Sixty Sixth Sovereign Debt News Update: Ghana becomes second African Country to receive Emission Reductions Payments from Forest Carbon Partnership Facility

By:

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On 24 January, 2023, Ghana – with one of the highest deforestation rates in Africa – became the second country in Africa after Mozambique to receive payments from a World Bank trust fund for reducing emissions from deforestation and forest degradation, commonly known as REDD+. The World Bank's Forest Carbon Partnership Facility (FCPF) paid Ghana $4,862,280 for reducing 972,456 tons of carbon emissions for the first monitoring period under the program (June to December 2019).

According to Pierre Laporte, World Bank Country Director for Ghana, Liberia, and Sierra Leone, this payment is the first of four under the country's Emission

Reductions Payment Agreement (ERPA) with the World Bank signed on 9 July 2019 to demonstrate potential for leveraging results based payments for carbon credits. Subject to showing results from actions taken to reduce deforestation, Ghana is eligible to receive up to $50 million for 10 million tons of CO2 emissions reduced by the end of 2024. These actions are within a six-million-hectare stretch of the West Africa Guinean Forest, where biodiversity and forests are under pressure from cocoa farming and unsustainable harvesting, and small-scale mining. Ghana is one of 15 countries that have signed ERPAs with the World Bank.

Ghana is the world's second-largest cocoa producer. The country's forest degradation and deforestation are driven primarily by cocoa farm expansion, coupled with logging and a recent increase in illegal mining. Therefore, through the program, the government of Ghana focuses on selected deforestation hotspot areas and helps farmers and communities increase cocoa production there while reducing carbon emissions through the promotion of climate-smart cocoa production. Consequently, more sustainable cocoa farming will help avoid expansion of cocoa farms into forest lands and secure more predictable income streams for communities. These combined actions will help Ghana to meet its national climate commitments under the Paris Agreement.

Ghana's emission reductions program is anchored in the country's national strategy for reducing emissions from deforestation and forest degradation (REDD+), and is well-aligned with relevant national policies and strategies, including Ghana's Shared Growth and Development Agenda, the National Climate Change Policy, the National Forest and Wildlife Policy, the National Gender Policy, and Ghana's nationally-determined contributions to the UN Framework Convention on Climate Change.

Its ERPA's two central goals – reducing carbon emissions in the forestry sector and producing truly sustainable, climate-smart cocoa beans – make it unique in Africa and the first of its kind in the cocoa and forest sectors worldwide. It, thus, helps to secure the future of Ghana's forests while enhancing income and livelihood opportunities for farmers and forest-dependent communities.

According to Samuel Abu Jinapor, Minister of Lands and Natural Resources, "this emission reductions payment will further promote confidence in Ghana's

REDD+ process for action to reduce deforestation and forest degradation while empowering local community livelihoods. The road to global 1.5 degrees cannot be achieved without healthy standing forests, and Ghana is committed to making it possible."

Ghana's Cocoa Board is participating in the REDD+ process, as are some of the most important cocoa and chocolate companies in the world, including World Cocoa Foundation members like Mondelēz International, Olam, Touton, and others. Their combined actions are not only helping bring change to the cocoa sector, but they are also helping Ghana meet its national emissions reduction commitments under the Paris Agreement. This level of collaboration is also reflected in the benefit-sharing plan (BSP) for the Ghana Emission Reduction Program (GCFRP) underpinning Ghana's ERPA with the World Bank. The BSP was developed in anticipation of the carbon benefits that will be generated under the GCFRP. The goal of the GCFRP is to significantly reduce deforestation and forest degradation by promoting climate-smart cocoa production, landscape level land-use planning, strategic policy reforms, integrated coordination and monitoring, law enforcement as well as risk reduction efforts within priority Hotspot Intervention Area (HIA) landscapes.

The BSP elaborates on benefit sharing mechanism that is intended to effectively distribute carbon and non-carbon benefits as result the implementation of the program. It describes the various beneficiaries, their eligibility, roles and responsibilities while specifying the scale and modalities for distribution. Additionally, the BSP describes the type of benefits to be transferred to the beneficiaries, the timing of the distribution, and the conditions (roles and responsibilities) to be satisfied for the payment of the benefits, and the appropriate indicators for monitoring, measuring and verifying compliance with modalities for distributing benefits.

Mozambique and Democratic Republic of Congo (DRC) – two African countries with globally significant forest resources – also signed the ERPA on 1 February 2019, and 2018 respectively. In Mozambique, the 'Zambezia Integrated Landscape Management Program' aims at reducing 10 million tons of carbon emissions by 2024, with performance-based payments of up to US$ 50 million. Similarly, with the signing of DRC's ERPA, the country began its efforts towards future payments of up to US$ 55 million for verified emission reductions. On 15

October, 2021, FCPF paid Mozambique $6.4 million for reducing 1.28 million tons of carbon emissions since 2019. The payments were made after Mozambique submitted an official monitoring report confirming the emission reductions after an independent third-party verification was conducted between September 2020 and May 2021. On the other hand, DRC's 'Mai-Ndombe Emission Reductions Program' seeks to, *inter alia*, reduce slash-and-burn agricultural practices that cause deforestation and carbon emissions. DRC is yet to receive its payments.

It is important to note that the FCPF has been heavily criticised for failing to comply with its own safeguard mechanisms regarding the participation and consultation with indigenous peoples and forest-dependent communities. Because the FCPF focuses primarily on preparing countries for REDD+, rather than REDD+ projects themselves, traditional safeguards were adapted to address concerns associated with REDD+. In some cases, however, indigenous peoples had little input in identifying how REDD+ might harm their livelihoods and rights. The FCPF also lacks binding requirements or rules on the need to recognise and respect land and resource rights in line with international obligations, including customary rights. As they stand, the FCPF's rules and commitments are largely confined to procedural rights to participation and consultation, rather than respecting substantive rights to land, livelihoods and resources.

Others have also indicated that the REDD+ experiment must be ended urgently for a number of reasons: (a) 12 years of REDD+ have been unable to halt or even significantly reduce deforestation; (b) REDD+ has been effective as a distraction that turns attention away from the real causes of deforestation and climate change; and (c) REDD+ projects and programmes have led to more forests and territories of forest-dependant communities being subjected to control and monitoring of a community's land use by outsiders. As offsets, they have also allowed polluting industries to continue or even expand the corporate operations that ruin forests and the climate.

Despite its pitfalls, FCPF can be improved in a number of ways. Foremost, it should move beyond an almost exclusive focus on monitoring carbon to focus on non-carbon values such as monitoring governance, clarification of tenure rights of indigenous peoples and local communities. Secondly, no ERPA should be negotiated before the Readiness phase is fully completed and assessed to

evaluate the level of compliance with social and environmental safeguards to protect the environment and indigenous peoples' rights. Thirdly, The FCPF should ensure the full respect of the rights of indigenous peoples, including: free, prior and informed consent, the rights to land, territories and resources, the right to traditional knowledge and traditional livelihoods, as well as transparency, accountability and compliance with the highest level of social and environmental standards and safeguards in all activities that are fully or partly funded by the FCPF. Finally, an inclusive public debate around different potential financial mechanisms should take place at national and international level before countries develop REDD plans geared only towards readiness for a carbon market.

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