



# Additional Financing for Ghana Forest Investment Program - Enhancing Natural Forest and Agroforest Landscapes Project

Country / Region: **Ghana** | Project Id: **XFIPGH045A** | Fund Name: **FIP** |

Comment Type	Commenter Name	Commenter Profile	Comment	Date
Comment 1	Gaia Allison	United Kingdom	<p>Thank you for the opportunity to review this project proposal, and to the project team for all their work on pulling this proposal together after the withdrawal of the IFC project. The UK notes that this proposal reallocates resources from the IFC to IBRD and merges two FIP investments. Furthermore it is intended to build on work already carried out with the existing IBRD project xxx already under implementation. Since the FIP currently faces a significant grant shortfall, the UK is particularly interested in exploring where savings might be derived from this merger – for example through a joined up management structure and streamlined activities. We are pleased to see the learning links with other work from Ethiopia on artisanal mining.</p> <p>We have a number of questions, some of which might be easier to address in a phone call.</p> <p>Theory of change/project rationale</p> <p>Currently it is difficult to follow the theory of change in this proposal and to understand the interaction between the various components. This was always going to be a challenge bringing together what were distinct proposals. How does the investment in forest plantation development link to cocoa growers and sites? What are the links between cocoa growing and artisanal mining? Is the plantation development restricted to mining rehabilitation sites? Is there any evidence of an overlap (either geographically or in terms of those working in these activities?) between the artisanal mining and cocoa?</p> <p>Plantations</p> <p>Is there potential to take a detailed look at the plantations and see if both those and the shaded cocoa can support corridors, linking with high conservation and/or protected areas?</p> <p>What is the potential for the use of improved varieties related to the plantations? Would this have the potential to increase market access and also contribute to resilience</p> <p>Given the recognised need to ensure the enabling conditions are right to ensure long-term private investment, is the focus on establishment of plantations (given the IFC failure to identify firms) correct? Will there be a trial of differing approaches, to examine which is successful? Is there a role of CREMA/community owned private plantations and how could this be supported?</p> <p>The potential scale up for the tree plantation scheme depends on access to markets and processing. This will be key and therefore reforms to ensure this takes place will be needed. The ability of the tree plantation schemes to be sustainable in the long-term is questionable without continued governance and tenure reforms.</p> <p>Artisanal mining</p> <p>Work on the artisanal mining sector especially rehabilitation of the site has good potential to generate co-benefits. Environmental and human health linked to inappropriate mining and site contamination has a large impact both in the long and short-term and remedial action will bring broad benefits. However, by focussing on previously mined sites is there a risk that this might encourage the proliferation of other sites? Can you provide reassurances that the actions of other initiatives to discourage illegal artisanal mining and/or to encourage less environmentally damaging processes, will be active in the same regions?</p> <p>How many sites will actually be rehabilitated the documents say 2 but the indicator says 5?</p> <p>Reference is made to the potential to scale up the work on the rehabilitation of illegal artisanal mining sites and alternative livelihoods work if the pilots are successful. They could feed into complimentary national level programmes, but there needs to be assurance that this can be done in a cost effective manner.</p> <p>Safeguards:</p> <p>These seem to be well covered, although studies may be needed of artisanal miner</p>	Apr 20, 2018



groups to fully considered, what is their social make-up, are they migrants into the area? What is the risk of conflict? If contaminated tailings are removed from the sites where and how will they be stored/disposed?. Important to ensure native plant species are used, especially in rehabilitation of mining sites located in HCV areas. The risk for invasive species here could be high. Potential for conflict with mining communities, where are the mining communities from, will livelihood alternative put them in competition with local communities?

We would appreciate more detail on the types of action and measures that will be taken to include and achieve results with women. There should be greater analysis on the impacts on women and girls and setting some clear targets could help drive this. Given the numbers of women involved in Artisanal mining will there be specific targeting of alternative livelihoods activities for them?

Can savings be made to ensure greater cost effectiveness especially within the pilot sites. \$6m for this component with a focus on 2(5) sites seems substantial without a detailed breakdown. Are there any opportunities for savings to be made, building on PMEH and also the existing national programme? Can the cost of component 3 be covered in the existing programme?

Cost savings and efficiency measures should be looked at closely, especially between the components.

Results/targets: An additional area of 113,633 ha, does this include the private plantation and the rehabilitated sites? The same for the 106,647 ha additional under this in open forest (the closed forest is also revised)) Why no change in the core indicator of CREMA management, or gas emissions reductions if the area has increased? Any idea of numbers of people given alternative livelihoods?

Response 1 Meerim Shakirova IBRD

Thank for the comments, kindly see IBRD responses below:  
Streamline to save

May 27, 2018

Re: The two additional financing components are already integrated with the existing ENFAL project structure, steering committee and Project Management Unit (PMU). The team will explore areas where saving can be made. However, it is important to note that the added components will require additional coordination with more agencies and more outreach with local governments and local communities. The project end date will also be extended, so more management time is needed. We also seek to learn lessons from Zambia and other countries on artisanal mining and control of pollution.

Theory of change/Project Rationale

Re: Drivers of deforestation in Ghana include cocoa expansion, illegal timber harvest, illegal artisanal mining and charcoal / woodfuel collection, as described in the Ghana Forest Investment Plan (2012). ENFAL is addressing the first two, through changes in policies and piloting of practices. The 2 additional components, small scale plantations and mining rehabilitation, expand the effort to address drivers of deforestation through policies that change behavior and practices that demonstrate results on the ground. Plantation development will supply timber that will help to reduce pressure on natural forest. Controlling illegal mining and rehabilitating mined out sites will provide a demonstration of ways to halt and reverse degradation due to illegal small scale mining. Directly, ASM increases deforestation and raises emissions, along with other degradation and negative externalities from the mining sites. Indirectly, farmers who lose livelihoods or cocoa growing areas may encroach further into forested areas to seek livelihoods.

- Plantations will only be developed in mined out areas or other degraded areas. It will not replace areas currently covered with forest. The investment in forest plantation development can be one of several livelihood options explored on a pilot basis, focusing on degraded and rehabilitated areas. For a viable timber plantation site, we need a willing landowner plus community engagement, a willing investor, an available market (and transport). Plantation investments will be in FIP target zones, but not all in mining affected zones. This is consistent with the intention to incentivize legal timber production to reduce pressure on forests due to illegal harvesting. Tree plantations in the mined-out sites would stabilize and rehabilitate degraded land and provide an alternative livelihood to community members. The logic is that non-edible, but commercially valuable timber species would provide a win-win opportunity as a rehabilitation option – compared to other types of vegetative cover, which may also be part of the mix of interventions. The adoption of this option in any specific areas would be done in consultation with the local population.

- Yes, cocoa production and artisanal mining overlap geographically in parts of the Western, Eastern and Brong Ahafo regions. Cocoa farms may be adversely affected when degraded by mining activities. Cocoa farmers may also benefit by leasing land or participating in ASM for short term high returns. Some miners are temporary migrants to the area. People in mining affected areas need alternative livelihoods, technical assistance with reclamation, and improved governance to ensure better



land control and prevent reentry by illegal ASM.

## Plantations

Re: All of Ghana-FIP is oriented around corridors that link forest reserves (high conservation value areas, but not parks) in BA and Western Region. The plantation enabling policies, CREMA establishment and shaded cocoa efforts (under ENFAL) are targeted in these areas.

- Species to be used for reclamation / rehabilitation sites will be selected on the basis of their ability to grow fast and rehabilitate mined out sites, with a preference for native species, and in accordance with the Bank OP/BP safeguards. In addition, their multipurpose use and their value for timber production will be taken into consideration. FIP ENFAL has invested in establishing nurseries for propagation of a few selected native species of high commercial /local value and these have been targeted mainly for enrichment planting and for trees on farms. However, these species have long maturation times and may not be as viable for short rotation timber plantations that relieve pressure on forests. The aim of small scale plantation development with the limited FIP resources is to support a few investments that can demonstrate successful approaches, meaning firms with a credible track record, growing improved varieties and bringing technological improvements to Ghana.

- Yes, the small-scale plantations will diversify employment opportunities in rural areas, develop new skills and contribute other resilience benefits, including stabilizing soils, supplying inputs to the local economy, and supporting local food security in areas where the MTS approach provides communities with the opportunity to grow crops in the early years of plantation establishment.

- FIP ENFAL has invested in improving the enabling environment for timber plantation establishment by publishing guidelines, engaging with investors in a plantation forum, and identifying areas suitable for plantation development. Government – Private PPP models have been promoted outside of FIP ENFAL, with private resources and some through FIP's private sector window through AfDB. IFC's analysis of the sector (2015) identified projects and firms with interest to invest in plantations, but did not identify viable IFC investments, meaning firms and projects of a scale of interest to IFC with the potential to serve as lead/model firms, plus being interested to borrow from IFC. The emphasis in this proposal is on small scale plantations in the hundreds of hectares. At this scale, there are interested small and medium enterprises that need financing support, technical assistance, and administrative support for working with local communities and land owners. As noted, the Uganda model provides a successful case study. Because these are smaller scale, a larger number of trials (sites/SMEs) can be identified and supported to learn what works in the local context.

- Yes, there is a role and the project will seek these opportunities. CREMA institutions appear to be making strong progress as vehicles for devolving management responsibilities for specific areas. However, these institutions are still young and may not be ready for commercial partnerships. If plantations are developed in mined out areas, these would likely engage with local communities that are not yet organized into CREMAs. Community based enterprises and partnerships will be promoted as possible.

- Scaling up is one of the goals of the pilot initiative. We concur governance reforms are needed, and as noted above, these have begun with the implementation of ENFAL and the REDD+ Readiness investments to date. FIP ENFAL has improved relationships with communities, local traditional authorities. These will be helpful in the effort to spread news of good examples and successful pilots, which will lead to upscaling. The Government's plantation policy and strategy plus the wood procurement policy will further help to improve enabling conditions.

## Artisanal mining

Re: We agree and expect that the co-benefits are substantial. These include reduced erosion of riverbanks, sediment pollution of waterways, use and release of toxic materials into the environment, reduced human health effects in reclaimed areas, reduced impact of sediment and pollution on aquatic species, and improved recognition of the rule of law, as well as awareness of the long-term detrimental effects of destructive mining practices. Availability of positive demonstrations and models for upscaling to other areas with new sources of financing is also a co-benefit.

- This proposed activity is coordinated with a larger GoG initiative to halt and reverse the destructive activities associated with illegal ASM sites. Beyond the initial enforcement campaign and ban on small scale mining, the GoG's Multilateral Mining Integrated Programme (MMIP) has a longer-term forward plan to shift incentives, consolidate ASM locations, regulate mining better, and engage communities in more sustainable livelihood alternatives. The proposed activities in this package will be implemented and integrated with the umbrella framework of the MMIP and fully



coordinated with MESTI and MLNR leadership of the MMIP. This investment is designed to develop lessons and successful models that can be scaled up and replicated. In this larger framework of political action and governance improvement, we do not believe that the very small-scale activities that are proposed will encourage proliferation to other sites.

- Further, to protect against further proliferation, the project, as part of component 1, will involve relevant institutions and conduct legal analysis and establish and disseminate policy, standards and guidance, systems and capacity at national, regional and local level to sustainably control illegal artisanal mining and protect rehabilitated sites.

- Engagement of local communities, particularly those involved in artisanal mining, in alternative livelihood (nursery and timber production) is targeted to shift the focus from illegal mining to a more sustainable way of life. However, this is a pilot initiative and more resources are needed to rehabilitate more land and develop alternative livelihoods for illegal miners. We expect that the GoG will identify additional resources that can build upon the lessons and successes achieved under this initiative.

- Between 150 and 300 ha. This broad range is due to the variation of cost per hectare depending on the actual local conditions of the site. We will adjust the text and RF to be aligned.

#### Safeguards

Re: The Ghana FIP PMU project team is updating the Environmental and Social Management Framework and Process Framework which will provide the socio-economic conditions of artisanal mining areas targeted for further action (at a general level). When specific sites are known, a site specific ESIA will be prepared to provide baseline on the socio-economic conditions and mitigation measures on how to dispose contaminated soils and address conflicts, if any.

Species to be used will be selected on the basis of their ability to grow fast and rehabilitate mined out sites, with a preference for native species, and in accordance with the Bank safeguards.

- Going forward, Gender and setting up of clear target to benefit women will follow the Bank's gender strategy. For example, women may have interest in different livelihood activities as an alternative to engagement in mining. Women's participation is essential to the development of alternative livelihood activities. Women also need to benefit from awareness and outreach about the negative effects of mining pollution on water and health. These considerations will be further described in the PAD.

#### Cost Saving

Re: This is a constructive suggestion and the team will explore areas where cost saving can be made. The area estimates are based on the idea that reclamation and rehabilitation may cost from \$20,000 to \$40,000 per ha, so the available funds could affect 150 to 300 ha. A specific site may encompass many degraded hectares, but only a smaller core area may need full scale remediation of chemical pollution. Plus, the locations for action need to be further screened and agreements reached with a range of local stakeholders. Thus, there is considerable uncertainty about the area that can be successfully rehabilitated with these funds. However, there is also considerable potential for cost sharing and leveraging of funds from the Government's MMIP, which may receive support from other partners, as well as own financing from the Government. We will correct discrepancies in the results framework.

#### Results/Targets

Re: This is a discussion of the indicator on "Area of forest in targeted landscape". We have revised the indicator upward by 5,454 ha only from the original target. The figure in the question subtracts the current (actual) column from the revised cumulative target, which overstates the actual proposed change. The area in open forest is overstated through the same subtraction.

- The increment of 5,454 ha does include small-scale plantations as part of Open forest. The closed forest has not been revised as indicated in the RF. CREMA activities are not part of the proposed Additional Financing components, so are not revised. Opportunities will be explored to work with existing CREMAs/ community based organizations as described in the PAD.

- Concerning adjusting the GHG emission reduction targets, it will be considered during restructuring when the figures are obtained after the mid-term assessment from the current ENFAL project. Currently, some targets are exceeded at midterm, so there will be an opportunity to adjust the final targets upward.

- For number of people benefitting from alternative livelihoods under the Additional Financing activities, consultant studies of possible mining intervention areas (commissioned by the Government) are currently underway and the information will



soon be available. As noted above, there will remain considerable uncertainty about the specific areas to be rehabilitated, if a degraded ex-mining site covers a wide area. This will influence the number of project beneficiaries.

Response 2	Gaia Allison	United Kingdom	<p>The UK would like to thank the IBRD team for the detailed responses to our questions. We are satisfied that these answer our technical points.</p> <p>However, since this is additional finance and the FIP is experiencing a funding shortfall, we would like to ask that the team takes a further look at whether some specific cost savings can be derived from the budget prior to approval.</p>	Jun 10, 2018
Response 3	Meerim Shakirova	IBRD	<p>Many thanks for the comment, it is greatly appreciated.</p> <p>In recognition of the need for cost savings, the Government and World Bank have reduced the proposed budget by US\$500,000 by consolidating some management costs and reducing the number and scale of mining site interventions.</p> <p>The World Bank will circulate the updated PAD for information purposes (given the budget changes) before Board approval.</p>	Jun 21, 2018
Comment 2	Katie Berg	United States	<p>Thank you for the opportunity to review this project document. We have a few questions before proceeding.</p> <ol style="list-style-type: none"> <li>1. Is there any connection between the additional proposed activities (land rehabilitation after mining and plantation development) with the original activities of the project?</li> <li>2. Will the timber plantations supported under this project be located on the rehabilitated land? Has the World Bank conducted any studies on whether rehabilitated land is suitable for plantation development? Has the Bank looked into whether other conditions are conducive to the development of plantations?</li> <li>3. The project document mentions engagement with communities, particularly miners, to identify suitable alternative livelihoods. Is the assumption that the timber plantations would provide the alternative livelihoods? How attractive are the returns that communities or individuals might earn by engaging in these alternative livelihoods?</li> </ol> <p>Thank you.</p>	Apr 20, 2018
Response 1	Meerim Shakirova	IBRD	<p>Thank you very much for the comments, kindly see below IBRD responses:</p> <p>Comment: Is there any connection between the additional proposed activities (land rehabilitation after mining and plantation development) with the original activities of the project?</p> <p>Re: The original project includes policy and practice improvements to promote private investment in plantations. Mining is recognized in original FIP documents as a driver of deforestation, but in recent years it has become more important and widespread for economic and political reasons. All the proposed activities will be implemented in the FIP target zones in the HFZ.</p> <p>Comment: Will the timber plantations supported under this project be located on the rehabilitated land?</p> <p>Re: The small-scale plantations supported by this project will be located in deforested and degraded sites. An effort will be made to support some of the plantation investments nearby to mining reclamation areas. However, note that the number of mining reclamation sites will be small and localized, while there is potential to support 20 to 40 small scale plantations of 10 to 100 ha. SMEs that want to borrow money to invest in timber plantations may have locations already proposed, closer to markets, towns or processing facilities. To be eligible for support, an applicant will have to develop a fire management plan, a plan for social and environmental safeguards, estimate of employment generation potential, and a financial appraisal (to be submitted and approved by FC).</p> <p>Comment: Has the World Bank conducted any studies on whether rehabilitated land is suitable for plantation development?</p> <p>Re: The proposed AF will fund pilot activities to test and demonstrate what approaches work at what cost. The aim of rehabilitation is first to halt and reverse the destruction and degradation. The pilot sites will aim to demonstrate what species and methods result in positive impacts and reduced risk of exposure to environmental harms. The tree and bamboo planting on degraded areas may not result in commercially viable plantations, though we will look for those opportunities.</p> <p>Comment: Has the Bank looked into whether other conditions are conducive to the development of plantations?</p> <p>Re: Yes. The existing FIP ENFAL has a component dealing with policy and enabling conditions for forest sector investment. The Government has established a dialogue platform with plantation investors to focus on the issues and improvements needed to stimulate private sector engagement. Media reports indicate that existing sources of timber in Ghana continue to decline, which only increases the demand for alternative sources of timber.</p> <p>Comment: The project document mentions engagement with communities,</p>	May 27, 2018



particularly miners, to identify suitable alternative livelihoods. Is the assumption that the timber plantations would provide the alternative livelihoods?

Re: Timber growing, woodlots, or plantations may be one of several livelihoods alternatives on a site by site basis. Tree growing as a commercial livelihood will depend on the convergence of interests among land owners, community members, former miners, and potential investors. As noted above, the project proposes to support small scale plantations located in deforested and degraded sites, with areas of 10 to 100 ha, with loan size of \$100,000 to 150,000. These will not be large commercial scale operations.

Comment: How attractive are the returns that communities or individuals might earn by engaging in these alternative livelihoods?

Re: Gold mining is very lucrative and very destructive, as now practiced at small scale in Ghana. Most rural land use alternatives have lower value. Communities will not likely move to alternative livelihoods for economic reasons alone, but rather due to a combination of awareness raising, health information, enforcement of rules, and establishment of safer, more contained mining approaches.

Comment 3 Coraina de la Plaza FIP Observer-Global Forest Coalition

Overall, we welcome the project component focusing on the rehabilitation of mined-out sites and the promotion of other activities given the highly negative impacts on health and environment of mining activities. However, we are concern about certain elements of the project and more clarity is needed regarding social and environmental aspects.

Apr 25, 2018

The support to timber trees and fast-growing species by plantation enterprises in or nearby minedout areas, as is proposed now, poses several problems. Timber plantations are, per definition, temporal and therefore do not offer a real climate change mitigation potential as the first FIP investment criteria requires. They are, in fact, very often associated to both social and environmental negative impacts. Likewise, the type if species that will be used in the timer and fastgrowing plantations is not clear at this stage. Bamboo and indigenous species are mentioned but more clarity is need as the outcomes for both environment and communities' livelihood are dependent on this element.

The project envisages that plantation developers who access the loan funds will provide employment benefits to nearby community members but neither real targets have been yet

established nor future alternative activities once the plantations have been established. This is of crucial importance given the strong social component that this project has and considering that plantations is one of most extensive labor activities. On community engagement, Free Prior and Informed Consent (FCIP) should be explicitly

mentioned and required from communities directly and indirectly affected by the project. This especially relevant for the selection of project sites for plantation development in mined-out sites. Currently, the project only states that this will be "discussed in a participatory manner with local communities".

The acknowledgment of the Gender aspects and the disproportionate negative impacts and burden that women bear is welcomed. However, there is a concerning lack of indicators and specific targets specifically aimed to address gender related issues.

The documents states that the SESA and ESMF, among other relevant documents, are currently being updated. However, these are key documents for the choice of species for rehabilitation of degraded land, avoidance of adverse impacts on people and environment, process to select with the communities the mined-out sites, social and environmental impacts, long-term alternative livelihoods, etc. Considering that the social, environmental and the overall risks of the project are rated as "substantial", it becomes crucial to first have a robust and finalized ESMF before further additional funding approval.

Response 1 Meerim Shakirova IBRD

We appreciate your comments, kindly see IBRD responses below.

May 27, 2018

Comment: The support to timber trees and fast-growing species by plantation enterprises in or nearby mined-out areas, as is proposed now, poses several problems. Timber plantations are, per definition, temporal and therefore do not offer a real climate change mitigation potential as the first FIP investment criteria requires. They are, in fact, very often associated to both social and environmental negative impacts. Likewise, the type of species that will be used in the timber and fast-growing plantations is not clear at this stage. Bamboo and indigenous species are mentioned but more clarity is need as the outcomes for both environment and communities' livelihood are dependent on this element.

Re: Timber plantations are recognized as valid methodology under the CDM. The amount of carbon saving is based on the rotation cycle. The potential environmental and social impacts are associated with large-scale monoculture plantations, which



will not be supported by this project.

When assessing the value of plantation establishment in the context of this proposal, it is also important to consider the environmental baseline in degraded and mined out areas. Cocoa farms, river banks, and forested areas have been destroyed and displaced. Erosion and sedimentation of water bodies causes visible and widespread downstream water pollution. Toxic pollution may be present, but will need further site by site assessment. The pollution aspects affect much more than the local community. Against this backdrop, interventions to stabilize the soil, rehabilitate the land, and control /contain contaminants will have positive benefits for local communities and downstream residents. Planting of tree species and bamboo can be organized with local communities, not as commercial plantations. Species to be used will be selected on the basis of their ability to grow fast and rehabilitate mined out sites, with a preference for native species, and in accordance with the Bank safeguards.

Comment: The project envisages that plantation developers who access the loan funds will provide employment benefits to nearby community members but neither real targets have been yet established nor future alternative activities once the plantations have been established. This is of crucial importance given the strong social component that this project has and considering that plantations is one of most extensive labor activities.

Re: We agree that FPIC will be followed. It is a policy of the World Bank.

Comment: The acknowledgment of the Gender aspects and the disproportionate negative impacts and burden that women bear is welcomed. However, there is a concerning lack of indicators and specific targets specifically aimed to address gender related issues.

Re: We agree. We will include more specific actions and indicators.

Comment: The documents states that the SESA and ESMF, among other relevant documents, are currently being updated. However, these are key documents for the choice of species for rehabilitation of degraded land, avoidance of adverse impacts on people and environment, process to select with the communities the mined-out sites, social and environmental impacts, long-term alternative livelihoods, etc. Considering that the social, environmental and the overall risks of the project are rated as "substantial", it becomes crucial to first have a robust and finalized ESMF before further additional funding approval.

Re: We agree. The revised and approved ESMF document is required before Bank approval. It is a condition of appraisal and additional financing.