF funds) with the goal of fostering knowledge management and dissemination on issues related to REDD+

and climate change. FCPF-financed consultancy services will advise on a roadmap for establishing such a fund.

c) Information Sharing and Multi-Stakeholder Consultation Process:

- The FCPF grant will provide support to an Information Sharing and Multi-stakeholder Consultation Process, including consultations for the SESA:
 - Consultancy services for preparation of national communication strategy, including the production of various forms of informational material on REDD (films, cartoons, radio spots, etc.);
 - Implementation cost of the Consultation, Participation and Information Plan (CPI Plan),
 - Stakeholder Consultations for validation of the REDD+ strategy and SESA outputs,
 - Operational costs of C&P, and SESA expert groups.

COMPONENT 3: PREPARATION OF A NATIONAL REFERENCE SCENARIO⁹ FOR REDD+ (US\$ 1.2 MILLION)

i) Context:

34. Establishing a national reference scenario of emissions from deforestation and forest degradation is one of the key pillars for a national REDD regime. A future international REDD mechanism is likely to compensate countries for reduced emissions below a certain established reference scenario, which is derived from historic deforestation as well as projected future deforestation.

35. According to emerging guidance from the UNFCCC, when setting their national reference scenarios, countries should do so “transparently, taking into account historical data, and adjust for ‘national circumstances’”. Information provided on national circumstances is critical for clarifying a country’s vulnerability, its capacity and its options for adapting to the adverse effects of climate change, as well as its options for addressing its GHG emissions within the broader context of sustainable development.

36. The reference scenarios will be developed in a way that lends consistency with the monitoring system, so that emissions and removals that are monitored over time can be compared directly to the emissions and removals in the reference scenario. Accomplishment of this objective involves two sub goals:

- Quantification of historic emissions/removals from deforestation, degradation, and enhancement of C stocks for the period post 2000 to 2007+ at a national scale using the IPCC framework; and

⁹ The use of ‘national reference scenario’ in this document is supposed to encompass both Reference Emissions Levels and Reference Levels. **Reference emissions level (REL)** is the amount of *gross emissions* from a geographical area estimated within a reference time period (used for activities related to reduced emissions from deforestation and forest degradation). **Reference level (RL)** is the amount of *net/gross emissions and removals* from a geographical area estimated within a reference time period (used for activities related to the expanded scope of REDD+, namely conservation of forest carbon stocks, sustainable management of forest, and enhancement of forest carbon stocks).

- Development of future trajectories of emissions/removals over different time periods and under different economic and development scenarios. This will take into consideration such factors as GDP, population growth, agricultural expansion, forest industry growth, sectoral development plans, specific investment programs, and/or adjustment coefficients otherwise derived from such factors and data.

ii) FCPF grant support:

37. FCPF financing will support consultant services as well as training and capacity building to support development of a Reference Scenario as per activities identified in Ghana's R-PP:

- Mapping existing capacities and identifying capacity building needs in the Forestry Commission and relevant institutions for establishing Reference Scenario. Subsequently, providing training for staff leading the work on Reference Scenario development, including modeling exercise for establishing Reference Scenario.
- Updating quantitative information on possible future emissions and removals and other relevant technical work (basemap development, mapping land cover change, performing quality control and accuracy assessment).
- Developing a future trajectory including modeling of deforestation and forest degradation rates under different economic and development scenarios.

COMPONENT 4: ESTABLISHING SYSTEMS FOR MONITORING, REPORTING AND VERIFICATION OF EMISSION REDUCTIONS (US\$ 0.15 MILLION)

i) Context:

38. During the REDD Readiness phase, a monitoring, reporting and verification (MRV) system will need to be developed that allows for transparent accounting of emissions and removals of CO₂ through time that can be compared against the projected reference scenario. A functional MRV system is a prerequisite to participate in a future REDD+ mechanism, and its development will be guided by ongoing international discussions under the UNFCCC and will be aligned with the IPCC framework. The design of the MRV system will further have to be aligned with the methodological framework established for determining the Reference Scenario, as the methods for estimating emissions and removals during the future monitoring period will need to be comparable to those used for determining historical emissions. Thus close coordination between the teams working on development of the reference scenario and MRV system, respectively, will be critical.

39. The Japanese Agency for International Cooperation (JICA) is providing the bulk of hardware and satellite imagery necessary for establishing a MRV system. The Centre for Remote Sensing and Geo-Information Services (CERGIS), attached to the University of Ghana, has sufficient capacity and experience for processing satellite imagery and will play an important contribution to the development of the MRV system. However, complementary support is necessary to strengthen a focal team of staff across institutions in Ghana that is dedicated to the design, planning and implementation of a MRV system.

ii) FCPF grant support:

40. FCPF will complement support for hardware provided by JICA and will support early planning and preparatory activities for the design of a MRV system - essentially through consultancy services and provision of training:

- Assess existing institutional capacities necessary for MRV system development. Accordingly, provide training for staff involved in MRV system design and implementation.
- Contribute to developing a blueprint for a MRV system for Ghana capable of tracking all activities (deforestation, degradation, reforestation and enhancement of carbon stocks). This will include: i) Conducting a detailed assessment of existing monitoring systems available nationally, as well as currently in place in other countries for tracking emissions from land use, ii) Consider and propose options for community involvement in monitoring, iii) Develop a data archiving system that allows for transparent documentation of existing data and metadata.

3. *Key risks and Issues*

41. Key risks are linked to:

a. **Stakeholder Expectations.** REDD+ is a mechanism that requires multi-stakeholder engagement and has raised expectations as well as concerns from various groups of stakeholders. The REDD Readiness process in Ghana faced some obstacles related to inadequate stakeholder consultation during the time of R-PP preparation. Though this shortfall was subsequently addressed by reaching out to stakeholders with an appropriate level of consultation. As experienced during the preparatory phase in Ghana, participatory mechanisms for multi-stakeholder engagement throughout the REDD+ readiness process is critically important.

Mitigation measures include: Emphasis on a robust Information Sharing and Stakeholder Consultation Process during REDD+ Strategy formulation. Particularly important will be that the stakeholder involvement processes of the FCPF and FIP work in sync in order to manage expectations and to ensure that information flow is continuous and consistent. In particular, since stakeholder expectations for receipt of large near term payments from REDD+ are high and may not be realistic. The participatory and consultative approach will thus need to be maintained throughout the REDD+ Readiness process and when key decisions on REDD+ strategy development are made; but especially, when benefit sharing mechanisms, conflict resolution mechanisms or carbon rights are discussed.

b. **Coordination.** The NREG is a recognized platform for national level discussions in the NRM sectors. With the advent of initiatives such as the FIP, and the ongoing FLEGT, etc. it is important that readiness is seen as the first step and remains integrated within the national approach towards natural resource management. Ghana suffers from a proliferation of initiatives linked to environmental governance of the natural resources sector. If coordination across the different initiatives fails, the value added from the FCPF may become limited. Hence it is critical to maintain a coordinated and transparent dialogue with national and international partners at all stages of the process.

Mitigation measures include: This risk has already been mitigated to some extent with the general revision of institutional arrangements for REDD+ implementation as per the

recommendations provided as part of the R-PP review. This included the establishment of an national level Technical Coordination Committee (TCC+) with extended representation responsible for providing oversight to the REDD+ agenda, including the FCPF and FIP. It will be equally important that the stakeholder consultation process is conducted in a coordinated manner using existing platforms, such as the VPA. The Forestry Commission continues to discuss these aspects with the FLEGT coordination. Supervision through the World Bank will further ensure close coordination with other development partners involved in REDD+ readiness activities.

c. Governance for an effective REDD+ mechanism. A national REDD+ system will need to involve different levels of the government and various stakeholders. REDD+ revenues need to reach beneficiaries on the ground, mainly farmers and forest-dependent communities. Ghana has implemented programs and developed models with community participation (e.g. the CREMA concept) with limited success. REDD+ can only succeed in a context of good governance where rules for carbon transactions are transparent, revenue sharing schemes are known to stakeholders and respected and funds are managed properly. Finally, some policy decisions on the national REDD+ legal framework will require strong levels of government commitment and strong inter-ministerial coordination.

Mitigation measures include: The REDD+ Readiness support to be provided by the FCPF places emphasis on strengthening the capacity of the relevant government institutions and provides for critical analytical work (i.e. on benefit sharing mechanism, social impact, etc.) to ensure that governance aspects are included in the final REDD+ Strategy and implementation framework.

d. Safeguards. A Strategic Environmental and Social Assessment (SESA) will be conducted as part of the readiness process to ensure compliance with WB safeguards. Capacity for implementing the Strategic Environmental and Social Assessment (SESA) at the national level will need to be significantly increased to ensure that social and environmental risks are mitigated.

Mitigation measures include: Close supervision of the SESA process, including capacity building to the government team as part of the consultant team leading the SESA process. The SESA for the FCPF will further draw upon the SEA conducted under the NREG as many of issues to be addressed in the SESA have been identified and analyzed in the SEA.

B. Implementing Agency Assessment

42. Responsibility for day-to-day management and coordination of the overall REDD+ readiness process will lie with the National REDD+ Technical Working Group under the institutional structure of the Forestry Commission. The REDD+ Technical Working Group, was formerly known as the National REDD+ Steering Committee¹⁰ and reports to the NREG

¹⁰ The National REDD+ Steering Committee (NRSC) was set up in 2009 to lead the overall preparation of the Readiness Preparation Proposal and implementation of the REDD Readiness process in Ghana, including the activities financed by the FCPF. The institutional framework for the coordination embedded solely within the Forestry Commission was perceived to be insufficient to coordinate the multi sectoral REDD+ agenda in Ghana. This was also one of the issues raised by the Technical Advisory Panel at the time of assessment of Ghana's

Technical Coordination Committee (TCC+). The National REDD+ Technical Working Group comprises sub-Working Groups with multi-stakeholder composition that were formed to support development of the different components of the R-PP (i.e. the Consultation & Participation WG). These WG may be revised to adapt to the mandates needed for the forthcoming REDD Readiness preparation phase. Fig. 1. Below provides an organizational chart of the institutional arrangements for the REDD+ Readiness process in Ghana.

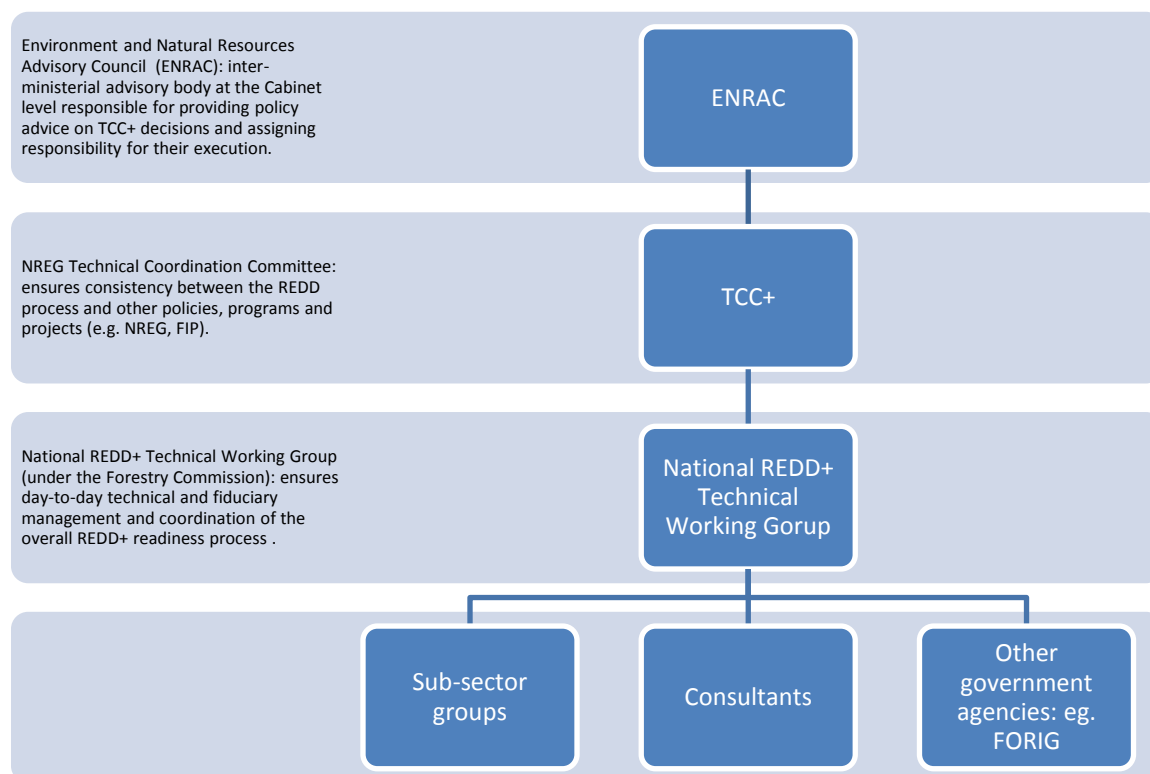


Figure 1: Institutional arrangements for REDD+ Readiness process in Ghana

C. Project Stakeholder Assessment

43. REDD+ is essentially a multi-stakeholder process, since it involves the interests of a multitude of actors. The REDD+ Readiness process in Ghana places a strong emphasis on consultations and on the creation of participatory mechanisms to ensure multi-stakeholder engagement.

44. The consultation process in Ghana suffered during the initial stages of R-PP preparation phase due to lack of adequate participation from civil society organizations. The FCPF's Technical Advisory Panel pointed out this gap during its review of the R-PP. Further consultations were undertaken to respond to this shortfall and stakeholders subsequently endorsed the R-PP.

45. The Government of Ghana through the various committees (in the process of being formalized) has ensured that the REDD+ readiness process remains closely coordinated with the

readiness preparation proposal. Since then and with Ghana also becoming a member of the FIP, the coordination framework has been revised.

environment sector reform agenda. The following institutions will be instrumental in leading the various aspects of REDD+:

- REDD+ Technical Working Group (formerly the National REDD Steering Committee) attached to the structure of the Forestry Commission: The REDD+ Technical Working Groups and subset of the Consultation & Participation Working Group will be in charge of day-to-day operations, decision-making and orientations, involving all stakeholders, particularly civil society, and representatives from local communities and management of day by day REDD+ readiness process;
- Technical Coordination Committee+ of NREG (TCC+): This committee will be responsible for guidance and coordination oversight of the national REDD+ agenda (including for the FIP) and ensuring that REDD+ strategy elements fit with the national environmental sector reform agenda. This committee will address the cross cutting aspects in REDD+ strategy such as the role of mining and energy sector issues and their impact deforestation and forest degradation. The TCC+ was expanded from the previous TCC (which had been operational for three years) with the following additional members: two from private sector, two from civil society, one from the Forest Forum representing a community point of view, one from a research institution, one from traditional authorities, one from the Ministry of Agriculture, one from the Ministry of Energy, and one from the Lands Commission.
- Environment and Natural Resources Advisory Council (ENRAC): This inter-ministerial advisory body at the Cabinet level will be responsible for providing policy advice on TCC+ decisions and assigning responsibility for their execution to the Administration's competent structures. ENRAC will further support the implementation of activities as decided by the REDD+ Technical Working Group.
- National civil society organizations such as the NGO Civic Response have been active in Ghana in mobilizing stakeholder feedback on REDD+ and will continue to be involved through representation at national level committees. Civil Society platforms such as the Forest Watch and Forest Forums have been identified as structures for further dissemination of REDD+ information to grass root forest-fringe communities. The development of Ghana's National REDD+ Strategy will build on the experience of broad multi-stakeholder consultations and civil society participation in preparing for the Voluntary Partnership Agreement as part of part of the EU- supported Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan.
- Private sector involvement has been limited so far but through the National REDD+ Coordination structures contact with private entities interested in developing carbon transactions in the country, will be improved so that rules being established as part of the Readiness process are developed in an inclusive manner. Organizations such as the National Conservation Resource Center (NCRC) are already actively participating in the process.

IV. Overall Risk Ratings

46. The overall risk rating for the project is Medium driven by likelihood (ML).

V. Proposed Team Composition and Resources, including Technical Assistance Provided by Bank Staff to Date

47. The World Bank has mobilized specific technical expertise to respond to the country's needs. A social specialist has contributed to the establishment of a dialogue between the country and civil society, and provided feedback to the R-PP consultations planned. A training workshop for information and knowledge sharing on SESA was held in Nairobi in February 2010. Participants from Ghana including civil society representatives participated in that workshop.

Team Composition:

Name	Title	Unit
Flavio Chaves	Natural Resource Management Specialist	AFTEN
Neeta Hooda	Sr. Carbon Finance Specialist	ENVCF
Carole Megevand	Natural Resources Management Specialist	AFTEN
Moses Yao Duphey	Environmental Specialist	AFTEN
Lucienne M. M'Baipor	Sr. Social Development Specialist	AFTCS
Adu-Gyamfi Abunyewa	Procurement Specialist	AFTPC
Robert Degraft Hanson	Financial Management Specialist	AFTFM
Nina Doetinchem	Natural Resources Management Specialist (ETC)	AFTEN
Ernestina Aboah-Ndow	Program Assistant	AFCW1
Susanne Bouma	Short Term Temporary	AFTEN
Charity Boafo-Portuphy	Program Assistant	AFCW1

VI. Assessment Summary

A. Technical

48. The activities to be financed by the FCPF have been selected after technical discussions with the Forestry Commission, Ministry of Land and Natural Resources and the Development Partners. Activities selected take into account the technical and financial needs of Ghana's REDD+ Readiness process, the World Bank's comparative advantages, the urgency and importance of the different activities, as well as the support provided by other partners and the complementarity with the FIP (which is expected to soon become operational). Many technical activities to be supported by the FCPF grant will directly inform the FIP investment strategy. Activities will also be coordinated with the support provided by other Development Partners, e.g. the external support from JICA to the Ministry on development of a national Monitoring and Reporting System (MRV). The Government's planning team has clearly identified critical interfaces between components and proposed activities that are complementary and mutually enhancing. Still, careful coordination and timing of multiple donor activities during the grant implementation phase will be crucial.

49. Amongst other, the FCPF grant will finance important analytical and technical work on national reference scenarios, which will provide a key input to setting national Reference Emission Level (REL) or Reference Levels (RL) through the UNFCCC process. In this context it is important to note that the modalities for REL/RL and MRV are still to be defined through the UNFCCC.

50. Considering forest degradation trends in Ghana, analytical work on RL will not only have to examine historical patterns of forest cover change, but also anticipate the trends in forest degradation and resulting effects on future forest-related emissions (i.e. account for national circumstances to determine a level of emission reductions that is consistent with the country's development objectives. The FCPF will further finance initial planning activities related to the development of a MRV system, while the bulk of subsequent activities for a MRV system are expected to be financed by other Development Partners - some of which have been identified in the R-PP (e.g. JICA). The R-PP acknowledges the necessary and relatively significant capacity building needs and the inter-ministerial coordination required to avoid creating parallel tracks with risk of setting up monitoring systems that cannot work in tandem.

B. Financial Management

51. The financial management assessment was conducted in April 2011 in line with the Financial Management Practice Manual issued by the FM Board on 3 November 2005. The objective of the assessment is to determine whether the implementing entities have acceptable financial management arrangements, which will ensure: (i) the funds are used only for the intended purposes in an efficient and economical way, (ii) the preparation of accurate and timely periodic financial reports, and (iii) safeguard the entities assets.

52. The overall financial management risk rating of the project is considered Medium-Likelihood. A key weakness observed during the implementation of the R-PP formulation grant was the lack of adequate attention and focus on the fiduciary aspects of the project. This resulted in delay in submitting IFRs and audit reports.

53. To mitigate this risk the project has separated the fiduciary functions from that of project management and assigned the financial management and financial reporting functions under the project as the responsibility of the Accounts Unit of the Forestry Commission headed by the Director of Finance & Administration (DF&A). Under the guidance and supervision of the DF&A, the daily transaction processing and accounting duties will be performed by a dedicated Principal Accountant. The assessment of the FM systems within the Accounts Unit of the Forestry Commission concluded that the arrangements are adequate and satisfy the Bank's minimum requirements under OP/BP10.02.

54. In terms of accounting software the Accounts Unit currently uses Sun Accounting systems and this is adequate to capture and report on the transaction. The chart of accounts will be amended to ensure that the computerized system is able to report accurately the expenditures on all activities and components and be able to produce the required financial reports under the project. The policies guidelines and operational procedures required for implementation are to a large extent in line with the Government of Ghana's financial procedures manual which provides detail on approval and authorization hierarchy.

Auditing

55. The Ministry of Lands and Natural Resources, under which lies the Forestry Commission, has a functioning internal audit unit and the unit will be tasked with oversight of the internal control environment of the project. In terms of authorization and approval, the Chief Executive Officer of the Forestry Commission is the final approver for all activities and it is expected that the Head of Climate Change/Project Coordinator will work with him to coordinate

project activities. The assessment indicates that the internal audit and control environment is adequate for project implementation.

56. The Auditor General (Ghana Audit Services) is primarily responsible for the external auditing of all government projects. However, due to capacity constraints, it is usual for the Auditor General to sub-contract the audit of donor-funded projects to private audit firms. Under the project, this arrangement will be followed subject to the Bank's necessary procurement and technical clearance of the TOR for the engagement of a competitively selected audit firm. The TOR will be agreed during the first month of the project and the auditors are expected to be in place within six months after effectiveness.

Financial Reporting Arrangements

57. Quarterly Interim Financial Reports (IFRs) for the project covering all the components are to be submitted within 45 days of the end of each calendar quarter. These reports must cover all donor funds received as well as government (counterpart) funds received under the project. The content and format of these reports would be agreed between the Bank and Government before grant signature. The reports should; i) reflect sources of funds received and expenditures incurred for the current quarter, year to date and cumulative; ii) Expenditures classified by component and activities; and iii) statement showing for each of sub-project grants listed, the total grant approved, how much has been disbursed on it and the outstanding balance. These statements would be supported by the DA bank statements and a statement of contract status.

58. Financial reporting on disbursement made under the grant will be transactions based and it is expected that the unit will maintain adequate filing and archival system of all relevant supporting documents for review by the Bank's FM team during supervision mission and also for audit purposes. In addition to the periodic reports, the Forestry Commission would prepare and submit annual financial statements (AFS) of the entire project.

Financial Management Supervision

59. Based on the risk rating of the project, the previous experience in managing IDA and the current FM arrangement, it is expected that there will be two half yearly on-site supervision mission and continued assistance to be provided by the Bank team based in Accra. Subsequent missions will be determined based on the financial management performance.

C. Procurement

60. As part of the Bank's fiduciary requirements to ensure that implementing agencies have systems, structures and capacity to administer procurement in compliance with the Bank's Procurement and Consultants' Guidelines under the proposed project, a procurement assessment was conducted by Mr. Adu-Gyamfi Abunyewa, Procurement Specialist on March 14, 2011 on the Forestry Commission (FC) of Ghana, the proposed implementing agency for the project. The objectives of the assessment are to (a) evaluate the capacity of the executing agency and the adequacy of procurement and related systems in place, to administer procurement; (b) assess the risks (institutional, political, organizational, procedural, etc.) that may negatively affect the ability of the agency to carry out procurement; (c) develop an action plan to address the deficiencies detected by the capacity analysis and to minimize the risks identified by the risk analysis; and (d) propose a suitable Bank procurement supervision plan for the project compatible with the relative strengths, weaknesses and risks revealed by the assessment.

61. The assessment concludes that Forestry Commission is in compliance with the procurement law (Public Procurement Act, 2003 Act (663)), has some experience in implementing World Bank-financed projects, and is capable of handling the proposed project. It also has tender committees and review boards in its permanent organization as final decision making authorities in addition to adequate internal technical and administrative controls and anti-corruption procedures. The review also noted the existence of satisfactory appeals mechanisms for bidders. The assessment rates the overall procurement risk as moderate.

62. The assessment concluded that the existing staffing within the procurement unit i.e. the General Services Manager (with responsibility for procurement), and the two current staff with knowledge and experience in procurement including one staff that is proficient in World Bank procurement is adequate to handle the project of this size.

Procurement Supervision

63. In addition to the prior review supervision which will to be carried out by the Bank, the procurement capacity assessment recommends one supervision mission each year to visit the field to carry out post-review of procurement actions and technical review. The procurement post-reviews and technical reviews should cover at least 20 percent of contracts subject to post-review. Post review consist of reviewing technical, financial and procurement reports carried out by the Borrower's executing agencies and/or consultants selected and hired under the Bank project according to procedures acceptable to the Bank.

D. Social and Environmental (including Consultation, Participation, Disclosure and Safeguards)

1. Social (including Safeguards)

64. The FCPF Readiness Preparation grant must comply with World Bank safeguard policies regarding the management of environmental and social impacts. This grant will, in part, support the country's activities to identify the potential risks associated with REDD+ and mitigation options. In order to do this, the FCPF is using a Strategic Environmental and Social Assessment (SESA) to integrate key environmental and social considerations into REDD+ Readiness by combining analytical and participatory approaches. Figure 2 below illustrates the steps involved in the SESA and their integration with the development of the national REDD+ strategy. The SESA allows: (i) social and environmental considerations to be integrated into the REDD+ Readiness process, in particular the REDD+ strategy; (ii) stakeholder participation in identifying and prioritizing key issues, assessment of policy, institutional and capacity gaps to manage these priorities and recommendations, and disclosure of findings in the REDD Country's progress reports on Readiness preparation; and (iii) an Environmental and Social Management Framework (ESMF) to be put in place to manage environmental and social risks and to mitigate potential adverse impacts related to future investments and carbon finance transactions in the context of the future implementation of REDD+. The SESA has been identified as the most appropriate instrument to ensure a proper consideration of social dimensions in the REDD+ process, in line with the international best practices (including the WB policies) and was approved by the World Bank Board in March 2011.

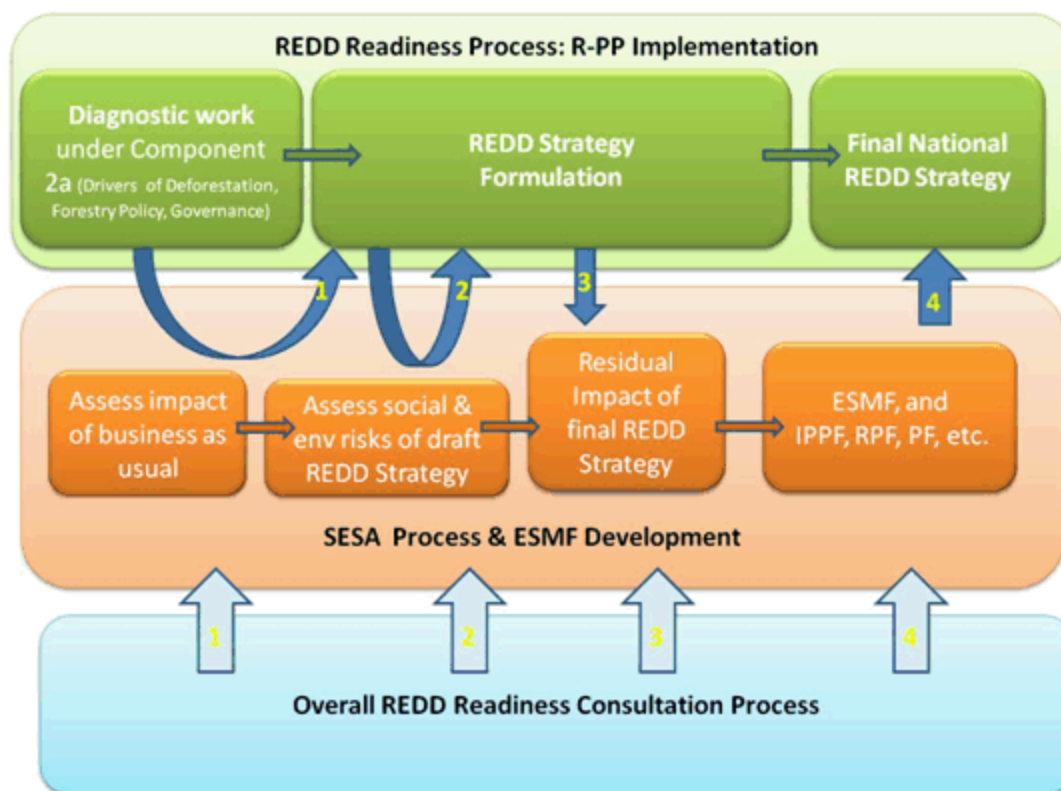


Figure 2. SESA process and it relation to the national REDD+ strategy development

65. The SESA includes the preparation of an ESMF. The ESMF may evolve and be updated over time when new REDD+ strategy options, projects or activities (including investments) and/or policies or regulations are identified during the implementation of REDD+. The SESA addresses the key environmental and social issues associated with the analysis and preparation of REDD+ strategy options as well as REDD+ projects, activities (including investments), policies and regulations. In this manner, the SESA can ensure compliance with World Bank's environmental and social safeguards.

66. The SESA process requires that the selection of REDD+ strategy options should take into account the country's institutional and capacity constraints for managing environmental and social risks, as well as the potential environmental and social impacts associated with these strategy options. Any identified gaps to manage these risks and potential impacts in relation to relevant World Bank safeguard policies should be identified along with the strategy options to feed into the preparation of the ESMF. The ESMF should provide a framework to manage and mitigate the potential environmental and social impacts related to specific projects and activities (including investments and carbon finance transactions, in the context of the future implementation of REDD+).

67. The ESMF will be structured to contain subject-specific self-standing frameworks addressing the relevant requirements of the applicable environmental and social safeguard policies including, but not necessarily limited to, a Resettlement Policy Framework (RPF) and; Process Framework (PF). The RPF and/or PF will be separate chapters of the ESMF, but will also serve as stand-alone documents. The ESMF will be updated as Ghana gets closer to the submission of its Readiness Package.

68.

69. National institutional capacity for the implementation of safeguards at the level required for REDD+ readiness is inadequate. The Environmental Protection Agency (EPA) in Ghana has experience of conducting sector and project specific assessments, and monitoring of social and environmental impacts. However, within the EPA and the Forestry Commission and the REDD coordination unit the management capacity and experience required to manage a multi-sectoral assessment at the level of REDD+ is weak. A sub-working group made up of government and civil society representatives has been set up under the National REDD+ Technical WG to steer the SESA process in the readiness phase. A local expert with experience in the SESA will assist the Government in the conduct of the SESA and ensuring the SESA feeds back into the national REDD+ strategy development process. A staff from the Environment Protection agency in Ghana, which is experienced in application of national environmental safeguards, is represented on the subcommittee. This subcommittee will closely liaise its work with the consultation and participation working group and ensure that the SESA feeds into REDD strategy development. It is envisaged that the SESA outcomes will be useful for the FIP that is expected to be launched soon.

70. The SESA exercise itself will assess the national capacity needs required for the country to be capable of monitoring and implementing the safeguards related to a national REDD+ mechanism and will make recommendations for institutional strengthening. The consultancy for conducting the SESA will include in-built capacity building activities for this group. In addition, the subcommittee that will steer the SESA process will receive adequate guidance from the Bank's safeguards specialist project team in order to implement the social and environmental mitigation measures.

2. *Environmental (including Safeguards)*

71. While the overall environmental impact of the REDD+ process is expected to be strongly positive, the Grant will fund the preparation of a Strategic Environmental and Social Assessment (SESA) to ensure that the design of the REDD+ program, and the future implementation of activities with REDD+ resources, adhere to the requirements of World Bank safeguard policies. In particular, the SESA will (i) develop an Environmental and Social Management Framework (ESMF), which will include application of the requirements of the Bank's policies on Environmental Assessment (OP 4.01), Natural Habitats (OP 4.04), Involuntary Resettlement (O.P. 4.12), Forests (OP 4.36).

3. *Consultation, Participation and Disclosure*

i. Experience to Date:

72. Ghana conducted a stakeholder analysis and mapping exercise to identify which stakeholders are likely to be affected by REDD+, both positively and negatively. As a result, information sharing and consultation activities were programmed into multiple stages of R-PP development, including targeting stakeholders from different sectors engaged in land use at national level, holding regional level consultations with local government across sectors, and holding consultations with local chiefs and forest communities to include those living in areas adjacent to the forest. Consequently, over 200 stakeholder representatives encompassing the main stakeholder groups (from national and local government, NGOs, civil society, community representative, and private sector) were engaged during these stages. The majority of these individuals were involved more than once in the process, which helped to develop a more comprehensive understanding of REDD+, the R-PP and the issues that surround them. In addition, outreach material was developed and disseminated in print media and electronically.

ii. Proposal Going Forward:

73. The process of consultation and participation is integral to the development of an effective strategy for REDD+. The Consultation and Participation Plan set out in Annex 1b of the R-PP will be the key work plan guiding the future consultation process by the Government of Ghana, assisted by the REDD+ Technical Working Group and other stakeholders involved in developing the REDD+ Strategy during R-PP implementation. In its design and implementation, the Consultation and Participation Plan draws on contributions provided by many different stakeholders during the R-PP development process as well as lessons learned from the development of the FLEGT, VPA and the NREG programme. For example, the multi-stakeholder forums and civil society platforms used during the VPA process, such as the Forest Watch and Forest Forums, are also being involved as contact groups to further disseminate REDD+ information to the grass root communities, land owners, traditional rulers and other relevant stakeholders. Consultations for REDD+ readiness will build upon the VPA consultative mechanism while filling in the gaps required for extended consultations for REDD+ and incorporating the lessons learnt from the VPA process. Participants within these multi-stakeholder forums will play a key role in passing on information to their constituencies and getting feedback from them on specific issues to ensure that levels of communication and consultation are representative both within groups and between them.

74. The National REDD+ Steering Committee has also put in place a multi-stakeholder Working Group on Consultation and Participation which involves Civil Society Organizations and a traditional ruler. The latter has agreed to facilitate an outreach programme to the National House of Chiefs. The consultation, participation and communication on the REDD+ process will focus on carbon property rights and benefit sharing, Participatory Monitoring Reporting and Verification (MRV) as well as the Strategic Environmental and Social Assessment (SESA).

4. Safeguards Policies Triggered

Safeguard Policies Triggered (please explain why)	Yes	No	TBD
Environmental Assessment (OP/BP 4.01)	x		
Based on agreed safeguard standards for the REDD+ Readiness process, the Recipient will carry out a Strategic Environmental and Social Assessment (SESA) that will serve to identify, avoid, and mitigate the potential adverse environmental and social impacts associated with implementation of strategy options of the emerging National REDD+ Strategy. The SESA includes an Environmental and Social Management Framework (ESMF) as a distinct output, which provides a framework for managing and mitigating the environmental and social risks related to investments and carbon finance transactions in the context of the future implementation of REDD+. The future investments and carbon finance transactions will still require specific environmental and social assessments, but these will benefit from the strategic context created by the SESA and ESMF.			
Natural Habitats (OP/BP 4.04)	x		
This policy seeks to ensure that all options proposed in the National REDD+ Strategy should take into account the conservation of biodiversity, as well as the numerous environmental services and products that natural habitats provide to human society. Overall, REDD+ activities are expected to have significant positive impacts on natural habitats, as the country puts in place an effective strategy to reduce loss of natural forests. This policy strictly limits the circumstances under which any Bank-supported project can damage natural habitats (land and water areas, in which most of the native plant and animal species are still present). The SESA will address issues related to natural habitats and potential impacts of the National REDD+ Strategy, which will later be included in the ESMF.			
Forests (OP/BP 4.36)	x		
Overall, REDD+ activities are expected to have significant positive impacts on forest, in that the main goal of the program is to reduce deforestation and forest degradation, while contributing to the well-being of forest-dependent communities. Potential impact of the National REDD+ Strategy on natural forests will be assessed through the SESA and included in the ESMF. The SESA and associated ESMF will reflect the requirements of the Bank's Operational Policy regarding forest management, in particular as these relate to the establishment of plantations.			
Pest Management (OP 4.09)		X	
The policy has not been triggered, because the SESA will address critical issues related to pest management upstream as part of REDD+ Strategy formulation. If intensified agricultural activities are included the final REDD+ Strategy, it is thus expected that sustainable alternatives, such as Integrated Pest Management practices, will be identified in relation to intensified agricultural activities, rather than increased procurement or use of pesticide.			
Physical Cultural Resources (OP/BP 4.11)			X
This policy could be triggered if REDD+ activities promote actions in areas containing sites deemed physical cultural resources by local communities living there (e.g. holy/secret sites such as sacred groves, sacred forests, etc.). Though it is not anticipated that the project will have negative impacts on any such sites, the existence of any such sites and the corresponding need to trigger this policy will be determined once the National REDD+ Strategy is completed.			
Indigenous Peoples (OP/BP 4.10)		X	

Safeguard Policies Triggered (<i>please explain why</i>)	Yes	No	TBD
Involuntary Resettlement (OP/BP 4.12)	X		
REDD+ activities might trigger Involuntary Resettlement in situations involving involuntary restrictions of access to legally designated parks, protected areas, or forest management / reforestation areas. The policy aims to avoid involuntary resettlement to the extent feasible, or to minimize and mitigate its adverse social and economic impacts in cases where resettlement or other involuntary restrictions cannot be avoided. Through the SESA process, any issues related to land acquisition or involuntary resettlement will be identified, and a Resettlement Policy Framework will be prepared.			
Safety of Dams (OP/BP 4.37)		x	
Projects on International Waterways (OP/BP 7.50)		x	
Projects in Disputed Areas (OP/BP 7.60)		x	
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects (OP/BP 4.00)			

Annex II
Preparation Schedule and Resource Estimate

Preparation Schedule				
	Dates			
Milestone	Basic	Forecast		Actual
AIS Release	From system	From system		From system
Concept Review	From system	From system		From system
Auth Appr/Negs (in principle)	From system	From system		From system
Bank Approval	From system	From system		From system
Sector Unit Estimate of Resources Required from Preparation through Approval				
Source of Funds	Identification and Preparation Expenses to Date (US\$)	Estimate of Resource Requirements (US\$)		
		Fixed	Variable	
Bank Budget	From system			
Trust Funds	From system			
Team Composition				
Name	Title	**Role	Unit	UPI
From system	From system		From system	From system
From system	From system		From system	From system
From system	From system		From system	From system
From system	From system		From system	From system

Annex III.
DRAFT Terms of Reference for the Strategic Environmental and Social Assessment for the REDD+ Mechanism in Ghana.

1. Introduction

Reducing Emissions from Deforestation and Forest Degradation (REDD+) is a proposed global mechanism to mitigate climate change, while mobilizing financial resources for socio-economic development in forest countries. The Forest Carbon Partnership Facility (FCPF), facilitated by the World Bank, brings together 50 donors and forest countries with the aim to support these forest countries in the preparation and subsequent implementation of their REDD+ Strategies.

Ghana is a key participant country in the FCPF. The Government of Ghana is currently implementing its Readiness Preparation Proposal (R-PP) with regards to FCPF REDD+ Readiness phases, and has requested a FCPF Readiness Preparation Grant to support the design of its REDD Strategy. This Strategy aims to control deforestation and degradation in order to reduce green house gas emissions into the atmosphere.

Strategic environmental and social assessment (SESA) is a key component of Ghana's Readiness Preparation Proposal (R-PP) to the World Bank Forest Carbon Partnership Facility (FCPF). This component is essential for both avoiding negative impacts ("do no harm") and enhancing positive or "additional" REDD benefits, especially in terms of social or livelihood benefits, governance and wider environmental or biodiversity benefits. The SESA is part of the phased approach of the FCPF Readiness Mechanism (preparation of the R-PP and subsequent Preparation for REDD+). The proposed activities in the R-PP will also be subjected to the Strategic Environmental Assessment (SEA) procedures developed by the Environmental Protection Agency (EPA).

2. Objectives

The overall objectives of these TOR are to promote due diligence; identify the institutional arrangements and governance needed for the implementation of REDD+ Readiness strategy; to identify the likely socio-economic and environmental risks associated with REDD strategies/policies; and to outline possible mitigation options; assess the potential additional benefits of REDD+ (especially biodiversity conservation and poverty alleviation); and to inform the design of the national REDD+ strategy so that it avoids or mitigates negative social/environmental impacts and encourages positive ones.

In accordance with FCPF guidelines, special consideration should be given to livelihoods, rights, cultural heritage, gender, vulnerable groups, governance, capacity building and biodiversity.

3. Links between the TORs and the R-PP Components

THE LINKS OF THE R-PP TEMPLATE TO THE SESA ELEMENTS

R-PP TEMPLATE ELEMENTS	STRATEGIC ENVIRONMENTAL AND SOCIAL ELEMENTS	
1b. Stakeholder Consultation and Participation (Consultation Plan) 2a. Assessment of Land Use, Forest Policy and Governance (underlying causes of deforestation and forest degradation, major land use trends, forest policy and governance issues) 2b. Preliminary REDD Strategy options 2c. REDD Implementation Framework 2d. Social and Environmental Impacts	Strategic component <ul style="list-style-type: none"> • Stakeholder and political economy analyses • Identify environmental and social considerations tied to deforestation and forest degradation • Prioritize the issues – key environmental and social considerations • Gap analysis - assess existing capacities and systems to manage these issues • Propose policy, institutional, legal, regulatory adjustment & capacity building measures for the REDD Strategy 	ESMF component <ul style="list-style-type: none"> • Baseline • Assess the potential risks and impacts of that proposed adjustments, interventions and projects within the REDD strategy • Scenario analysis • Define the institutional, policy, legal and capacity requirements

4. Drivers of deforestation and forest degradation

In Ghana, the problem is essentially, one of gradual ‘degradation’ rather than ‘deforestation’, and is incremental rather than dramatic, with no single dominant driver. The underlying causes are those typical of degradation in the more heavily populated countries of the tropics, and involve a complex of demographic, economic and policy influences. The immediate drivers include: policy/market failures in the timber sector; burgeoning population in both rural and urban areas, which increases local demand for agricultural and wood products; high demand for wood and forest products on the international market; heavy dependence on charcoal and fuelwood for rural and urban energy; limited technology development in farming systems, and the continued reliance on cyclical ‘slash and burn’ methods to maintain soil fertility. The prominence of one forest crop in the national economy (cocoa), and recent varietal changes (from shade to full-sun), have also exerted a major influence on trends in forest cover. Mining (industrial and artisanal/small scale) is a concern in some areas, as is the use of fire in livestock management. These drivers which are fully discussed in the REDD+ Readiness Preparation Proposal (R-PP), are summarized below:

Policy drivers:

- Imbalances of forest exploitation in favor of large scale timber industry
- Under-priced goods and services
- Weak regulatory mechanisms and resource rights
- Weak law enforcement

Demographic drivers:

- e. Population growth and urban expansion
 - f. Slash and burn agricultural practices
- 3.4 Economic drivers
- g. High international demand for primary products
 - h. Low prices for lumber on the domestic market

Natural forces:

- i. Wild fires
- j. Floods
- k. Pests and diseases

5. REDD+ strategy options

Addressing deforestation and forest degradation presents a number of challenges in Ghana's conditions, though success in REDD + policy would offer significant benefits for the society not only in the area of carbon emissions reductions but also in relation to biodiversity conservation, forest industry, agriculture and rural livelihoods. Below is a list of proposed strategy options for addressing the identified drivers.

- Improve participation of stakeholders in policy dialogue and decision making
- Clarify natural resource rights
- Improve forest law enforcement, governance and trade
- Rehabilitation of degraded forest reserves
- Forest plantation development
- Promoting REDD+-friendly Cocoa
- Improve productivity of farmlands
- Strengthened decentralized management of natural resources
- Sustainable fuelwood production and improved efficiency of fuelwood use
- Supply wood legally to the domestic market

4. Methodology: Among others this section should articulate how the consultation process would progress

Tools and Methods used in the Consultation and Participation during R-PP Implementation will be employed for the SESA

To conduct effective information sharing and consultation, a range of tools will be used to ensure a broad reach and effective engagement. Such tools include:

4.1. Information Sharing and Awareness Raising

- Maintain & continuously update FC and other websites to post information & solicit input

- Production of policy briefs and information notes appropriate to different audiences that can be distributed in both hard and soft copy
- News bulletin of the FC
- Propagate through local FM & Community Radio
- Stakeholder group managed information sharing

4.2 . Consultation

Consultations will occur at different levels from small scale expert consultations to broader national consultations. Key tools within this process will include:

- Formal and Semi Structured Interviews
- Focus Group Meetings with Stakeholder groups
- Self Administered questionnaires that anyone can complete and submit
- Workshops
- Stakeholder group managed consultation

4.3. Participation

Structures for participation have been discussed within component 1a, but will include the NRSC, as well as stakeholder groups utilized for consultation information sharing.

For the detailed stakeholders to be consulted on SESA see annex IV below. The SESA report will be integrated into the National Consultation programme and detailed communication strategy developed and rolled out the national stakeholder consultation and participation throughout the lifespan of the project and beyond.

Table 1:

#	Task Description	Approximate work effort (in %) or in person/days?	Expected working period (month of assignment)	Specific deliverables expected from consultants	Related ongoing and planned activities carried out as part of R-PP implementation	Necessary sequencing and timing with other activities; Main responsibilities for coordination with parallel work.
1	Identification of issues relevant to SESA	-	9 months	(Accomplished by R-PP Team) R-PP Document indicating candidate REDD+ Strategy options) ,	On-going Stakeholder Consultations and Participation	NLBI VPA/FLEGT NREG(and its sub working group,) ENRAC FIP National Forest Forums GFP
2	Development of SESA ToR	-	3 months	Disclosure of SESA ToR	National REDD+ /SESA Consultation, and formation of multi-stakeholder working group.	1) Selection of candidate REDD+ pilot projects 2) Testing the candidate REDD+ strategies in the pilot phase 3)Continued awareness raising during consultation and information dissemination 4) On-going review of pilot projects 5) Stakeholder led and focus group consultation on legal and institutional changes 6) Consultation with key decision makers on main outputs on REDD+ activities
3	Situational Analysis : Analytical and participatory process of environmental and social	32%	4 months	Strategic Component of SESA ToR Baseline information	Analytical work carried out during the R-PP Formulation	At the start and during the piloting phase Stakeholder led and focus group consultation on legal and institutional changes Consultation with key decision makers on main outputs on REDD+

	considerations					activities
4	Prioritization of issues	4%	2weeks	Priority policy issues	Identification of REDD+ strategies	Stakeholder led and focus group consultation on legal and institutional changes Consultation with key decision makers on main outputs on REDD+ activities
5	Gap Analysis	24%	3months	Institutional, regulatory and capacity requirements	Situational analysis	Stakeholder led and focus group consultation on legal and institutional changes Consultation with key decision makers on main outputs on REDD+ activities
6	Identification of potential risks and opportunities (impacts)	16%	2 months	Candidate REDD+ Strategies	Situational analysis	Stakeholder led and focus group consultation on legal and institutional changes Consultation with key decision makers on main outputs on REDD+ activities
7	Scenario Analysis	16%	2months	Draft ESMF report	Impact analysis(see 6 above)	Stakeholder led and focus group consultation on legal and institutional changes Consultation with key decision makers on main outputs on REDD+ activities
8	Validation /public hearing	8%	1month	Final ESMF report	REDD+ pilots	Public hearing/ multi-stakeholder workshops

5. Strategic Environmental and Social Assessment (Strategic Component)

This assignment is to carry out a strategic environmental and social assessment (SESA) of the strategy options. The specific activities are:

- Selection of SESA priorities:
 - Carry out economic valuation studies of loss of biodiversity, degradation of water bodies, and decline in agricultural productivity associated with deforestation
 - Carry out case studies of local communities affected by deforestation: situation of elders, youngsters, children, women due to loss of livelihoods, restricted access to public services and impacts from other non agricultural activities (i.e. mining) and health situation.
 - Complement stakeholder analysis carried out during RPP preparation
 - Conduct political economy analysis based on the stakeholder analysis.
 - Select priorities through culturally sensitive consultation processes
 - Prepare a progress report

5.1 SESA GAP ANALYSIS

Assessment of underlying causes in relation to the priority issues:

- Institutional: Are the proper institutions in place? Do institutions have the capacity to deliver: human capital, financial resources, legal and regulatory framework consistent with their mandate? Are there mechanisms for inter-institutional coordination?
- Policy and legal
- Socioeconomic and cultural

5.2 RECOMMENDATIONS: TO WHAT EXTENT DO THE REDD OPTIONS ADDRESS THE GAPS?

- Analysis of potential impacts of existing REDD + Strategy options on the identified gaps
 - What gaps will be addressed by the proposed REDD + strategy options?
 - What should be done with those gaps that are not addressed by the REDD + strategy options?
 - Recommendations for inclusion of additional REDD + strategy options
 - Recommendations for adjustments outside the purview of the REDD + strategy
- Validate the recommendations of strategic component following culturally sensitive consultation processes

6. ENVIRONMENTAL AND SOCIAL MANAGEMENT FRAMEWORK (ESMF Component)

Prepare a framework to manage the environmental and social risks associated with the REDD + strategy options:

- Define institutional arrangement for implementing EMSF based on existing institutions for environmental and social risk management
- Assess existing technical, financial, human resource capacities and identify potential gaps
- Propose a system to screen, assess, and mitigate the potential environmental and social risks and impacts of the REDD + strategy options, considering:
 - Ghana's legal framework and environmental and social regulations
 - Applicable World Bank's policies, and
 - Best international practices
- The proposed system should differentiate between:
 - Policy and legal adjustments
 - Institutional adjustments
 - Programmatic and project interventions
- Propose a mechanism for monitoring compliance of the proposed ESMF involving key stakeholders

6.1 SESA outputs

- Phase 1: SESA report on assessment carried out on draft REDD + strategy. Outputs would be used to refine the candidate strategies and finalise the REDD + strategy for Ghana
- Phase 2: assessment of the finalized strategy. Outputs of this would be used to draft the ESMF for managing the residual impacts
- Phase 3: Draft ESMF to be refined at the Readiness package stage. The draft ESMF could be tested on pilot projects in the country during the preparation stage.

7. Composition of Impact Assessment Team

The three person Impact Assessment Team should be composed of at least two national team members combining social (including gender) and environmental impact assessment experience. One of these should be from a civil society or NGO background; the second team member can be from a state or academic institutional background. They will be supported by a part-time national or international advisor with higher level expertise in impact assessment and who will provide timely discreet inputs to the process, e.g., at the design stage.

7.1 Institutional reporting

The team of Consultants shall work closely with the SESA Committee and shall report through the National REDD Steering Committee to the Natural Resources and Environmental Advisory Council (ENRAC), a high level inter-Ministerial and sectoral body composed of the Ministers of Lands and Natural Resources (MLNR), Environment, Science and Technology, and Finance, with potential contributions from the Ministers of Agriculture and Local Government.

7.2. Core tasks and activities

The work of the Impact Assessment Team can be broken down into five main tasks:

- Initial (largely desk-based) diagnostic analysis;
- Consultative or field-based stakeholder analysis and discussions;
- Analysis of the World Bank Social and Environmental Standards;
- National SESA sensitization/validation Workshop;
- On-going SESA monitoring and testing of ESMF on pilots.

For the budget and timelines see annex 6 below.

Some Useful References for SESA Diagnostic Analysis

- Amanor, K.S. & Brown, D. (2006). Informing the Policy Process: Decentralisation and Environmental Democracy in Ghana. Overseas Development Institute and University of Ghana Report to the DFID Natural Resource Systems Programme, HTSPE, UK.
- Birikorang G, Hansen CP and T Treue (2007) Review of the current taxation relevant to the forest sector in Ghana. *VLTP Background Paper No.1*, Forestry Commission, Accra.
- Forestry Commission. (2009). Brief assessment of land use and forest policies and governance in the forest area in Ghana. R-PP Background Paper. Forestry Commission of Ghana, Accra
- Forest Watch Ghana (2000) *Forest Governance in Ghana: An NGO Perspective*, FERN. Oxford and Brussels.
- Hansen, C. P. & Treue, T. (2008) Assessing Illegal Logging in Ghana. *The International Forestry Review* 10 (4): 573-580.
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- Mayers, J., Birikorang, G., Danso, E., Nketiah, K. & Richards, M. (2008). Assessing the Potential Impacts of a Voluntary Partnership Agreement in Ghana with the EC on Forest Governance. Final Report. IIED, London.
- NCRC (2008). Towards sustainable charcoal production in Ghana. Accra.
- Shepherd, G. & Nyame, S.K. (Forthcoming). Forests-Poverty Toolkit - National Level Analysis and Action Manual. IUCN, Ghana
- Tropenbos (2004). Chainsaw lumber: A necessary evil? Ghana Workshop Proceedings. Accra and Wageningen.
- Ghana's REDD+ Readiness Preparation Proposal (R-PP) 2010.

ANNEX 1: Core Sustainability Issues¹¹

The SESA will allow for the identification of key issues critical for sustainability, which may include the following:

Stakeholder Analysis considers key stakeholders and decision makers in relation to the REDD strategy, and provides a full accounting of both cultural diversity and gender. Stakeholder analysis allows for developing an effective public participation process of the SESA and enhance awareness of political economy considerations that are likely to influence how SESA's recommendations are incorporated in the REDD strategy and subsequently shape the implementation of the REDD strategy.

Key Questions¹²

- What are the roles, responsibilities, and interests of key stakeholders?
- Are there any vulnerable groups among the stakeholders? What is the nature and extent of their vulnerability?
- What are the gendered characteristics of forest resources use?
- What have been the patterns and trends of stakeholders' ownership and use of forest resources?
- How do the stakeholders interact (across various levels)? Where do strongest alliances lie (at the macro level)?
- Where are the most likely points of friction/conflict?

Suggested Tools (levels of analysis)

- Power analysis (macro)
- Stakeholder matrices (macro/meso/micro)
- Political mapping (macro/meso/micro)
- Vulnerability analysis (micro)
- Key Person Interviews (KPIs)
- Focus Group Discussions (FGDs)
- Seminars
- Workshops

Citizen Engagement is concerned with: 1) identifying the key concerns of various stakeholder groups; and, 2) putting in place broad-based consultation and participation arrangements.

Key Questions

- What are the main constraints and opportunities for consultation with and participation by key stakeholders?
- What kinds of mechanisms for information disclosure and dissemination are most likely to work?
- Of the civil society stakeholders identified (including international NGOs), which are likely to participate in the two main phases project (e.g. Readiness Package preparation, and payment for emissions reductions)?
- How will they participate?

¹¹ These Core Environmental and Social Sustainability Issues are adopted from the Generic ToR for SESA in the context of REDD Operations supported by the FCPF.

¹² The lists of questions presented and following are not comprehensive and would obviously require customization.

- What types of grievance redress mechanisms are most appropriate?

Suggested Tools (levels of analysis)

- Array of consultation events and fora organized at different levels, which can be adapted to the particular purpose of the consultation, the targeted audiences, and country characteristics.
- Micro-political mapping (meso/micro)
- PLA such as SWOT analysis (for such things as the proposed revenue sharing arrangements) (micro)

Key Environmental Issues considers key environmental and natural resources management issues in relation to the proposed strategy.

Key Questions

- What are the main goods and services provided by forests (timber, fuelwood, medicines, conservation of biological diversity, watershed protection, non-timber forests products, etc.)?
- What are the main threats affecting forests and how vulnerable are to them?
- What are the main causes leading to forest degradation and forest fragmentation?
- What is the estimated economic value of forest goods and environmental services lost by deforestation and degradation annually?
- What are the environmental health risks like malaria, malnutrition, and others affecting forest populations, in general, and children in particular?

Suggested Tools

- Key informant interviews (from main stakeholder groups) and sector level data on exports, fuelwood consumption, etc.
- Overlapping of protected areas maps, biodiversity maps and poverty maps using GIS techniques
- Cost of degradation estimates; Annual costs of deforestation and forest degradation by main cost categories, such as morbidity, mortality and physical costs
- Epidemiological evidence and estimation of the impacts in terms of mortality, morbidity, and Disability Adjusted Life Years (DALYs)
- Case studies of selected forest areas and protected areas
- Price transfer models to look at direct and indirect effects of policy measures
- Sustainability test
- Opportunity and risk analyses
- Compound matrix
- Compatibility matrix

Institutions and organizational capacity will assess formal and informal institutions.

Key Questions

- What types of formal and informal forest management institutions exist in the country?
- What are the customary and legal rights of access to land, forests, and related resources?
- Are incentive systems for protecting forests, biodiversity, and environmental services from forests incorporated into forest rights frameworks?
- How have beliefs, norms, and behaviors related to forest resources use interacted with environmental and socio-cultural characteristics in potential areas of activity?

- How do the proposed institutional arrangements affect aspects of efficiency and equity in the allocation of forest resources?
- What kinds of skills/capacities exist for carrying out prescribed roles and responsibilities among the various formal institutions? Where are the gaps?
- What are the human, financial, and technical capacity gaps affecting forest-dwelling and forest-dependent groups?
- What are the customary and legal rights to access to land, forests resources and biodiversity?
- What are the human, financial and technical capacity gaps with regards to forest communities?

Suggested Tools (levels of analysis)

- Organizational mapping (macro/meso)
- Participatory Learning & Action techniques (PLA)¹⁸ (micro)
- Case studies of selected forest areas and forest-dwelling communities

Impacts (Direct and Indirect) and Risks consider potential risks of the REDD strategy.

Key Questions

- What site-specific social and environmental risks are likely to arise in the course of implementing the proposed strategy?
- Will the discrete forest conservation/deforestation avoidance activities have a negative direct or indirect impact on the environment (e.g. critical and non-critical natural habitats, non-timber forest products (NTFPs), wildlife, or dislocation of deforestation and degradation activities from one area to another)? If so, how can these be avoided/minimized/mitigated/managed?
- Will the discrete forest conservation/deforestation avoidance activities have a negative impact on indigenous peoples, forest-dependent groups, or any other vulnerable groups? If so, how can these be avoided/minimized/mitigated/managed?
- What specific safeguard policies are triggered?
- What are the identified needs and options for alternative livelihoods development? What opportunities, risks, and impacts are inherent in these?

Suggested Tools (levels of analysis)

- Array of participatory methods²⁰ (micro)
- Scenario analysis (macro/meso/micro)
- Gender analysis (micro)
- PLA such as SWOT analysis (for such things as the alternative livelihoods options) (micro)

ANNEX 3: Stakeholders to Be Consulted during the SESA Process

Key Stakeholders

Issues relating to REDD-plus affect a wide range of stakeholders and are particularly relevant within Ghana where over 70% of the population is directly dependant on natural resources for their livelihoods.

Stakeholder groups identified for engagement within consultation included:

- Government – State level and statutory level with a focus on cross-sectoral linkages
- Private Sector – including timber industry, agricultural and financial institutions.
- Civil Society – including local and international NGOs, community based organisations across all relevant thematic areas
- Development Partners

Table 2: List of stakeholders identified during R-PP development

Government	Private Sector
<ul style="list-style-type: none"> • Office of President / Office of Vice President • Ministry of Land & Natural Resources • Ministry of Foreign Affairs • Ministry of Finance & Economic Planning • Ministry of Food & Agriculture • Ministry of Environment, Science & Technology • Ministry of Local Government & Rural Development • Ministry of Education • Ministry of Energy • Forest Commission • Lands Commission • Water Resources Commission • Energy Commission • Internal Revenue Service • National Development Planning Commission • Environmental Protection Agency • Savannah Accelerated Development Authority • Ghana National Fire Service • Customs Excise & Preventive Services • Immigration Service • The Judiciary • Office of the Administrator of Stool 	<ul style="list-style-type: none"> • AGI Assoc of Ghana industries • Wood Industry- GTMO, DOLTA, GTA, GATEX, FOWAG, Small scale carpenters • Mining Industry – Chamber of Mines, galamsey • Fuel wood & charcoal Burners Associations (producers, transporters, consumers) • NTFP gatherers (Hunters, Fishers, Fuel wood collectors) • Farmers Large & small scale • Services - Investors/Buyers, technical experts – consultants
	Civil Society
	<ul style="list-style-type: none"> • CBOs (e.g. Fire volunteers, economic groups) • Community Resource Management Committees, Forest Forums • National & International NGOs • Traditional Authorities – Chiefs, etc. • Professional Associations – Ghana Institute of Foresters, • Trade Unions, Associations, FOSSA, Students' Unions, • Research & Academic organisations • Religious bodies
	Development Partners –bilateral and multilateral donors

Lands

- Ghana Investment Promotion Centre
- Cocoa Board
- Meteorology Service
- National Disaster Management Organisation
- National Commission on Civic Education

ANNEX 4: Required Professional Expertise

The professional expertise required for the conduct of the SESA and the required safeguards instruments will include the following.

1. Natural resource Expertise
 - a) Forestry Specialist
 - b) Non-Timber Forest Product Specialist
 - c) Environmental Specialist with GIS expertise

Environmental Specialist

The environmental specialist must be able to cover all environmental issues of the project. As with other key experts, it is desirable for the expert to have a master's degree or equivalent in the relevant discipline. They must be fluent in both spoken and written English. At least 15 years experience, of which 10 years are relevant experience in developing countries, is expected. It is essential for the expert's experience to be in the field of SEA particularly in Ghana with at least 5 years experience. Priority will be given first to experience in Ghana and then in the region.

2. Social Development Expertise
 - a) Social scientists/Anthropologists with expertise on forests people and Indigenous Peoples and issues of restriction of access to natural resources
 - b) Participatory Rural Appraisal (PRA) specialists
 - c) Institutional Analysis experts
 - d) Political scientists
3. Economics Expertise
 - a) Environmental Economist
 - b) Economist
4. Legal Expertise
 - a) National Lawyer with expertise in REDD related issues and the national and subnational laws and regulations. The Lawyer needs to be well immersed in the Country's Readiness Proposal and all related proposals and strategies, including, where relevant, the Low Carbon Development Strategy (LCDS) and strategies related to land, forests, mining, development and Amerindian People.
 - b) International Lawyer with strong familiarity with the policies, rules and procedures pertaining to REDD that emanate from the international negotiation process for the UN Climate Change Convention. Additionally, the lawyer should have expertise in land and natural resources law, as well as the law related to Amerindian people.
5. Consultants on World Bank Safeguards
 - a) Environmental Safeguards Consultant with knowledge and experience in working with World Bank environmental safeguards as well as drafting Environmental Assessments.
 - b) Social Safeguards Consultant with knowledge and experience in working with World Bank social safeguards (Indigenous Peoples and Involuntary Resettlement) as well as

5. Communications and Outreach Expert
a) Expert in outreach and communications.

[illegible]

ANNEX 6: Budget

Vla. Tentative Assessment of Time Needed for Expertise

Studies/Activities	Needed Experts	Required Time (Months)
Environmental Studies		3months
	Forestry Specialist	
	Environmental Economist	
	Non-Timber Forest Product Specialist	
	Environmental Specialist with GIS expertise	
Social Studies		3months
	Anthropologists with expertise on forests people and Indigenous Peoples	
	Participatory rural appraisal specialists	
	Institutional Analysis experts	
	Political Scientist	
Legal and Policy Review		2months
	International Lawyer	
	National Lawyer	
Safeguards Instruments		1month
	Social Safeguards Consultant	
	Environmental Safeguards Consultant	
Consultative Process		6months
	Communications and Outreach Specialist	
TOTAL		6 months

Most activities will be carried out concurrently to cover a period of six months for the completion of SESA document.

VIb. Tentative Overall Budget for SESA*

Activities	Consultancy (fees, international travels, per diem)	Consultation with Key Stakeholders (workshops, travel, logistics, including GoG officials travel)	TOTAL
1. Environmental Studies	25,000	30,000	55,000
2. Social Studies	25,000	30,000	55,000
3. Legal and Policy Review	20,000	30,000	50,000
4. Safeguards Instruments	5,000	12,000	17,000
TOTAL	\$75,000	\$102,000	\$177,000

*A budget of \$177,000 will be set aside to cover the costs of SESA workshops, community consultations, outreach and communication.

ANNEX 7: Useful information for the consultant in developing the Strategic Component of SESA

7.1 Initial Diagnostic Analysis

This should be conducted in 3-4 key REDD situations or areas where deforestation or degradation pressures are high¹³, taking account of regional differences and allowing for natural overlap between the main themes as set out below. Provisional priority areas are Western Region, Brong-Ahafo Region and Ashanti Region.

7.1.1 Political economy context analysis

Analysis of the political economy context of deforestation and identification of key challenges to REDD should be undertaken initially by reviewing key literature or reports (see Annex 1 for some suggested references). Complemented by discussions with key informants and use of rapid rural appraisal techniques (e.g., focus groups), the political economy analysis should assess (in each REDD area):

- the role of forests in local social and economic development;
- policies, laws and institutions affecting natural resource management;
- land and tree rights/tenure¹⁴ (*de jure* and *de facto*) and use analysis, including the possible allocation of carbon property rights;
- deforestation and degradation drivers not already assessed.

7.1.2 Institutional and governance assessment

An initial institutional and governance assessment should focus firstly on the capacity of national, district and local institutions to implement REDD policies and strategies effectively and equitably. This analysis should include a map of the roles and responsibilities, especially over social and environmental issues, of different organizations operating in the forestry and land use sectors (especially land uses associated with degradation or deforestation), including their legal frameworks, how well they carry out their remits (e.g., legal compliance), and transparency/accountability mechanisms. This analysis should include the role and effectiveness of civil society organizations and local stakeholder groups.

The Impact Assessment Team should particularly draw on the governance and institutions analysis undertaken during the Voluntary Partnership Agreement (VPA) process (discussions with the Forest Watch NGO Network would be a good place to start). Particular attention should also be given to analysis of the likely REDD incentive structures and benefit sharing mechanisms. At the macro or planning level, attention should be given to inter-sectoral coordination given the cross-sectoral nature of the main deforestation/degradation (DD) drivers.

vernance board.

¹³ A possible framework for selecting key REDD areas is provided by the Ghana 'REDD Opportunities Scoping Exercise' conducted by the Katoomba Group (2009).

¹⁴ Special attention must be given to distinctions between forest reserves and off-reserve areas; to issues and potential conflicts associated with migrant cocoa/food crop farmers holding long-term leases from landowning indigene farmers; and more generally to multiple use rights or claims in forest areas.

7.1.3 Initial stakeholder and trade-off analysis

Based initially on discussions with key informants and available literature (see Annex 1), and using established social assessment methods, the Impact Assessment Team should map out the stakeholder groups and sub-groups (including women, landless, minorities and other groups, as well as illegal operators), and for each stakeholder group set out the likely positive and negative (opportunities and risks) REDD impacts. This should be undertaken in three main REDD areas. The Impact Assessment Team should also carefully analyse the results of the various previous or on-going multiple stakeholder consultations (e.g., IUCN's DANIDA funded REDD Pro-Poor Project¹⁵, and the Growing Forest Partnership "People's Diagnostics" study implemented by FAO/IIED/IUCN), in addition to the R-PP regional stakeholder discussions.

Given that tree crops, especially cocoa, as well as food crops (also grown in association with tree crops during the establishment phase) are key DD drivers in the high forest areas, special attention should be given to the trade-offs between REDD, cocoa production and poverty reduction objectives (bearing in mind that cocoa is a small farmer's crop, especially grown by migrants). Trade-offs may be particularly acute in the Western Region where there is an intense demand for land by poor families (migrant or indigene farmers). REDD policy as regards the already heavily degraded Western Region forest reserves will also be critical: to the extent that they restrict cocoa production, there will be major trade-offs with social and economic objectives, including export earnings. On the other hand there are important potential synergies, for example, if REDD can be used to promote sustainable shaded cocoa systems, and especially via off-reserve tree tenure reform which could transform the profitability of shaded cocoa production including timber trees¹⁶.

Similarly restrictions on logging activities¹⁷ or policies like timber industry downsizing will have trade-offs with employment and social benefits, at least in the short term, as documented in the impact assessment of the VPA, although social benefits would far outweigh the costs if the full costs of unsustainable logging were computed (Mayers *et al*, 2008). Another set of trade-offs could be around efforts to control unsustainable charcoal/fuelwood extraction as pointed out in the R-PP Background Paper (IDL Group, 2009). To the extent that REDD policies restrict use or access rights by the rural poor, there will be serious livelihood and coping strategy impacts. Another type of trade-off could be between mitigation and adaptation¹⁸ policies, while noting the international movement towards Nationally Appropriate Mitigation Activities (NAMAs). If

¹⁵ On-going IUCN work to develop a national field manual based on the Forests-Poverty Toolkit oriented to REDD, and using case study data around on cocoa and trees in the Western Region should be particularly useful for the SESA stakeholder analysis (ref Gill Shepherd – gillshepherd@compuserve.com). mpuserve.com).

¹⁶ Many high value timber trees are excellent shade trees, but current tree tenure and lack of compensation for damage by logger concessionaires means there is a strong disincentive for farmers to keep them (Richards & Asare, 1990).

¹⁷ To the extent that logging is restricted there will be a loss of stumpage revenue to the current recipients, especially Forestry Commission. This needs to be recognized, although it can be argued that the present distribution of timber revenues is inequitable in relation to roles and responsibilities and itself constitutes a political economy type barrier to reform (see Birikorang, 2007).

Ghana develops a NAMA this may reduce this type of trade-off. The Impact Assessment Team should also bear in mind the possible problem of perverse incentives where the incentive framework is based on reducing current deforestation levels as opposed to a system which rewards forest managers or communities for historically good stewardship.

7.2. Consultative (field-based) Stakeholder Analysis and Discussions

The Impact Assessment Team should conduct a full stakeholder analysis in three key REDD regions with representatives of stakeholder groups (especially representing affected communities, traditional authorities/stools, civil society, District Assemblies, central government and the private sector) to identify and prioritize the most important benefits and costs, trade-offs and risks associated with clearly defined REDD strategies. This requires development of a basis for selecting the key government, civil society and NGO representatives. It is proposed that the process of identifying or possibly electing the various stakeholder representatives is decided by the Environmental Advisory Council in consultation with appropriate state and civil society bodies. Consideration could also be given to the formation of a Multiple Stakeholder SESA Working Group.

Consultative stakeholder analysis will not be effective unless local and other stakeholders have a sound understanding of REDD. Therefore the first task should be to build up a good understanding of REDD among local stakeholders. Careful consideration needs to be given as to how and who is best to do this. This includes getting agreement about the main DD drivers in the area, and understanding as clearly as possible the proposed REDD strategies and policies in response to these drivers.

The Impact Assessment Team should then present in a highly accessible way the initial stakeholder/institutional/political economy analysis as a basis for discussion. On the basis of the subsequent discussions, the multiple stakeholder discussions should prioritise the main social and environmental concerns, risks and opportunities. They should be given the opportunity to suggest modifications to the proposed REDD strategies and potential mitigating actions where it appears difficult to avoid some negative impacts (as for some of the likely trade-offs discussed above). Given the likely trade-offs between stakeholder interests, there will need to be an agreed upon process for prioritizing the concerns. A major task of the Impact Assessment Team will be to ensure that the concerns and views of affected stakeholders are prioritized in the analysis of potential impacts, and appropriately communicated to all stakeholders.

Key outcomes from the stakeholder consultations could therefore include:

- a list of priority social and environmental concerns expressed, including who (stakeholder groups or sub-groups) expressed them;
 - single or multiple proposals for modified REDD strategies and/or mitigation actions to counter perceived negative impacts;
 - a set of capacity building actions to increase the voice and communication channels for local actors to exert increased upwards social accountability on the national REDD process;
-

- a set of agreed local level monitoring indicators for REDD (this could require a separate multiple stakeholder exercise with the aim of agreeing on criteria and indicators to track the progress and ‘success’ of REDDplus (e.g., effectiveness and equity of benefit sharing; gender and minority group impacts; impact of REDD on local environmental services such as water quality, etc.).

7.3 Analysis of World Bank Safeguards

In anticipation of funding from the Forest Carbon Partnership Facility, the Impact Assessment Team must carefully analyse each of the World Bank Safeguard policies (see <http://go.worldbank.org/WTAlODE7T0>) in order to assess whether the proposed REDD activities are compatible with the Safeguard policies¹⁹, especially:

- *Forests*: this include the rights and welfare of forest dependent people;
- *Environmental Assessment*: this includes some social issues as well as guidance on environmental mitigation measures;
- *Involuntary resettlement*: this could be triggered if an exclusionary REDD strategy were adopted, e.g., evicting farmers/communities from Forest Reserves;
- *Indigenous peoples*: while the concept of indigenous peoples does not really apply in Ghana, many of the safeguards for indigenous people can be related to the rights of local communities.

The key issues are whether the proposed REDD activities can be undertaken in a way that minimizes harmful impacts and that mitigates any potentially harmful effects in a way that is consistent with the safeguards.

7.4 National SESA Workshop and Briefing Paper

Following the previous stages, the Impact Assessment Team should organize, together with the relevant government bodies and concerned NGOs, a national SESA workshop at which the SESA findings would be presented and discussed with representative multiple stakeholders with the aim of modifying (as necessary) current REDD strategies so that the priority social and environmental concerns are integrated. The various stakeholder groups would present their perspectives and reflections on the SESA findings. The Impact Assessment Team will also write a Briefing Paper for the SESA Workshop.

7.5 On-Going SESA Monitoring and Annual Updates

The social and environmental impacts of REDD-plus strategies are to some extent unpredictable; depending on the policies and incentives framework, REDD-plus could cause perverse incentives. Other REDD-plus policies and institutional strategies could prove problematic and operate in unexpected ways, and their improvement is likely to be an iterative process. For

¹⁹ Other Safeguard Policies which should be checked, but are less likely to be applicable in the Ghana REDD context are *Natural Habitats* and *Disputed Areas*.

example, early approaches to benefit sharing could require modifications to increase downwards accountability and transparency, or a fundamental redesign if the incentives do not materialise.

The on the ground effectiveness and equity impacts of REDD policies must be fed back to the stakeholders so that they can be improved. To do this it is essential to agree on a set of monitoring indicators as already discussed. The Impact Assessment Team will be responsible for appropriate annual reporting to the stakeholders based on the monitoring and further rounds of stakeholder group discussions (using the 2010 stakeholder analysis as a baseline). Based on these continued consultations and reports, the Impact Assessment Team would also write short briefing papers on the social and environmental impacts.

Annex IV:
Summary of the overall R-PP Budget

Activity	Timeline				Budget (000,US\$)
	2010	2011	2012	2013	
1a: Summary of National REDD+ Management Arrangements Activities and Timeline					1443
1a.1 - Strengthening of the REDD+ Secretariat					956
1a.2 - Strengthening of REDD Steering Committee					257
1a.3 – Strengthening of Forest Forums					230
1a.4 – Formal Establishment of the Natural Resource and Environment Advisory Council	Covered by NREG				0
1b: Summary of Consultation and Participation Activities and Timeline					824
1b.1- Establishment of a Consultation and Participation Working Group					25
1b.2 - Broad information sharing on REDD+ through stakeholder based information sharing and consultation.					339
1b-3: Expert and Focused Consultation through Working Groups and National Expert Consultations.					140
1b-4: Stakeholder based consultation on key pilot projects and legal / institutional changes					170
1b.5 Validation of National REDD+ Strategy					150
2.a Assessment of Land Use Forest Policy and Governance					200
2a.1 Further Research					200
2b. Strategy Development					1015
2b.-1 Research studies to support National Expert Consultations					520
2b.2 Demonstration Activities					455
2b.3 Information dissemination					40
2c: Summary of Arrangements for REDD+ Implementation Activities and Timeline					165
2c-1 – Develop an Information Clearinghouse					0
2c-2 – Develop Financial Management Arrangements - Establish information flow procedures					30

- Review best practice of benefit sharing					
2c-3 – Establish of a selection committee and management group for demonstration activities					0
2c.4 Institutional Mapping and Capacity Building					40
2c.5 Establish a system for Carbon Accounting and Carbon Emissions Reductions Management					50
2c.6 Develop Conflict Resolution Systems					45
2d: Summary of Social Environmental Impacts Activities and Timeline					177
2c-1.- Initial (largely desk-based) diagnostic analysis;					20
2c-2.- Consultative or field-based stakeholder analysis and discussions - <i>linked 1b2</i>					
2c-3.- Analysis of the World Bank Social and Environmental Standards;					2
2c-4 - National SESA Workshop;					95
2c-5 – On-going SESA monitoring.					60
3A: Summary of Reference Scenario Activities and Timeline					2490
3a.1 - Capacity Building					250
3a.1.1 - Carbon stock assessment					100
3a.1.2 - Coordination center					20
3a.2. Map Activity Data for Land Cover Change					490
3a.2.1 - Staff training					405
3a.2.2 - Acquire software and hardware					160
3a.2.3 - Develop standards for basemap					10
3a.2.4 - Acquire satellite data					5
3a.2.5 - Map land cover change					35
3a.2.6 - Perform quality control					10
3a.2.7 - Accuracy Assessment					60
3a.2.8 - Mosaic National Products					10
3a.3.- Develop Emission Factors					440
3a.3.1 - Identify key carbon pools					5
3a.3.2 - Inventory historical carbon data					5
3a.3.3 - Link field and remote sensing data					40
3a.3.4 - Training for measuring carbon					100
3a.3.5 - Measure forest plots					220
3a.3.6 - Calculate emission factors					20
3a.4 - Combine Activity Data with Emission Factors					15
3a.5 - Assess Uncertainty in REL					30
3a.6 - Develop Future Trajectory					60
4A: Summary of Monitoring Activities and Timeline					590
4a.1 - Establish National Working Group					20

4a.2. - Detailed Assessment of Existing Systems					50
4a.3 - Develop Monitoring Framework					120
4a.4 - Establish Data Archiving System					30
4a.5 - Information Management Training					40
4a.6 - Training workshop for biodiversity indicators					80
4a.7 - Implement Monitoring System on pilot areas					150
4a. 8 - System documentation and review, verification					40
4a.9 -System verification audit					60
5. Summary of Design a Program for Monitoring and Evaluation and Timeline					430
1.Develop M & E framework: consultancy to align REDD+ M & E with sectoral and national systems					30
2. Monitoring activities – implementation					300
3. End of Phase Evaluation costs					100
TOTAL					7443