

# THE IMPACTS OF INTERNATIONAL REDD+ FINANCE

## GHANA CASE STUDY

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The views contained in this document are the views of the author in her personal capacity. The document does not necessarily represent the views of any government, the peer reviewers, or the funders. Financial support was provided by the Climate and Land Use Alliance.

## ACRONYMS

CF	Carbon Fund
CIF	Climate Investment Fund
DFID	Department for International Development (United Kingdom)
ERP	Emission Reductions Program
ERPD	Emission Reductions Program Document
ER-PIN	Emission Reductions Program Idea Note
FC	Forestry Commission
FCPF	Forest Carbon Partnership Facility
FIP	Forest Investment Program
IFC	International Financing Corporation
ITTO	International Tropical Timber Organization
IUCN	International Union for Conservation of Nature
MLNR	Ministry of Lands and Natural Resources
MFI	Multilateral finance institution
MRV	measurement, reporting and verification
NRS	National REDD+ Secretariat
REL	reference emission level
R-PIN	Readiness Program Idea Note
R-PP	Readiness Preparation Proposal

Note that throughout this report all dollar amounts are U.S. dollars.

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## INTRODUCTION TO REDD+ FINANCE IN GHANA

“A journey of 100 miles begins with a single step”. This well-worn quote, which was laughingly spoken by one of the respondents, highlights the step by step process that has characterized REDD+ and the tremendous achievements that Ghana has made in moving many miles down the path. Nonetheless, REDD+ is not a done deal yet in Ghana, and it is easy to question or doubt the impacts of REDD+ investments into Ghana if too much focus is put on end results or grand financial expectations. In truth, the impacts that have been achieved as a result of REDD+ funding to Ghana are probably not what was originally envisioned by the initial group of decision-makers, stakeholders and experts who drafted or reviewed Ghana’s Readiness Program Idea Note (R-PIN) in 2007/8, but it is also very likely that no one could have imagined just how much Ghana has achieved in light of the evolving international context of REDD+, the slow disbursement of REDD+ funds to Ghana in the early years (Asare et al., 2013), and the lack of significant available (disbursed) funds to support piloting and implementation. It’s also unlikely that they would have foreseen the innovative and relatively unique strategic direction that Ghana has taken in adopting its first Emission Reductions Program (ERP) focused on the Cocoa Forest Mosaic Landscape and in envisioning a programmatic (jurisdictional), landscape-scale REDD+ roll-out that will follow with a Shea Nut Savanna Woodland ERP and possibly a mangrove program as well.

This case study on the impacts of REDD+ finance in Ghana came together using three main sources of information: expert interviews, access to Ghana’s “REDDX” data and reports<sup>1</sup>, and the author’s observations and experiences with REDD+ in Ghana since 2009. Fourteen experts from donor institutions, government agencies, NGOs, and research organizations were contacted to respond to a semi-structured questionnaire that was either administered in person or through email. In total, ten people responded and contributed their perspectives on the impacts from REDD+ finance in Ghana.

### WHAT TYPES OF FUNDING HAS GHANA RECEIVED FOR REDD+

Between 2009 and 2013, approximately \$118 million was committed to institutions in Ghana to support REDD+, while approximately \$19 million in REDD+ finance was actually invested or disbursed to in-country recipients, including government institutions, NGOs, research institutions and companies (Agyei and Asare, 2014). Data collection by the government aimed at tracking REDD+ expenditures in 2014 is currently on-going, but it is estimated that an additional \$9.3 million was disbursed in 2014 and new commitments totaled approximately \$15 million<sup>2</sup>.

Funding for REDD+ can be broadly divided into three categories; 1) funding to support REDD+ “readiness” and an enabling environment, 2) funding to support implementation, and 3) results-based finance. As of 2013, the majority of REDD+ funded programs and initiatives in Ghana (receiving approximately 25% of committed REDD+ finance) aimed to support the development of REDD+ readiness and the creation of an enabling environment. As of 2013, however, the majority of *funds* for REDD+, totaling over \$90 million, had been committed from the Climate Investment Fund (CIF), via multilateral development banks, and from the Government of Ghana as an in-kind contribution, to support implementation of activities under Ghana’s Forest Investment Program (FIP). To date, however, less than \$1 million has been disbursed in-country on the FIP, and this has only been for program development.

Table 1 provides an overview of international REDD+ finance committed and/or disbursed in Ghana from 2009 to 2013. It shows the different types of institutions investing in REDD+ and the number of financial flows going to the different activity category (though not exclusively). The table clearly shows that the vast majority of REDD+

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<sup>1</sup> REDDX is an international project, supported by the German Government that is focused on tracking REDD+ expenditures in Ghana, and in thirteen other countries. It is implemented at the international level by Forest Trends. In-country partners are the Forestry Commission and Nature Conservation Research Centre (NCRC).

<sup>2</sup> Personal communication from Kwame Adjei, National REDD+ Secretariat, The Forestry Commission of Ghana.

investment in Ghana has been to support the development of REDD+ readiness and an enabling environment. Some financial investment has been made on *forest carbon project* design, but only two investments from multilateral finance institutions (MFI) have done so with an intent on developing *performance-based/carbon offset* projects or producing *emission reductions*. Both of these investments are affiliated with Ghana’s FIP.

**Table 1:** Institutional types investing in different types of REDD+ activities in Ghana (2009-2013) and frequency of investment in activity areas

Type of Institution	Stakeholder Engagement	Rights & Tenure	Safeguards / GRM	Benefit Sharing	MRV / REL	Policy Law Analysis	Capacity Building	Forest Carbon Project Design	Improved Forest & Land Management	Performance Based / Carbon Offsets	Emission Reductions	Other
Multilateral Financing Institutions	10	4	4	1	4	6	8	4	8	2	2	
Bilateral	10	3	7	1	2	2	9	2	7			2
NGO	10	1	2		10	5	10	3	7			1
Private Sector					1		1					
Foundation	3	1	1		2	2	3	1	2			
Academia					1				1			

With respect to results-based finance, in 2014, Ghana came closer to the possibility of receiving performance-based payments with the acceptance of its Emission Reductions Program Idea Note (ER-PIN) by the Forest Carbon Partnership Facility’s (FCPF) Carbon Fund (CF). If Ghana’s Emission Reductions Program Document (ERPD) is accepted in 2016, then Ghana will be eligible to receive up to \$50 million (approximately) in results-based payments for reducing emissions across its “Cocoa Forest Mosaic Landscape”.

Therefore, in Ghana, while the bulk of expected REDD+ finance is oriented towards implementation and results-based payments, the reality to date is that the majority of activities and available funding has been focused on building readiness and the enabling environment to support implementation.

## FUNDING TO SUPPORT READINESS AND AN ENABLING ENVIRONMENT

The majority of REDD+ initiatives and related programs and activities in Ghana are intended to support the development of readiness and an enabling environment, and are not specifically focused on directly or immediately reducing deforestation or degradation, or producing emissions reductions or enhancements. The majority of this finance is coming from: MFIs, e.g. Multilateral Development Banks, European Union, International Tropical Timber Organization (ITTO), European Union; bilateral finance from donor governments, e.g. Japan, United States, Netherlands, Norway, Germany, Denmark; and international NGOs, e.g. among others, the Rockefeller Foundation, Forest Trends and the International Union for Conservation of Nature (IUCN).

The investments from MFIs have primarily focused (or intend to focus) on: *stakeholder engagement, improved forest and land management, capacity building, policy and legal analyses*. These are followed equally by *rights and tenure, safeguards, measurement, reporting and verification (MRV), reference emission level (REL), and forest carbon project design*. Bilateral donors have financially targeted *stakeholder engagement, capacity building, safeguards, and improved forest and land management*. International NGOs have tended to invest in *stakeholder engagement, MRV/REL, capacity building, improved forest and land management, and policy and legal analysis*.

In many cases, the financing to support *forest carbon project design* has been to test elements of REDD+ on the ground, build governance structures or assess feasibility, but not to actualize REDD+ at a project level. For example, the Danish government gave REDD+ finance to IUCN-Ghana to support testing of benefit sharing arrangements. The ITTO has supported the Forestry Research Institute of Ghana in developing participatory management and governance structures for protected forests. And the Rockefeller Foundation funded Forest Trends and the Nature Conservation Research Centre to assess REDD+ feasibility of a “Cocoa-Carbon” project. In a similar vein, many REDD+ investments have sought to “improve” forest and land management, but not with a performance-based orientation.

### FUNDING TO SUPPORT IMPLEMENTATION

After the acceptance of Ghana’s Readiness Preparation Proposal (R-PP) by the FCPF in 2010, the National REDD+ Secretariat (NRS) called upon interested proponents to submit applications to become National REDD+ Pilots. In the end, nineteen applications were submitted and seven were selected as national pilots. Unfortunately, most of the pilots did not have sufficient funding to seriously move forward with project development. While many of the pilot proponents assumed that the government would provide support, this was not possible as FCPF “readiness” funds specifically precluded the support of piloting. The NRS did seek funding from the Swiss government (approximately \$5 million) to support “off-reserve” pilots, but this never materialized and so the majority of pilots have only progressed on paper to the point of “pre-feasibility” assessments.

One of the pilots, implemented by IUCN-Ghana has received donor government support, and lessons on pro-poor REDD+, benefit sharing and governance have followed, but IUCN never intended to focus on the “carbon” elements of REDD+. The articulated Cocoa Board pilot, focused on reducing deforestation from cocoa encroachment into forests and enhancement of carbon stocks on-farm, was effectively adopted into the FIP, but it has yet to be implemented on the ground. And one private sector company that was accepted as a pilot claims its investments to support agroforestry, non-timber forest products and tree planting as being part of a REDD+ play, but it is unclear to what extent the project is formally moving forward along this pathway or how it will reduce deforestation or demonstrate significant enhancements.

As a result, implementation remains the weakest and least funded (disbursed funds) aspect of REDD+ in Ghana to date. What is unfortunate is that both the government and NGO sector tried to generate support for implementation activities, but the international community was uniformly unresponsive, or followed a different line of thinking with respect to investments.

There is only one REDD+ initiative in Ghana receiving international REDD+ finance that is focused on implementing activities to address drivers of deforestation and degradation and/or produce carbon benefits, either through emission reductions or carbon stock enhancement. This is Ghana’s FIP. The FIP represents an investment from the CIF through three multi-lateral development banks to the Government of Ghana, aimed at transforming the forestry sector, while producing climate benefits.

Ghana’s FIP Investment Plan was approved by the CIF in 2012 and is managed by the Ministry of Lands and Natural Resources (MLNR). Though it is the sector ministry for the Forestry Commission, the MLNR is distinct from Ghana’s REDD+ Secretariat, which is housed by the Forestry Commission. This separation caused major delays in development of the FIP as its goals and objectives were not initially viewed as being about REDD+ by all concerned decision-makers

in Ghana. It also means that the REDD+ Secretariat does not have direct oversight over how the various projects will be implemented, though it could be involved in various components of FIP implementation. There has been a strong push by the donors to position this investment as leading to emission reductions. Ghana intends to utilise investment from the FIP to address some of the underlying drivers of deforestation and to catalyse “transformational change” in the forestry sector.

The FIP represents the biggest commitment to REDD+ in Ghana. By the end of 2013, over \$90 million had been committed in funding for FIP, representing about three-quarters of the total funding for REDD+ activities in Ghana. As of 2013, however, less than \$1 million had been received in country. These funds come from four main institutions:

- a. World Bank: \$30 million

**Project 1: Reducing Pressure on Natural Forests through an Integrated Landscape Approach** This project is designed to address unsustainable forest management practices in Ghana through ‘upstream policy interventions’, piloting of REDD+ interventions and capacity strengthening, and sustained communications to enhance understanding of REDD+ (World Bank 2014).

- b. African Development Bank: \$24.55 million

**Project 2: Engaging Local Communities in REDD+/ Enhancement of Carbon Stocks**

- c. International Financing Corporation (IFC): \$10 million

**Project 3: Engaging the Private Sector in REDD+** This project will include the establishment of a credit facility (\$7 million) and a technical support programme (\$3 million) for private sector actors to enhance their participation in REDD+ in Ghana. The project will have a national scope.

- d. Government of Ghana: \$30 million

Estimated in-kind contribution and investment on all three projects.

Though the process of developing the FIP projects has been slow, and to date funds have only been received to support development of the program, it is expected that by mid-2015 work plans will be completed, enabling disbursement of additional money to support on-the-ground implementation. The majority of the FIP funds will be used to support the implementation of activities by government institutions. It is also likely that the magnitude of FIP investment will be reduced. There are two reasons: 1) the MLNR still does not have clarity on the IFC component, and 2) the MLNR will be reducing its cost-sharing commitment from its original projection of over \$30 million to just under \$5 million.

## RESULTS-BASED FINANCE

In April, 2014, Ghana presented a proposal for an ERP to the CF. The program falls within the ecological boundaries of the High Forest Zone and focuses on reducing emissions associated with cocoa expansion and loss of shade trees on-farm, in addition to other drivers. Unique in its articulation of a commodity-based jurisdictional approach that prioritizes institutional collaboration and private sector engagement, the program was accepted into the CF’s pipeline and has now moved into the development phase, with a goal to submit an ERPD in early 2016.

Acceptance of the ER-PIN has meant that approximately \$650,000 is allocated via the FCPF to support drafting of Ghana’s ERPD. If successful, the ERP could generate up to \$50 million in payments from the CF for emission reductions produced in the first five years of the program.

## OBSERVED IMPACTS OF INTERNATIONAL REDD+ FINANCE

### ENVIRONMENTAL IMPACTS

Ghana is yet to see a significant environmental impact from REDD+ finance for three main reasons. The first is that the bulk of effort, if not funding, has been focused on developing an enabling environment, including needed systems, structures, understanding, capacity, legislative backing, and detailed activities and implementation plans. The second reason is that Ghana's national REDD+ pilots, which should have resulted in early environmental impacts and lessons, were conceived under the impression that they would receive substantial support from government when in fact this was not the case. To date, there has been acutely limited funding for the outright implementation of activities to reduce deforestation or degradation. Finally, despite the fact that the majority of REDD+ funds appear to be geared towards "implementation" of the FIP, only a limited amount has been released in support of the program's development. So in reality, over the time period, the majority of available REDD+ funds have only sought to build the needed readiness and create the enabling environment and not to specifically reduce emissions or enhance carbon stocks.

The majority of experts contacted for this case study recognize that environmental impacts directly resulting from REDD+ will take some time to manifest and can only be assessed objectively in the long term rather than the short to medium term. Real access to REDD+ readiness finance only started arriving in country in the past five years, and most investments have been focused more on building readiness and creating the enabling environment necessary for effective implementation of REDD+ interventions on the ground. Thus, any significant measured and reported changes could only be the result of past strategies and project interventions that cannot be credited to recent REDD+ finance inflows.

Nonetheless, there are indications that as a result of support from international REDD+ finance, key steps have been taken or achievements made that suggest Ghana is on track to realizing future environmental impacts. These include:

- Political and institutional bridges have been built and crossed that will produce environmental impacts if the process continues. A clear example is the Cocoa Forest REDD+ Program and collaboration between the Forestry Commission (FC) and Ghana's Cocoa Board.
- Capacity on measuring and monitoring carbon stocks, forests and land use, and land-use change, both in the field (inventories) and via remote sensing methods has been substantially enhanced, which indicates that Ghana has taken considerable strides in being able to monitor and measure the environmental impacts (or not) from REDD+. Multiple experts cited the progress in the development of an MRV system as a critical step to achieving environmental results; however, a functional Forest Monitoring and MRV system for REDD+ is still under development in Ghana.
- The National Forest Plantation Development Program will be significantly scaled up as a result of FIP investment, with a strong focus not only on carbon stock enhancement and benefit sharing, but also enhancement of biodiversity through mixed species plantations.
- IUCN-Ghana's work to identify the potential for landscape scale restoration will lead to the selection of Ghana's FIP sites and articulation of specific project activities.
- The drivers of deforestation and forest degradation are clearly defined and understood, and multiple sources of REDD+ funding have supported work to define and test steps and activities to reduce these drivers.



- Initiation of the ERP and outreach to all of the key stakeholders (government, land owners and land users, civil society and private sector) in the landscape who need to engage and invest to achieve an impact has been accomplished.
- Engagement with a view to implementation in REDD+ is growing. A surge of new ideas, concepts and projects have come from NGOs and the private sector in the past year and a half, with associated funding. Two examples are a private investment company negotiating with the Government to turn Atewa Forest Reserve into a national park and in doing so produce credits/emission reductions, and growing support to mangrove conservation and restoration along Ghana's coast—a key carbon sink that has often been neglected.

As a result of REDD+ finance, climate-smart agriculture has emerged as a strategy to bridge forestry and agriculture in key landscapes in a manner that provides mitigation and adaptation benefits. It has also added strong new support to the call for key policy and legislative reforms, particularly on tree tenure. Furthermore, anecdotal and project-based evidence suggests that smaller, community based projects and a private sector initiative are beginning to have localized environmental impacts, particularly through tree planting—examples were cited from Western Region and Central Region.

A few of the experts who were interviewed were less optimistic about the future environmental impact from REDD+. Though it was acknowledged that no environmental impacts have been achieved to date due to the dominant focus on “readiness”, a perception exists that government agencies are not truly committed to resolving environmental challenges. It was also argued, though perhaps falsely, that there are no practical experiences of what REDD+ means on the ground.

### ECONOMIC IMPACTS

Despite the fact that results-based payments have yet to be generated in Ghana, over half of the respondents acknowledged that the business-as-usual mindset has changed substantially and new values, commodities and revenue streams are being envisioned and seriously discussed at multiple scales and by a wide range of actors.

The strongest indicator of a direct economic impact as a result of REDD+ finance coming to Ghana is the development of Ghana's ERP for the Cocoa Forest Mosaic Landscape and the process to implement climate-smart cocoa. What is remarkable is that the forestry and cocoa sectors are now talking about a new type of commodity, a climate-smart cocoa bean linked to reduced deforestation. This climate-smart landscape production model, which is now being discussed and articulated by Ghana's Cocoa Board, private sector industry leaders, and stakeholders within the forestry sector, is an example of how different types of REDD+ finance have aligned to move the idea and opportunity forward.

This chain of REDD+ finance started with initial funding from the Rockefeller Foundation to support early work on climate smart agriculture by a team of international and local NGOs in Ghana. This thinking then led to the United Kingdom's Department for International Development (DFID) support for a Climate-Smart Cocoa Working Group, which looked at cocoa sector sustainability in light of climate change and REDD+<sup>3</sup> and advocated for a climate smart pathway to a more sustainable sector. Recommendations and outputs from the DFID funded climate-smart cocoa working group, in addition to the political and sector support it garnered, directly informed a national visioning process for a jurisdictional approach to REDD+ focused on cocoa as a major driver of deforestation. This formal visioning process was supported by FCPF funds, and the resulting vision document led to Ghana being formally invited to submit an ER-PIN to the Carbon Fund. The process of drafting and presenting the ER-PIN was also supported by the FCPF.

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<sup>3</sup> The Climate-Smart Cocoa Working group started with 10 national and international cocoa sector stakeholder representatives and over the course of four years became a serious group representing approximately 10 institutions. It was facilitated and supported by the Nature Conservation Research Centre and Forest Trends, with financial support from DFID.

Going forward, if this program is successfully implemented then this new commodity landscape model will effectively account for the cost to the forest that has never been accounted for in the production of cocoa beans and chocolate. While the cost of implementing the ERP will be partially covered by CIF finance via the World Bank and African Development Bank to the Government of Ghana under the FIP, the majority of the implementation costs are expected to be covered by the private sector cocoa and chocolate companies, as well as donor governments, some of whom have played a central role in the design of the program to date, including Olam, Touton, and Solidaridad (funded by the Netherlands).

Other indicators of economic impact of REDD+ include:

- An IUCN-Ghana project, funded by the Danish government, has demonstrated the potential to monitor economic impacts of REDD+ using the Forest Poverty Tool Kit.
- REDD+ has spurred the FC to start thinking about longer term economic revenue from expected REDD+ finance resulting from performance-based payments from the ERP, as opposed to only short term revenue from timber.
- The FC is progressing in serious discussions with an international private sector investment company on conversion of one of the prime forest reserves in Ghana, the Atewa Forest Reserve, to transfer it into a national park to enhance its conservation status and consequently generate emissions reduction under a Public Private Partnership agreement.
- A handful of cocoa and oil palm companies in Ghana are changing how they do business and actively investing in new types of business models with a focus on ecosystem services, REDD+ and climate smart agriculture. While this is yet to result in significant environmental impacts or to generate revenue, such impacts are only a matter of time.

### POLITICAL IMPACTS

There is currently no visible evidence of high-level political impacts from REDD+, nor particular interest in the international finance it has generated to date (or may generate in the future). At a very high level, this is because REDD+ finance and potential revenue is not comparable to the finance and revenue associated with other industries, like oil and gas. More generally, however, matters of the environment are not treated as front-burner issues in the political discourse in Ghana. Unlike in other countries, there are no Ghanaian Chief Executives, Ministers, or cabinet level officials who have publically championed or strongly supported REDD+. Instead, REDD+ is being pushed forward by high-level civil servants and NGOs, the same entities that are receiving the majority of REDD+ finance in the country.

There is a mild, but growing appreciation among the political class on the need to prioritize climate change and other environmental concerns, as it is becoming clearer that many developmental challenges are linked to the environment and could affect the national agenda for sustainable growth and development. REDD+ campaigns supported by FCPF funds, like the National REDD+ Roadshow and a workshop with Parliamentarians, have increased the attention and awareness of politicians, high-level decision makers, and the general public about the threats posed by deforestation and climate change and the need for concerted actions to address it.

Political impacts have been achieved at the inter-institutional and intra-institutional level through enhanced collaboration and improved coordination. This is particularly important in the case of Ghana because government institutions tend to operate within silos, making inter-institutional collaborations very rare, and struggles over turf and funding often permeate relationships within institutions, slowing work and progress. REDD+ finance has played both a direct and indirect role in influencing these new collaborations. Directly, the World Bank's financing of REDD+

and the FIP required that the government demonstrate inter-agency collaboration at multiple levels. Indirectly, REDD+ funding from bilateral and NGO sources built capacity, awareness, and supported work that specifically highlighted the threats that climate change and deforestation pose to Ghana's cocoa sector, as well as the opportunity from REDD+ and a jurisdictional, climate-smart agriculture approach. As a result, when FCPF financial support to develop an ER-PIN was authorized, the Cocoa Board and the Forestry Commission saw it as an opportunity to work together towards common goals. Though undocumented, it is also likely that the prospect of future performance-based revenue also raised people's interest.

Further evidence of political impacts that can largely be attributed to FCPF funds, includes:

- Constitution of the Environmental and Natural Resources Advisory Council (ENRAC), a cabinet based body that was set up to drive high level political support and coordination for environmental initiatives, including REDD+ activities.
- Implementation of a Technical Coordinating Committee to ensure cross-ministerial coordination on REDD+, FIP and related initiatives hosted by the MLNR.
- A National REDD+ Working Group and nine technical sub-working groups to oversee REDD+ readiness and implementation, hosted by the National REDD+ Secretariat and coordinates REDD+ activities in Ghana.
- Agreement between the Ghana Cocoa Board and the Forestry Commission to jointly lead the development and implementation of Ghana's Emission Reductions Program for the Cocoa Forest Mosaic Landscape.
- Formal establishment of a Joint Coordination Committee between FC and Cocoa Board for the ER Program.

### POLICY IMPACTS

After initial challenges, Ghana now has a strong REDD+ Strategy, which is in the final phases of validation and provides well thought out guidance and details on the vision, objectives, and roll-out process for REDD+. As such, it represents a strong policy document for REDD+.

Progress has also been made in identifying and establishing a broad consensus amongst the majority of stakeholders about the broader policy reforms and enabling work that needs to take place to support the implementation of REDD+. One could argue that the most significant political impact of REDD+ has been in building policy reform momentum towards change as the government has not taken such recommendations seriously for the past 15 years. Specifically, these issues include the existing tree tenure regimes (including designation of carbon rights), which need to be dramatically altered to incentivize the conservation and/or planting of trees and forests in the farming landscape, and existing benefit sharing arrangements, which need to be broadened and revised in order to create real incentives on the ground for REDD+. Some progress has also been made on the Grievance Redress Mechanism (GRM) and safeguard issues.

Unfortunately, the full suite of policy reforms is yet to be fully realized, including on the grievance redress mechanism and safeguards. In addition, there were expectations among stakeholders that the revised Forest and Wildlife Policy (2012) and Ghana's National Climate Change Policy (2013) would push forward important reforms on tree tenure, open up new thinking on benefit sharing, and tackle the issue of carbon rights, but this has not happened yet. Though both policies highlight REDD+ and the need to reduce deforestation and forest degradation, they failed to facilitate or outline policy changes or actions.

Existing funding under the FIP will support an assessment of tree tenure, but it is not clear whether there will be subsequent funds or adequate time under the FIP to implement any recommended changes on tree tenure. FCPF

readiness funds have also supported policy-oriented consultancies but more work is required, which will likely be covered under an additional funding agreement between the FCPF and the NRS. Generally, there is widespread acknowledgement that if funds associated with the FIP, REDD+ readiness, and the ERP are unable to catalyze these policy changes, then the status quo will prevail, creating significant challenges for the implementation of REDD+. A recommendation is that REDD+ funds should cease to focus on policy analysis (causing policy change paralysis) and instead prioritize and support on-the-ground testing (or piloting) of new tree tenure arrangements to generate real lessons and results to inform decision-making.

### STAKEHOLDER PERCEPTION AND PARTICIPATION

In 2008, almost no one in Ghana knew what REDD+ was. By 2012, it was a highly discussed and hotly debated topic within the forestry and development arenas, and a new topic in the media, but the depth of understanding was still limited. Now, in 2015, there is both an impressive breadth and depth of understanding of the concept among sector stakeholders and a larger network of people who have participated in REDD+ events and activities. Even though perceptions of REDD+ vary, it is indisputable that REDD+ finance in Ghana has broadened stakeholders' perceptions of the value of the forest and trees, and mobilized dialogue at many levels about sustainability, livelihood options, drivers of deforestation, and management rights with respect to forests. The importance of REDD+ finance is that it has facilitated widespread engagement, and new types of engagements, at multiple levels about these issues. This is far more important than the money or the idea of carbon.

Specifically, REDD+ finance from donor governments, often implemented through NGOs, has supported a myriad of REDD+ workshops, capacity building events, and other types of activities that have impacted perceptions and participation at a national level and at the level of communities. REDD+ finance from the multilateral financing institutions have also supported many REDD+ multi-stakeholder consultations that have increased participation and enabled the sharing of perceptions and viewpoints.

Other indicators of impact in terms of perception and participation include:

- Major changes in the discourse and debate in the forestry, cocoa, and oil palm sectors. Private sector companies are starting to change how they operate.
- The FC is the largest land manager in the country and declining revenue in recent years shows that they are not performing well. REDD+ is slowly but surely catalyzing a positive change in how FC is thinking about forest management, forest regulation, and performance-based models.
- Cocoa Board had never thought about the state of the forests or worked with the FC, despite the fact that they operate in the same high forest zone landscape. REDD+ finance has facilitated this previously unthinkable collaboration. The fact that the ER-PIN was accepted into the Carbon Fund pipeline and that multiple stakeholders (including FC and the Cocoa Board) are now collaborating on drafting an ERPD is already a huge achievement. This never would have happened without the opportunity presented by the Carbon Fund, and the prospect of generating results-based finance.
- Emergence of multiple NGO/Government/Research projects, funded by international REDD+ finance, with forest-farming communities that has fostered new perceptions about the value and uses of the forest, and opened up new opportunities on rights and livelihoods.
- The increasing availability of REDD+ finance globally, coupled with the increasing amount of REDD+ funding coming to Ghana has substantially increased awareness and discussion nationally and within key sectors about ecosystem services, climate change, agricultural productivity and livelihoods.

- Bilateral and multilateral finance to NGOs and research institutions in Ghana has increased the number of community-based forest and land governance structures being developed and supported to serve as building blocks for REDD+ implementation, fostering inclusive participation and delivering financial and non-financial benefits in an equitable and transparent manner.
- Through the safeguard work funded by the FCPF, there is heightened awareness within communities and resource users across Ghana that they have rights which need to be protected.

### IMPACTS ON CAPACITIES

REDD+ finance has built capacity and understanding that did not previously exist on climate change, REDD+ and ER programs, the feasibility of REDD+ projects, forest monitoring and MRV systems and methods, safeguards, and tenure. The two most common types of investment in capacity building have either focused on building the capacity of communities to understand and engage in REDD+ projects and monitoring, or on forest monitoring and MRV for government institutions and associated experts in Ghana. It is also worth noting that individuals (from the government or affiliated with NGOs) who had access to multiple and linked REDD+ trainings and workshops have become the national leaders, thought-leaders, and science experts on many of the critical topics of REDD+.

In particular, respondents said that capacity building programs and capacity building opportunities funded by the governments of Japan and Germany and FCPF readiness funds have had a huge impact on the government and other institutions' ability to: measure and monitor forests (on the ground and using remote sensing), measure carbon/biomass, assess land use and land use change, and calculate emissions. Prior to REDD+, forest inventories were driven by development aid that brought in experts from abroad to do the work and the focus was basically only on timber. Today, Ghana's Resource Management Support Centre, Centre for Remote Sensing and GIS and other institutions have the expertise, equipment, access to software and imagery, and experience with forest monitoring and MRV.

But given the amount of funding geared towards capacity building, many experts and stakeholders are disappointed that further progress was not made. The deficit of some of the donor-driven capacity building interventions was that they were not predicated on an in-country capacity needs assessment, and the time devoted for these capacity building sessions was usually inadequate. For example, despite investments totaling over \$8 million from bilateral donors on forest monitoring, as well as a consultancy on Ghana's REL and MRV that cost well over half a million dollars, Ghana still does not have a functional forest monitoring and MRV system and as a result Ghana requires additional work and investment to be able to develop, test, and implement these systems.

## IMPACTS ON GHANA'S FOREST SECTOR PATHWAY

Over the past century, Ghana's economic growth driven by cocoa and timber production has come at a cost to its forests. In 1911, Ghana became the top global producer of cocoa and had around eight million hectares of high forests. Today it produces approximately 750 thousand tons of cocoa per year, but the area of closed forests has been reduced to less than 1.6 million hectares, much of which is at least moderately to highly degraded. Mining, population growth, agricultural expansion and illegal and over-harvesting of wood are more recent drivers of deforestation and forest degradation in Ghana, all of which have contributed to a national deforestation rate of approximately two percent per year. Without the introduction of REDD+ finance, it seems almost inevitable that Ghana would have continued down this pathway of forest degradation and deforestation.

After about eight years of REDD+ finance, there is both hope and clear signs that the forest sector pathway is changing in Ghana. By the end of 2015, Ghana will have submitted its Readiness Package (R-Package) and fully completed the readiness phase. It is also likely that initial implementation, as part of the FIP will have commenced, and that significant progress will have been made on the development of the ERP. It is actually remarkable, in the Ghanaian context that in only five years the country has moved from international acceptance of Ghana's R-PP (a nascent concept) to the completion of this process, resulting in a detailed and innovative implementation plan with support from a wide range of public and private stakeholders and donors.

In trying to further assess the indirect impacts and broader changes, respondents were asked to briefly tell a story about the historical pathway of the forestry sector before REDD+, and then describe that pathway since REDD+ came onto the scene—noting whether it has changed and whether the change is sustainable or the sector will revert back.

The story of REDD+, the indirect impacts of REDD+ finance, and perceptions of broader changes to the pathway covered a range of opinions and perspectives. The majority were positive but sober. Most of the respondents shared the view that REDD+ finance has had a positive impact by broadening the conceptual scope of the forestry sector, by placing an economic value on carbon, ecosystem services, and non-carbon benefits that had not previously been *real*, and by introducing a performance-based payment paradigm that demands monitoring, reporting and verification of impacts. Such conditions were not previously part of forestry's story with donors or stakeholders before REDD+. They also gave examples of how REDD+ funding has bridged institutional divides and elevated the links and synergies between forests, communities and livelihoods. But despite the progress and perceived momentum, some respondents were not convinced that Ghana is on a new pathway as a result of REDD+ finance, and others acknowledged that it will only have a lasting impact if revenue is generated or changes realized that have a significant positive impact on livelihoods.

Four main themes on the indirect impact of REDD+ finance and changes to the broader pathway in Ghana are reflected in the quotes below.

### 1. A Positive Impact—Making Progress and Gaining Momentum

*“Before REDD came, forest management was about timber revenue. Even though the policy said environment, this wasn't really the focus. Come REDD, we are now talking about ecosystem services, sustainable forest management, biodiversity and new types of benefits. This changes the story. It has redirected our thinking in terms of how forest management is concerned, but can it stop the development and growth that is happening? With what REDD is doing, yes, to some extent. It's not like people didn't appreciate the intangibles before, they are aware, but hooked by circumstances to do the wrong thing, and now suffering from it because of the loss of ecosystem services. So now REDD is building a consciousness and having people be open to interventions that could do things the right way and meet our needs. Yes, REDD can change this trajectory. But until these interventions are implemented it will be business as usual.”* (Forest ecologist, Forestry Research Institute of Ghana)



### 2. Bridging the Divides

*“The story has changed in terms of how things are perceived and problems solved. We used to think about forests as one thing and livelihoods and people as something else. REDD+ and specifically safeguards are making us see the link between the two and harness them. It is now clear that to have success and be permanent, then you can’t just kick people out. This would be shooting yourself in the foot.”* (Assistant Manager, Forestry Commission)

*“REDD+ has reinforced the need for the link between communities and government and harnessing a compromise. At policy level, a lot of focus is now on the win-win between the two. We can no longer look at forest management as policing job. That protectionist ideology has evolved into a collaborative management and co-benefits perspective and balance. Communities are more directly involved in discussions due to REDD+ bridging the gap between the local and the national.”* (REDD Project Officer, Ghana-based NGO)

*“REDD+ finance created a lot of awareness. Before, Cocobod didn’t even think about REDD+ or that cocoa is important for deforestation. But now we need more training because it has not yet [fully] gone into Cocobod; some people don’t even think that cocoa is driving deforestation. When it is embedded in extension training, then we will see real impacts.”* (Senior Official, Ghana Cocoa Board)

### 3. No Changes to Speak Of

*“Presently I do not see any changes in the historical pathway that the country is on. We have been doing a lot of talking and discussions on REDD+ but actually we have very little to show for it. Nothing has changed in terms of political will and commitment. Lip service is still the bane of past and present governments when it comes to making commitments to environmental sustainability and integration into national development agendas. Compliance is at its weakest point now. Any impacts from REDD are so far negligible and we are still on the business-as-usual pathway. The country needs a paradigm shift in the way environment is planned and managed now and that cannot be achieved with the present crop of administrators within the forestry sector as they do not have the passion, commitment and initiative to drive that change.”* (Northern Region Program Manager, Ghana-based NGO)

### 4. Show Me the Money

*“REDD+ funding can only bring about the desired change if the revenue received is adequate enough to support on-the field activities and also improve the livelihoods of local actors. If these objectives are not met, in my estimation, REDD+ funding is not likely to make any significant long term impact in the forestry sector.”* (Assistant Manager, Forestry Commission)

## FACTORS THAT AFFECT THE IMPACTS OF REDD+ FINANCE

Drawing from the experiences and opinions of the respondents and that of the author, this section aims to help explain why REDD+ finance in Ghana has achieved some of the impacts described in previous sections. As a side note, what was interesting to observe is that some experts and practitioners were much more attuned to talking about REDD+ challenges and bottlenecks than they were to identifying the actual financial impacts and the factors or explanations of the impacts. There appears to be an inherent bias that filters out the incremental achievements and progress, but hones in on present deficiencies and problems.

The force and extent of drivers and incentive structures has partially influenced the impact of REDD+ finance in Ghana. Across the high forest zone, cocoa has been one of the dominant drivers of deforestation and degradation, and the “cocoa story” quickly served to capture the *raison d’être* of REDD+ in a concise and simple concept that people from all socio-economic backgrounds, sectors, and standpoints could relate to and understand. Cocoa also served the role, initially, of a proverbial “stick”—private sector companies with an interest in marketing sustainability were alarmed that cocoa is a driver of deforestation, and Ghana’s Cocoa Board and Forestry Commission both recognized the threat from climate change, the role of forests and trees in providing resilience and the myriad ecosystem services from the forest that supported their revenue streams. But it did not take long for cocoa to turn into an Emission Reduction Program / Climate Smart Cocoa “carrot” to unify a broad range of stakeholders to commit to a process that has the potential to meet multiple goals and objectives, while furnishing important ecological, economic, and social benefits.

**Pre-existing politics around forests and climate change have hampered the ability of REDD+ finance to maximize its effectiveness.** The business-as-usual politics that permeate government led projects and programs have to some extent frustrated the REDD+ process and limited the extent of impact from REDD+ finance. In particular, the existing institutional silos and personal tensions over turf, control of project financial resources, and power dynamics have slowed the disbursement of funds and limited the scope of collaboration or coordinated planning on REDD+ funded activities.

A question that logically follows from this conclusion, however, is why has REDD+ finance, to some extent, been able to break-down and change some of the pre-existing politics? The emerging answer appears to be leadership. **A “champion” with a vision or passion who is backed up by a few committed stakeholders and sufficient funding is able to change the status quo and move new ideas forward.** The entire process and progress on REDD+, particularly with the development of Ghana’s ER Program, has in many ways been the result of one person’s strong leadership within the National REDD+ Secretariat, with backing by key NGO partners, a forward-thinking colleague at Cocoa Board, and responsive private sector actors.

**Pre-existing capacities and the functionality of the enabling environment affect the extent of impact.** In the case of REDD+ in Ghana, the best pieces of work that have emerged from the on-going process came from individuals or entities that already had very good capacity and were able to operate smoothly within the enabling environment. A good example of this is the SESA report, which was produced by a Ghanaian consulting firm. As one respondent explained, “the consultants engaged with the people that matter, they had a very transparent process, they had a fair idea of how things work in Ghana, and they are Ghanaians, not foreigners. In addition, where they thought they didn’t have expertise, they brought in other people”. In comparison, some of the expensive international consulting firms that purported to have high capacity actually did not and were unable to operate effectively in the Ghanaian environment, resulting in expensive but low quality outputs.

**Coordination of support and alignment with needs.** Recipients of REDD+ finance in Ghana have worked to align funding to maximize impacts at local and national levels, one example being IUCN-Ghana’s funding from German and Danish governments on benefit sharing, community-based governance structures, and pro-poor REDD+. However,



there is no evidence to show that donors to Ghana have attempted to coordinate their support, as evidenced by the more than 20 different funding streams from various sources purporting to support MRV and Reference Level work, and yet this has not culminated in a functional system or clear baseline or reference level. With the exception of the multilateral development banks, donors are also not in the habit of engaging Ghana government or civil society institutions on the country's REDD+ needs. Over the past 3 years, the Forestry Commission has held a national validation workshop to share the results from its REDD+ finance tracking initiatives (REDDX). As part of these meetings, funding needs are identified and discussed. However, bilateral and multilateral donors are rarely or consistently present, despite being invited. The only donors who have attended include the World Bank, USAID, and the Swiss Development Corporation.

Other key factors that were cited included:

- Seeing REDD+ as a process: People at all levels, national to local, need to be informed about the issues to be able to take action or make a decision. Attending meetings is not the same as contributing meaningfully. Thus a step by step, inclusive, reflective and progressive approach is very important.
- The availability of funds and timely disbursement.
- Collaboration and engagement with the right institutions.
- Confidence and trust: In situations where there is mistrust and suspicion, especially towards government, things don't move the way they should. Good relationships between and among donors, the government, and stakeholders at all levels, especially the community level, are critical.

## CONCLUSIONS AND OUTLOOK

As explained in multiple years of Ghana’s REDD Finance Tracking reports (Adjei, 2013; Asare et al., 2013; Agyei and Asare, 2014), **the integration of multiple types of finance is critical to progress on REDD+ in Ghana.** While the majority of funding has come from the multilateral development banks, the rate of disbursement has been very slow. Consequently, smaller, targeted funds from private foundations, bilateral governments and international NGOs have played a very important role in bridging the funding gaps and ensuring the progress, at scales, can continue. It has also meant that a myriad of stakeholders have been able to engage on REDD+, as MFI funds typically only directly support government institutions.

It was also argued that **REDD+ funding could have stronger impacts if better coordinated.** For example, one respondent said that capacity strengthening on REDD+ related issues should continue to be a key priority for Ghana, but it should be based on a **comprehensive in-country needs assessment.**

Another REDD+ leader argued that **donors should not perceive training and capacity building to be a *fait accompli*** as there are still stakeholders to bring into the circle of understanding. For example, some of the highest level decision-makers and leaders in charge of the relevant institutions have never participated in a REDD+ training, as participation in trainings is perceived to be beneath them. As was also highlighted in one of the quotes, Ghana’s Cocoa Board staff and field officers require in-depth training and sensitization on REDD+, and this should be embedded in extension training for farmers.

**Donors should require stronger political commitment** for any REDD+ intervention and **donors should engage more with the people at the top** before funds are committed. One of the largest bilateral donors to Ghana on REDD+ brought a multimillion dollar initiative to the government institution on a day when the appropriate officials were absent, and as a result it was quite literally “tossed” to an official who had no training, experience or mandate on REDD+. Not surprisingly, that project and its funding were managed in an unproductive way and the outputs were a huge disappointment. From the start, it also appeared that the donor did not care about the quality of implementation, but only that their funds were spent. Funding would be much more effective if donors used their power to convene ministers and chief executives in order to ensure a high level of understanding and prioritization for REDD+

**Tapping national expertise is critical to achieving real REDD+ impacts.** Assuming that international “bingos” (who get a lot of REDD+ funding), institutional partners, or donor country firms have sufficient ability, know-how, or commitment can be misguided and at times feels paternalistic. An example is that as part of Ghana’s FIP, the IFC has struggled to articulate its FIP investment strategy, and to date the Government of Ghana is still not clear about what the IFC are actually proposing to invest in.

**Donors need to talk to each other and coordinate with the countries.** There are many instances of repetitive funding on some elements of REDD+ and no support to other aspects. Capacity building with the same group of people on biomass sampling and remote sensing has become very common (and unproductive), whereas other gaps (like lack of support to pilot projects on the ground) are perennial challenges. This links back to the lesson on needs assessments.

Ghana (and perhaps other African countries) need immediate **support to take action on policy reforms.** Policy reviews and policy assessments are a waste of time and money—they have occurred over and over. Instead, priority should be given to realizing policy and legal reforms, and support to “policy pilots” that actually test the impact of policy change on the ground. Priority areas for Ghana include carbon rights, land and tree tenure regimes, and conceiving of appropriate standards for benefit-sharing and grievance redress.

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