



Ghana Cocoa Forest REDD+ Programme

Executive Summary

FCPF Carbon Fund Meeting, Paris

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Ghana's cocoa forest + landscape has **one of the highest deforestation rates in Africa**, at **3.2% per annum**. Forest degradation and deforestation across this agro-forest mosaic, which covers 5.9 million ha of Ghana's High Forest Zone (HFZ), is being driven by continued cocoa farm expansion and other types of agriculture, coupled with a recent up-surge in illegal mining and illegal logging.

Historically, over the past hundred years, degradation and deforestation in Ghana's HFZ has been driven by low-yielding, expansive agriculture—predominantly cocoa farming—coupled with the progressive growth of other extractive industries. For much of this time, conversion of forests was not viewed as a problem, but by the mid-nineties it was clear that Ghana's forest reserves were moderately to severely degraded, low-to-no shade cocoa was expanding at the expense of forests and trees, and biodiversity in the landscape had declined precipitously. Concurrent with the loss of forests, Ghana's Cocoa Board and the cocoa private sector also recognized that the country was underperforming in terms of national production, despite the growing area under cocoa.

While the cocoa sector responded with a “High Tech” programme (2000-2010) in an effort to boost yields, little was done to address deforestation and degradation, or the loss of critical ecosystem services. Over the past seven years, the scale of these drivers has increased due to: 1) recent declines in cocoa productivity, causing greater expansion; 2) an increase in illegal logging from a growing domestic demand; and 3) an up-surge in illegal, small-scale mining due to market trends, the availability of foreign and local laborers, and landowners giving up unproductive farms for mining. As a result, **the programme's FRL for the period 2005-2014 shows that the area has lost an average of 138,624 ha of forest each year**, and has produced **over 45.1 million tCO₂e emissions on an annual basis** from the combined effects of deforestation and degradation, and taking into account carbon stock enhancement. Conversion of forests to agricultural land was identified as the primary driver of deforestation—114,915 ha of forests per annum (1.15 million ha over the accounting period) was converted to agriculture during the reference period and this accounted for 83 percent of deforestation in the programme area. Of this, conversion to food crops, from which cocoa establishment typically follows, accounted for two-thirds (66%) of forest loss. **Over a quarter (27%) of agriculture conversion resulted from cocoa expansion, making it the single most important commodity driver of deforestation in the programme area.**

These numbers signal a worrisome future for Ghana's high forests and its cocoa sector, as well as for the 12 million people who reside in the landscape and rely, in one way or another, on forest resources and cocoa production for their livelihoods. On the other hand, what is highly encouraging is that **Ghana is now prepared to tackle these issues and significantly reduce deforestation and degradation in this landscape through the Ghana Cocoa Forest REDD+ Programme (GCFRP)**, which leverages a strong private sector commitment and investment into a climate-smart cocoa production system and standard, and supported by a suite of policy interventions and reforms.

The GCFRP is a highly ambitious and unique initiative that will be jointly coordinated by the National REDD+ Secretariat (NRS) at the Forestry Commission (FC) and the Ghana Cocoa Board, in partnership with a broad set of private sector, public sector, civil society, traditional authority, and community people. Building from the main interventions laid out in the ER-PIN, the programme's implementation plan is highly detailed and well thought out, following focused brainstorming by technical experts, and extensive consultations for input and information sharing with key stakeholders and partners at all levels.

The GCFRP is now constructed according to 5 key pillars: A) Institutional Coordination and MRV; B) Landscape Planning within HIAs; C) Implementing Climate-Smart Cocoa to Increase Yields; D) Risk Management and Finance; and E) Legislative and Policy Reforms. The programme will receive oversight from a Joint Coordination Committee (JCC) and day-to-day operations will be the responsibility of a Programme Management Unit (PMU) within the NRS. The programme will be implemented in six Hotspot Intervention Areas (HIAs), covering up to 2.5 million ha, to serve as priority areas for immediate and concentrated interventions at the farm to landscape level. Each HIA will be governed by a local governance board of land owners, land users, local authority entities and community leaders (including minority groups). The HIA will engage with a formal consortium of private sector cocoa companies, NGOs, and government partners who will work together to bring resources to implement activities on the ground.

The GCFRP is a **US\$236,727,250 million dollar programme** that over the first five years (2017-2021) aims to **leverage over \$121 million dollars of private sector cocoa investment and over \$53 million dollars in GoG support, as well modest funding from existing and yet-to-be-sought grants**. An initial discounted cash flow analysis of the CSC investment opportunity shows that the GCFRP makes excellent financial sense in addition to climate sense. A conservative **50% yield increase on cocoa farms to 600 kg/ha** (even greater increases are possible and have been demonstrated) will **realize significant benefits to farmers and to the government**. The **IRR** for the project under this scenario is calculated at **over 438%** and the **NPV at 20% will be over \$339 million** over the first 5 years.

As a 20 year programme, the GCFRP **estimates that it could produce a total of 294,395,567 million tCO₂e emission reductions** (following the removal of 102,535 million tCO₂e placed into risk and uncertainty buffers), **representing a 44% overall reduction against the reference level**. Under a prospective contract with the Carbon Fund to cover the first 5 years of implementation (2017-2021), Ghana estimates that it could generate significant reductions in deforestation and degradation against its reference level and produce just over **10 million tCO₂e emission reductions to be transacted under the ERPA**. This is an ambitious but realistic goal given that Ghana will need to reduce its emissions by 14% to reach the reference level. A historical analysis (2005-2014) of deforestation, degradation and carbon stock enhancement across the accounting area was used to develop the programme's FRL based on average annual emissions and removals.

In addition to having a plan for financing and implementing the programme, Ghana also has very strong private sector commitment and investment, as well as unprecedented government cross-sector, civil society and community-based support to the GCFRP. While the NRS and Cocoa Board are co-proponents of the programme, participating ministries and agencies include the MLNR, MESTI, EPA, MoFA, and MC. There is also tremendous private sector commitment from some of the most important cocoa and chocolate companies, including Touton, Mondelez, Olam and Armajaro/Ecom. In addition, the World Cocoa Foundation and its leading member companies recently committed to reduce deforestation in the cocoa supply chain in Ghana and Cote d'Ivoire. Leading international and national NGOs partners

include Solidaridad, SNV, Rainforest Alliance, IITA, NCRC, IUCN-Ghana, and Arocha-Ghana. Perhaps most importantly, there is strong support and willingness to engage from traditional leaders, communities, and cocoa farmers across the programme area. From a practical standpoint, developing a results-based programme that engages multiple sectors, institutions and organizations is a significant feat in and of itself for Ghana, and is further evidence that the programme truly does have the high level political commitment and buy-in that is needed.

Tremendous capacity and understanding have been built, and operational systems developed through the country's REDD+ readiness process. This is reflected by the fact that Ghana's R-Package was accepted by the FCPF in September 2016, and the country received a positive independent self-assessment of its REDD+ Readiness to accompany the submission.

The NRS and partners fully understand the existing drivers and barriers to REDD+, particularly in the GCFRP area, and crucial processes are in motion to address critical policy issues, including: perverse tenure and input-supply policies, clarification of carbon rights, adaptation of customary land tenure norms, and revision of legislation to allow Ghana's alternative dispute resolution mechanism to function for REDD+. Furthermore, under the readiness process and through the development of the GCFRP, the NRS has put in place a forest monitoring and MRV system, a safeguard system, an FGRM, and a data management / registry system to be tested in the early stages of programme implementation, and a benefit sharing plan that aims to appreciate, incentive, and support the main stakeholders responsible for producing emission reductions, through carbon and non-carbon benefits.

Ahead of the possible signing of an ERPA in late 2017, implementation of the GCFRP and its focus on transitioning to a climate-smart cocoa production landscape will begin in three Hotspot Intervention Areas with support from the FIP, Touton and SNV, and NCRC and partners taking the lead in different HIAs. The logic and strength of the GCFRP is based on the core concept that cocoa cannot be sustainably produced, and deforestation and degradation drivers cannot be reduced significantly at a project or singular institutional level, which has been the practice to date. Rather, these issues and challenges necessitate a large-scale, integrated approach in order to foster the massive transformational changes in farming practices and land use decision making required to reduce deforestation and degradation, and to drive the growth of forests and trees in the landscape. Therefore, the move to implement the GCFRP is an effort to use a coordinated landscape approach that targets all stakeholders as a strategy to change the BAU and reduce emissions from the landscape, while producing the world's first ever climate-smart cocoa bean.

For more information visit: <http://fcghana.org/nrs>