CIF CLIMATE INVESTMENT FUNDS

SUMMARY BRIEF

TREE TENURE, LAND TENURE, TIMBER, AND AGRICULTURE: GHANA'S HUMAN-FOREST NEXUS

// January 2023

TOPICS

- Climate–Smart Agriculture
- Forestry
- Rural Poverty Reduction

DEVELOPMENT CONTEXT

Despite Ghana's resource endowments (gold, oil, and fertile lands) and rapid economic growth in the recent decades, over 13.3 percent of its population lives below the poverty line. With the income gains concentrated in urban areas, rural communities remain heavily dependent on agriculture and forestry that yield minimal incomes. Although rural communities are heavily reliant on forest resources, they have limited ownership, and lack influence and voice with regard to this area, stunting their opportunities and incentives to be active participants in forest regeneration and the establishment of agroforestry systems.

Just as significantly, the prevalence of small-scale, community, and subsistence-based forest encroachment, coupled with illegal logging and mining, charcoal production and wildfires triggered by human activity, has resulted in massive deforestation. At the time of project approval, Ghana had an estimated annual deforestation rate of 2 percent — driven largely by agricultural expansion and wood harvesting. The World Bank estimated that the country's economic cost of deforestation was over USD400 million in 2017. The resultant environmental degradation has both exacerbated localized climate vulnerabilities and contributed to global climate change, while also continuing to undermine the livelihoods of the country's rural poor.

ENGAGING LOCAL COMMUNITIES IN REDUCING EMISSIONS FROM DEFORESTATION AND FOREST DEGRADATION (REDD+)/ ENHANCEMENT OF CARBON STOCKS (ELCIR+) PROJECT

Over the six years of its implementation, ELCIR+ sought to achieve institutional, economic, and social transformations in Ghana's human-forest nexus. It supported national agencies to (1) reforest through establishing forest plantations on degraded community lands; (2) strengthen tandem land use by increasing the prevalence, viability, and vitality of agroforestry systems, with a weighted focus on cocoa; and (3) displace unsustainable forest dependencies by diversifying or enhancing rural economies. All three approaches sought to mobilize the communities' historic guardianships of forest and agricultural ecosystems and integrate them with the long-term aim of institutionalizing symbiotic agricultural, industrial, and environmental associations.

DELIVERY CHALLENGES AND SOLUTIONS:

CHALLENGE 1: [January 2014] Insufficiencies in Early-Stage Analytics — Loss of Support for the Pre-Project Preparation Grant Component

A change in national administrations following the 2016 elections and the agencies' resultant unfamiliarity with the full value of a pre-project component led to project implementation without the crucial pre-project preparation phase. A conservative spending orientation on the part of the new administration, challenges in allocating pre-project reimbursable funds from stringent government budgets, and a perceived lack in immediacy of results, could have compounded the government's reluctance in executing a pre-project component.

> **SOLUTION:** Building Flexibility, Testing, and Analytics into Implementation
> Due to their awareness of the implications in deploying untested activities, the stakeholders were prepared for the need for multiple realignments; as such, they approached the delivery of project components with flexibility and a learning orientation. They were able to compensate for the lack of early-stage analytics by capitalizing on synergies with other AfDB

2

investment activities in Ghana to harness the relevant analytical work. In doing so, they were highly innovative in integrating the analytics into project implementation activities, thereby building validation and testing mechanisms into the project's delivery structures and auxiliary operations, and allowing for robust realignments at midterm.

CHALLENGE 2: [November 2014–February 2018] Beneficiary Targeting — Competing Interests and Evolving Incentive Structures

With the project's Community-Led Restoration of Degraded Forests component, communities' uptake of allocating of plots for forest plantations was stunted by emergent competitive land use offerings with more immediate financial returns than timber due to the latter's protracted yield times. Furthermore, the community-led (rather than individual participation) approach was dampened by emergent perceptions of collective-action risks. Therefore, the areas earmarked for plantations at appraisal had become less compatible with the evolving economic drivers at the time of implementation. This thus displaced the assumption that expected future incomes from plantation timber would provide sufficient incentives for communities to convert plots to plantations.

SOLUTION: Flexibility, Innovation, and Bold, Beneficiary-Centered Redesigns

The scope of the project was thus expanded to include degraded forests in state-managed, on-reserve areas, which proved to be highly successful in circumventing landowners' competing economic pressures. Nonetheless, the participants were still drawn from the initial target groups to maintain the objective of alleviating poverty. Participants could thus generate income without any trade-offs with their agricultural activities. Furthermore, the project's operationalization of the Modified Taungya System (MTS) to provide participants with a guaranteed 40 percent stake of the timber's value when felled further mitigated their uncertainty regarding the final dividends and streamlined the benefit-sharing procedure.

CHALLENGE 3: [November 2014–February 2018] Risk and Reward Perceptions — Reluctance in Uptake Due to Perceived Costs of Tree Integration

Within the project's Climate Smart Agriculture component, the perceived lack of recourse for negligent or illegal logging activities and skepticism about the enforcement of timber benefit-sharing schemes, combined with a limited capacity to differentiate tree ownership between the state and local communities, deterred the cultivation of timbering shade trees. Essentially, farmers foresaw lower losses (and faster yields) from growing cocoa without shade, or from cutting down shade trees before they reached maturities that would have made them lucrative for loggers.

SOLUTION: Technological Solutions to Guarantee Tree Rights; Stepwise Implementation

Formalized standards were developed for a timer tending toll (reassigned for delivery via ELCIR+'s sister GFIP project, ENFAL), whereby farmers receive assured and commensurate incomes from the nurturing of timber trees on their agricultural plots, with consensus among all key participants in the forest and timber sectors. To allay reservations in uptake, FC tested a strategy of promoting boundary planting. Along with the provision of lesser-shade seedling varieties, this strategy initiated uptake, thereby enabling the scaling of integration once the full gamut of benefits of tree-integration was well-established.

CHALLENGE FOUR: [Life of Project] Incongruent Procedures for Realignment, Procurement, and Financial Management

Given the multitude of actors involved in project delivery, and the multitude of new and yet untested workstreams and organizational arrangements, several of the implementation and procedural strategies set at inception proved incongruent or overly complex at operation. Ultimately, conventional, stringent, and well-founded realignment, financial and procurement procedures, though valid in concept, proved to be cumbersome, when they had to be coupled with national governance architectures.

SOLUTION: Receptive Action and Procedural Overhauls

A commitment by all stakeholders to proactively formulate and prepare for course-corrective solutions that were ready for implementation at mid-term resulted in a transparent and end-goal-focused approach. They were derived from the learning among the partners, beneficiaries, and research institutions. The constant drive for adaptiveness and holistic problem solving was a hallmark of the project's success. Furthermore, the stakeholders demonstrated an ingrained commitment to ensure responsiveness to the beneficiaries' challenges and reservations, thereby enabling swift and effective turnarounds at mid-term, with the project far surpassing its targets despite the initial lags.

TRACING THE IMPLEMENTATION PROCESS:

The project's performance was initially affected by the loss of its pilot testing component when there was a change in government leadership. This in turn prevented the identification of critical issues, such as the presence of competing land uses with more immediate gains than timber and contracting agreements for partnerships in key research and implementation areas. Implementers were then unable to make timely course corrections, as existing procedures required them to wait till the mid-term assessment, thus contributing to project delays.

Despite these setbacks, the project team was able to make the necessary adjustments to surpass most of their targets:

- Cognizant of the prospect that the project would run into challenges without pre-testing, the stakeholders — involving implementers, partners, government agencies, beneficiaries, and research institutions — collaborated actively with one another. They formulated multiple innovative solutions, based on their collective exchanges of knowledge and resources.

- To make up for their lack of pre-analytical information, the stakeholders harnessed the analytical work done by other ongoing projects in Ghana to understand the dominant and potential economic activities in the area. They were then able to determine how target communities could equitably take advantage of the planned agroforestry activities.

- The stakeholders were also able to respond to the concerns of the beneficiaries by establishing a clear and transparent system to incentivize their participation. Operationalizing the MTS system to ensure profit-sharing and using the GIS system to accurately capture tree ownership information ensured that beneficiaries would feel secure in participating in the project.

- Based on their informed understanding, commitment, and preparedness, the stakeholders were then able to act swiftly to respond to the needs of the beneficiaries when the mid-term course correction could be implemented, including a key expansion in project focus to include on-reserve degraded forests while maintain the original beneficiary targeting.

PROGRAM RESULTS:

ELCIR+ exceeded its targets on nearly all indicators, often with large margins, reflecting the potential gains from multistakeholder collaboration across economic fault lines. Cocoa farmers are now active agents of forest cover additions in Ghana, and forest agencies are enhancing rural incomes, as well as the health and resilience of agricultural ecosystems. By project completion in 2020, ECLIR+ had reestablished 5,053 hectares (ha) of degraded forests, increased tree density in 42,652 ha of farming systems, enhanced 832 ha of off-reserve remnant forests and sacred groves, and established 1,117 ha of woodlots, thereby securing a total of 49,654 ha of forests and agroforests. It also improved the livelihoods of 15,226 rural beneficiaries, of whom 7,488 were women.

FIGURE 1. Timeline and Challenges

Higher-level REDD+ and FIP

2008
Ghana REDD+
Readiness Plan
— Idea Note

March 2010
Approval of
Ghana's REDD+
Preparedness Plan

5 Nov 2012
Approval of
Ghana FIP's
Investment
Plan

22 Jan 2014
Approval of
ECLIR+

19 Dec 2014
Approval of
ENFAL

*2010-2012: FIP's investment
plan consultation process,
including scoping mission,
focus group discussions,
and FIP workshop*

*July 2013: ELCIR+
appraisal mission*

ELCIR+ and Challenges

Jan 2014
Project
Approval

November 2014
Commencement
of Operations

29 Jan - 16 Feb 2018
Mid Term Review
Mission
*Project extended by
one more year as a
result of mid-term
review from Dec
2019 to Dec 2020*

31 Dec 2020
Project Close

Delivery Challenge 4:
*Incongruent Procedures for
Realignment, Procurement
and Financial Management*

*Proactive preparations
for significant pivots and
innovations at mid-term*

*A shift from contractual
to direct partnership
arrangements*

*Responsive ICT resource
allocations and process
realignments*

Jan 2014:
Delivery Challenge 1:
*Insufficiencies in Early-Stage
Analytics - Loss of Support for
the Pre-Project Preparation
Grant Component*

Adaptive management

*Building testing and
validation into project
implementation*

Nov 2014- Feb 2018:
Delivery Challenge 2:
*Beneficiary Targeting -
Competing Interests and
Evolving Incentive Structures*

*Expansion to
on-reserve areas*

*Operationalization of the
Modified Taungya System in
on-reserve forest plantations*

*Mobilizing the Geographical
Information System (GIS) to
buttress the uptake of
off-reserve forest plantations*

Nov 2014- Feb 2018:
Delivery Challenge 3:
*Risk and Reward Perceptions–
Reluctance for Uptake Due to
Perceived Costs of Tree
Integration*

*Assured benefit sharing
via operationalization of
the timber tending toll*

*Boundary planting and
extension support for stepwise
implementation and scaling*

LESSONS LEARNED:

1 | **Establishing protocols to ensure sufficient capitalization for testing out frontier and untested interventions is important.** When projects involving new and untested approaches are delivered in economically vulnerable contexts, sufficient funding for pre-project pilots and testing is critical to collate crucial baseline data. This investment of resources to conduct a small-scale pre-project investigation would ensure that the implementation of the project on a larger scale is on-focus, thus preventing long-term delays and unnecessary use of resources.

2 | **Cultivating potential alternative livelihoods should be done on a large scale on a sustainable basis.** To introduce new community-centric economic ventures and technologies that are often utilized in forestry interventions, there must be significant and ongoing validation, training, ramp-up, and post-support to ensure sustained uptake and viability. In addition, the provision of resources for startups must take into account the high rate of failures, which thus requires appropriate adjustments to the ambitions in reach, the expected results and the cost-to-benefit calculus. Only then would rural communities be adequately supported to produce more robust, resilient, and transformational impacts in their exploration of alternative livelihoods.

THE CLIMATE INVESTMENT FUNDS

The Climate Investment Funds (CIF) is one of the largest multilateral climate funds in the world. It was established in 2008 to mobilize finance for low-carbon, climate-resilient development at scale in developing countries. 14 contributor countries have pledged over US$10 billion to the funds. To date CIF committed capital has mobilized more than $62 billion in additional financing, particularly from the private sector, in 72 countries. CIF's large-scale, low-cost, long-term financing lowers the risk and cost of climate financing. It tests new business models, builds track records in unproven markets, and boosts investor confidence to unlock additional sources of finance.

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