

REPUBLIC OF GHANA**Aide Memoire****NREG-II Development Policy Operations (DPOs) and Technical Assistance (TA)
Forest Carbon Partnership Facility (FCPF) & Forest Investment Plan (FIP)**

Objectives of the mission

The main objectives of the mission were to:

- initiate the preparation of the second phase of the World Bank support to the government NREG program: this support will be provided through a programmatic series of two Development Policy Credit operations (NREG-II DPOs) for a total amount of US\$50 million and a parallel Technical Assistance operation (US\$5 million grant);
- work with the Forestry Commission to ensure a prompt kick off of the FCPF activities ; and
- build, up-front, appropriate coordination and foster synergies and economies of scale amongst the NREG, Forest Carbon Partnership Facility (FCPF) and Forest Investment Program (FIP) operations, as well as other forest governance related initiatives (existing and planned).

A World Bank mission team comprising Flávio Chaves (natural resources management specialist), Carole Megevand (senior natural resources specialist) and Angela Khaminwa (social development specialist) visited Accra from January 19 to 27, 2012 (Agenda of the mission in Annex 1). A follow up mission will be conducted by Krsitina Svensson (mining specialist) in February to further discuss the mining components under the TA and DPOs. An additional Aide-Memoire will complement the present one.

The mission benefited from an active and fruitful participation of all the Governmental entities involved in the NREG program, namely: the Forestry Commission (FC), the Ministry of Lands and Natural Resources (MLNR), the Minerals Commission (MC), the Environmental Protection Agency (EPA), the Ministry of Environment, Science and Technology (MEST) and the Ministry of Finance and Economic Planning (MoFEP). The mission is very grateful for the valuable contributions provided by all involved, and would particularly like to thank Mr. Franklin Ashiadey, NREG Coordinator, MoFEP, for hosting the mission and convening and chairing key meetings.

Mission activities and discussions also benefited from the participation and inputs of other development partner specialists including Ton van der Zon (DP Sector Lead-ENR, EKN), Bart Missinne and Emmanuel Ansong (EU), Clare Brogan (Forestry consultant, EU) and Sean Doolan (DFID). Findings with respect to the continuation of the NREG program in general reflect the common position of the NREG DPs.

During the mission, a working session with civil society organizations and academia was organized by the MoFEP to discuss modalities for efficient and inclusive involvement and participation of the non-state actors during the second phase of the NREG. (Annex 2 lists the people who participated to the mission).

The Bank issued a new policy on Access to Information on July 1st, 2010: this policy includes a provision on the public disclosure of the Aide-Memoires. The disclosure of this Aide Memoire was discussed and confirmed with Mr. Franklin Ashiadey, NREG Coordinator, as well as representatives of the other MDAs on January 26, 2012. The Bank and the Government of Ghana confirm their understanding and agreement to publicly disclose this Aide-Memoire.

I. Development Policy Operations:

A. Objectives:

The proposed second phase of the DPOs will support the national NREG Program and the policy areas will remain Forestry, Mining, Environmental management sectors including Climate Change.

B. Principles

Ambitious and Result-oriented program: While the first series of DPOs mainly contributed to establishing an adequate policy framework in the targeted policy areas, the second series of DPOs is expected to deepen and operationalize key policy reforms and foster tangible impacts on the ground. The approach adopted for the design of the NREG-II DPOs will be focused on results and consistently with the substantial financial envelop allocated will have to foster transformational effects in focal policy areas.

The Policy Matrix of the NREG-II DPOs will build on the NREG Program Assessment Framework (PAF) and will further define indicators, baseline and target values in line with the “Good Practice Note for Development Policy Lending” discussed during the mission. The Prior Actions of the first operation will build on the targets planned for 2011, as presented in the PAF. The indicative triggers for the second operation would be based on the indicative prior actions-2012 discussed in March 2012 and indicators, baseline/target as well as means of verification will be further discussed with the Government during the next few months and shall be concluded no later than the end of September 2012.

Amount of the respective operations: the total amount for the programmatic series of the two DPO is US\$50 million. However, the share of this global envelop between the two operations has not yet been decided upon.

Lessons learnt: The recently completed Implementation Completion Review report¹ of the first phase of the WB support to the NREG program has highlighted a few lessons that will be mainstreamed in the design of the NREG-II DPOs:

- the need for accompanying technical assistance during the DPO implementation to provide Government with timely and targeted technical support for the completion of the prior actions/triggers: a parallel technical assistance operation (US\$ 5 million grant) is under preparation and should be delivered by the end of the first semester 2012².
- the results expected from the reforms programs will have to be tangible, quantifiable and easy to monitor: in addition to the prior actions/triggers, the policy matrix will define clear indicators, establish baseline and targets and as well as means of verification.

Consultative approach: The NREG-II DPOs will give special emphasis to the consultation with and the active participation of the non-state actors (NGOs, private sector, Academia...): policy consultation will be inclusive of non-state actors at the national level and grassroots organizations and community leadership.

Coordination with other DPs: The NREG-II DPOs will align with the support provided by the other Development Partners to the NREG program through Budgetary Support, as per the existing Framework Memorandum of Understanding³. It will also coordinate with support provided by different partners, including with non-NREG sector support partners, through complementary instruments, such as technical assistance or investments. It will build on the principle defined as part of the evaluation process of the first phase on the “unity of purpose rather than unity of process”.

C. Timeline for the operations

This mission has formally initiated the preparation of the NREG-II DPOs that are expected to be presented to the Board of Executive Directors of the World Bank in November 2012 for a first disbursement at the beginning of the calendar year 2013. In order to give enough time to the Government entities to fulfill the Prior Actions of the second operation, it is proposed to plan for an assessment of the PAF-2012 in June 2013 (rather than March 2013). If this is agreeable, this

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http://imagebank.worldbank.org/servlet/WDSContentServer/IW3P/IB/2012/01/12/000333037_20120112013538/Rendered/PDF/ICR19470P102970C0disclosed010100120.pdf

² Other DPs are also planning the provision of TA under the NREG program.

³ Any revision to the Framework Memorandum of Understanding will be concluded as part of the preparation process.

would allow for a submission of the second operation to the WB Board in November 2013 and a disbursement in early 2014. This new timeline would not apply to year 2012 and would allow, starting 2013, for:

- a better alignment of the disbursement schedule with the budget cycle;
- a better alignment of the NREG program with the broader Multi-Donor Budget Support (MDBS).

See below the summary timeline for the preparation of both NREG-II DPOs and TA. An action plan for the preparation of the DPOs is presented in Annex 3.

II. Technical Assistance Grant

A. Objectives

Building on lessons learnt from the first phase DPOs, a Technical Assistance operation is under preparation to provide technical support to the Government and strengthen consultation in the design and implementation of the policy reforms under the NREG program.

B. Design of the TA operation

The TA is aligned with the DPOs in the sense that it will provide targeted assistance to the MDAs involved in the NREG program. As such, the TA operation is structured into four components: (i) Forestry, (ii) Mining, (iii) Environmental Management & Climate Change and (iv) NREG Coordination.

The mission held discussion with the respective MDAs as well as with MoFEP to identify the activities to be financed under the TA operation and ensure a good alignment with the priority areas to be covered DPOs. Outcomes of the preliminary discussions are presented below and will be further fine-tuned during the next two months of preparation of the operation based on budget constraints.

Forestry Component (Implementing Agencies: Ministry of Lands and Natural Resources & Forestry Commission):

- Tree tenure regime: mostly on consultations.
- Timber Supply/Demand: (i) reengineering and modernization of management practices in selected Forest Reserves and Protected Areas (incl. capacity building, forest inventories, revision of management plans, costing and budgeting of FR/PA operations); (ii) Model-based scenario building exercise in line with the proposals presented in the draft “Domestic Market Supply Policy” (including options to reduce illegal logging); (iii) additional technical analysis on plantations.
- M&E system: technical assistance to operationalize the M&E system already in place in the Forestry Commission.

- Forestry Development Master Plan: technical expertise to prepare the Forestry Development Master Plan till 2030.

Mining Component (Implementing Agency: Minerals Commission):

- ASM sub-sector: (i) needs assessment for MC effective deployment in key districts; (ii) capacity building/training for MC/EPA district officers and ASM associations, (iii) development of action plans to address issues arising from the PSIA and the SEA, (iv) development of an incentives framework to reduce illegal mining.
- Socio-economic contribution of the mining sector: (i) Cost-benefit analysis of the sector, (ii) benchmarking of operating costs for exploration and mine operations, (iii) preparation of manuals/guidelines on local procurement by mining industry and (iv) assessment needs for the establishment of a gold assay laboratory at the Accra international airport.
- Environmental remediation: preparation of a costed plan for remediation of selected old mining sites with high risks of pollution.

Environmental Management & Climate Change (Implementing Agencies: respectively Environmental Protection Agency & Ministry of Environment, Science and Technology):

- Environmental Management: (i) capacity building on environmental governance and management for public sector agencies and non-state actors, (ii) community sensitization on environmental governance and grievance mechanisms, (iii) revision of sanctions and penalties system for environmental offences.
- Climate change: (i) on-demand capacity building/training for public sector agencies and non-state actors, i.e. on carbon finance and climate finance, (ii) technical assistance to support preparation of a NAMA (sector to be decided). The activities under this TA will complement on-going and planned activities with other DPs.

NREG Coordination (Implementing Agency: Ministry of Finance and Economic Planning):

- Fiduciary monitoring of the Grant: (i) part-time consultant on financial management and procurement.
- M&E system for the NREG: set up and operationalize a performing M&E systems to meet sector requirements.
- Analytical work on NRM sectors, including: (i) Revenue forecasting model, (ii) Policy document on NRM sectors.
- Engagement of other stakeholders on NREG program.

C. Timeline for the preparation

The preparation of the TA operation is on “fast-track” model and the submission to the WB Board of Executive Directors is planned on May 24, 2012. See below table indicating the timeline for both NREG-II DPOs and TA. An action plan for the preparation of the TA operation is presented in Annex 3.

Steps for the preparation/approval – NREG-II operations (DPOs and TA)		Date
DPO/TA	Formal internal submission of the concept notes for both the TA and the NREG-II DPOs	February 13, 2012
DPO	Assessment of the PAF – Prior Actions 2011	March 2012
TA	Appraisal mission for the TA	April 2012
TA	Negotiations for the TA (optimally back-to-back with appraisal mission)	April 2012
TA	Submission of the TA operation to the WB Board	May 24, 2012
DPO	Appraisal mission for the DPOs	September 2012
DPO	Negotiations of the DPOs	October 2012
DPO	MTEF result framework 2013 Discussions	October 2012
DPO	Submission to the WB Board	November 21, 2012
DPO	Disbursement for the first operation	Early 2013

III. Forest Carbon Partnership Facility

The FCPF grant agreement has been counter-signed by Ministry of Finance in November, 2011. The funds are now available for project implementation. The FCPF team at the Forestry Commission will host a launch workshop in early March to: 1) officially launch the FCPF implementation; 2) examine the project implementation arrangements jointly with the Bank's team; 3) discuss and consult on the Terms of Reference for some of the FCPF initial activities, in particular studies related to: the REDD strategic options, the Governance/Benefit sharing/Conflict resolution, SESA and the MRV/Reference Levels studies. It has been agreed that draft of terms of reference (excluding for the SESA that have already been approved) should be sent to the Bank for comments by mid-February.

In order to expedite the initiation of the SESA process the Bank agreed to provide its no objection to ToR for the SESA (which has been reviewed and agreed on as part the Assessment Note preparation), so that the FC may issue the Expression of Interest for the bidding process. It's nonetheless agreed, that the SESA ToR may be refined as consequence of the consultation process and that version to be attached to consultancy contract will be subject to the Bank's vetting and no objection.

The mission reminded that in order to access the grant funds it is necessary that the Forestry Commission submits the authorized signatures letter and the Withdrawal Application for the first deposit to the Bank. The Forestry Commission agreed to send the letter and WA by February 10, 2012.

IV. Forest Investment Program

The Mission has discussed with GoG and DPs the recent progress and next steps in the preparation of the FIP Investment Plan and the FIP's contribution and integration the overall sector dialogue on climate change and forestry.

GoG and DPs expressed their concern with the IP preparation delays. GoG shared that the inability of the African Development Bank to channel preparation grant in a timely manner has caused major delays in the preparation schedule and prevented a comprehensive and systematic consultation process. The Bank and DPs pointed out that a formal communication from the GoG to the CIF Admin Unit explaining that situation would be important to clarify the reasons for the IP preparation delay and demise any unfair criticism.

In order to support GoG's effort in the IP preparation the Bank reaffirmed its support to eventual use of FCPF funds to solve the funding shortage for the FIP consultation process. Should GoG wish to use FCPF funds, it should nonetheless send a communication to Bank with the request.

Finally, the mission observed that the FIP is part of GoG instruments in forestry sector and climate change. As such coordination with the National Climate Change Policy Framework and other climate change initiatives is important in order to ensure a coherent approach and to achieve the efficient use of resources. As such the mission would like to encourage: 1) the mainstreaming of such a dialogue under the existing platforms, as for example the Sector Group meetings; 2) the improvement in the information sharing and coordination at the different government levels, in particular within the Forestry Commission.

Disclosure : *"The Bank and Borrower confirm their understanding and agreement to publicly disclose this aide-mémoire. The disclosure of this Aide Memoire was discussed and agreed to with project counterparts led by Mr. Franklin Ashiadey, NREG Coordinator at the wrap-up meeting that took place on January 27, 2012 in Accra.*

Annex 1: Agenda of the mission from January 19 to 27, 2012

	Thursday, 19	Friday, 20	Monday, 23	Tuesday, 24	Wednesday, 25	Thursday, 26	Friday, 27
9:00 - 10:00		CMU: mission opening.	10:00- PAF 2012 assessment (@ MoFEP).	Technical discussions on the TA grant and DPO (@ MoFEP).	10:00: CSO/NGO discussions	Write up of the Aide Memoire	10:00- 12:00 ENR DP meeting
10:00- 12:00	Biodiversity Meeting at MEST.	NREG TCC. Mission opening meeting.		FORESTRY (FCPF+FIP+NREG)			
LUNCH							
14:00 - 15:30	Climate Change: DP coordination meeting (@ BHC).	Technical discussions on the TA grant and DPO. EPA and MEST.	Technical discussions on the TA grant and DPO (@ MoFEP).	Technical discussions on the TA grant and DPO (@ MoFEP).	Technical discussions on the TA grant (@ MoFEP). FORESRTY	NREG TCC mission debriefing. Discussion on the Aide Memoire and Next Steps (@ MoFEP).	CMU mission debriefing
16:30- 18:00	NREG DPs meeting (@ BHC).		MINING	FORESTRY (FCPF+FIP+NREG)	Technical discussions on the TA grant and DPO (@ MoFEP). MoFEP		

Annex 2: list of the persons who participated to the mission

Name	Contacts
Ministry of Finance and Economic Planning (MoFEP)	
Ms. Ruth Asare Mr. Franklin Ashiadey, Coordinator, NREG Technical Committee Ms. Sheila Naah Mr. Mohammed Bash Abdul-Razak Ms. Doreen Asare Mr. Vincent Azorli	
Ministry of Lands and Natural Resources (MLNR)	
Mr. Musa Abu Juam Mr. Joseph Osiakwan Mr. Tabi Agyarko	
Forestry Commission (FC)	
Mr. Samuel Afari Dartey Mr. Chris Beeko Mr. Oppon Sasu Mr. Joe Appiah Gyapong	
Minerals Commission (MC)	
Mr. Richard Afenu Mr. Robert Bamfo Mr. Jerry Ahadjie	
Ministry of Environment, Science and Technology (MEST)	
Mr. Fredua Agyemang Mr. Kwesi Tabi	
Environmental Protection Agency (EPA)	
Ms. Christine Asare Mr. Daniel Aggrey	
(ERFD)	
Mr. Kwabena Oku-Afari, Director	
Development Partners	
Mr. Missine Bart, EU Delegation Mr. Emmanuel B. Ansong, EU Delegation Ms. Carole Megevand, World Bank Ms. Angela Khaminwa, World Bank Mr. Flavio Chaves, World Bank Mr. Ton Vander Zon, Netherlands Embassy Mr. Sean Doolan, DFID Mr. Hervé Delsol, EU Mr. Justice Odoi, USAID	

Mr. Dniel Graymore, DFID Ms. Clare Brogan, Consultant, EU	
Non-state actors (CSOs, Academia)	
Mr. Justice Bediako, CODEG Mr. Agyapah Buah, SCMPP (WR) Mr. Frank B. Dankwa, GAPVOG Mr. Emmanuel Ansah, YOSAEC Mr. R.N.K Ntiamoah, ADICODE Mr. Zakaria Yakubu, Care-KASA Mr. K.S. Nketiah, TBI Ghana Mr. Solomon Kusi Ampofo, Friends of the Nation Mr. Nii Adjetey, NCOM-AMN Mr. Samuel Doffe, CAN-GH Ms. Vanessa Sena Awadzi, HATOF Foundation Mr. Anthony Akuuzule, Ghana Poultly Network Mr. George Awudji, Friends of the Earth-Ghana Mr. Emmanuel Oteng, NUENGO SEC Mr. Alhassan Atta-Quayson, NCOM-TWN Ms. Akpene Dzadzra, NCOM-ISODEC Mr. Elisha Kyirem, NUENGO SEC Dr. Jacob M. Kutu, Dept. Of Earth Science, UG, Legon Dr. P.M. Nude, Dept. Of Earth Science, UG, Legon Mr. George Ahadziw, GEO Mr. Samuel Nortey Quaye, EPA Ms. Rosemary Guamah, Sankofa Mr. Julius Arhin, Life Bridge 68 Foundation Mr. Godson Amekuedi, Learning Helping Living Mr. Kingsley Bekoe Ansah, Forest Watch Ghana Ms. Theresa Ayiku, A Rocha Ghana Mr. Paul Kpai, EDYM Mr. Julius Yawson, Providence Club	

Annex 3-a: Action Plan for the preparation of the NREG-II – Development Policy operations

Actions	Responsible entity	Deadline
Finalize and circulate the Aide-Memoire of the mission	World Bank	February 3, 2012
Dissemination of the ICR report of the NREG-I DPOs to the CSOs	MoFEP	February 10, 2012
Preparation of the “Guidelines for consultation in NREG”	MoFEP	February 2012
Internal review of the concept Note for both the NREG-II DPOs and TA	World Bank	February 13, 2012
Joint Assessment of the PAF – Prior Action 2011	Joint GoG-DPs	March 2012
Preparation of the Policy Matrix for NREG-II DPOs (as part of the Appraisal mission of the TA operation)	GoG-World Bank	April 2012
Back-and-forth exchanges on Program Document for the NREG-II DPOs	GoG-World Bank	June-August 2012
Internal Decision meeting on NREG-II DPO	World Bank	End August 2012
Appraisal mission for the NREG-II DPOs	GoG-World Bank	September 2012
Negotiations of the NREG-II DPOs	GoG-World Bank	Early October 2012
Finalization of the NREG-II DPO package and submission to WB Board Secretariat	World Bank	October 2012
Approval by the Board	World Bank	November 21, 2012 (tentative date)
Signing of the DPO Financing Agreement (including appropriate clearances)	GoG	December 2012
Disbursement of first operation	World Bank	Early 2013

Annex 3-b: Action Plan for the preparation of the NREG-II Technical Assistance operation

Actions	Responsible entity	Deadline
Finalize and circulate the Aide-Memoire of the mission	World Bank	February 3, 2012
Submit revised activities for the different sub-components based on discussions, including a proposed budget.	MoFEP to compile revised versions received from: FC, MC, EPA and MEST and submit to the Bank	February 3, 2012
Internal review of the concept Note for both the NREG-II DPOs and TA	World Bank	February 13, 2012
Preparation of the Procurement Plan for the TA operation	MoFEP	March 15, 2012
Assessment of FM and procurement capacities	World Bank	March 2012
Distribution of the first draft Project Appraisal Document to GoG (and DPs)	World Bank	March 16, 2012
Comments on the first draft PAD	MoFEP to compile comments from MDAs	March 23, 2012
Internal Decision meeting on the TA operation	World Bank	March 30, 2012
Appraisal mission for the TA operation, optimally back-to-back with Negotiations	GoG-World Bank	First half of April 2012
Preparation of the ToRs for the activities planned under the TA	MDAs and MoFEP	
Finalization of the TA package and submission to the WB Board Secretariat	World Bank	End of April 2012
Approval by the WB Board	World Bank	May 24, 2012

Annex 3-c: Action Plan for the FCPF for the next month to allow for a quick kick off of the activities

Actions	Responsible entity	Deadline
Send comments to the revised Work Plan	World Bank	February 3, 2012
Finalize work plan	FC Climate Change Unit	February 10, 2012
Send authorized signatures and withdrawal application	Forestry Commission	February 10, 2012
Request no-objection to SESA ToR	FC Climate Change Unit	February 3, 2012
Provide no-objection to SESA ToR	World Bank	February 10, 2012
Publish SESA Expression Of Interest	Forestry Commission	February 17, 2012
Revise and send to the WB the ToRs for MRV and Reference Levels, Governance and Conflict Resolution and REDD+ Cost Benefit Analysis	FC Climate Change Unit	February 24, 2012
Launch work shop	FC Climate Change Unit	March 5, 2012