

# CLIMATE INVESTMENT FUNDS

July 5, 2016

---

[Approval by mail]: Ghana Public-Private Partnership for the restoration of Degraded Forest Reserve (AfDB) FIP - PFIPGH504A  
Comments received from the United States

Dear Mafalda,

Thank you for the opportunity to review this interesting project.

We are encouraged to see a private sector project come forward in the FIP, and we also welcome the strong AfDB co-financing proposed in this project.

However, we are concerned that the paper does not make a strong case for the use of concessional financing for this project, which seems to be a fairly standard teak plantation without any particularly innovative features. What is the argument for use of concessional funds to support a private sector project of this nature? What is the approach being piloted? What barriers are being overcome, what are the benefits of overcoming these barriers, what is the potential demonstration impact? Is the approach scalable and replicable? We note in particular that to the extent that lack of availability of debt financing is a barrier, it is not clear that this project is demonstrating an approach that can reduce barriers for future projects, since the project is not working through the Ghanaian banking system.

We would also appreciate more information from the AfDB on the impacts of extended plantation areas on the natural forest remnants in the area. Have these impacts been analyzed? How will displacement of farmers currently working in the area be handled? How will this displacement affect natural forest remnants in the area (will it result in increased degradation)?

Finally, we would appreciate it if the AfDB could confirm that this project will not support industrial scale logging in primary forest areas.

We would appreciate answers to these questions before moving forward to approve the project.

Thank you,

Katie Berg  
U.S. Treasury Department