



SUPPORT TO THE ELABORATION OF A FSC/VCS CERTIFIED TEAK REFORESTATION PROJECT FOR THE FIP SET ASIDE FUND

Ref.
85

Expert(s)	Country	Volume (md)	Amount (€)	Beneficiary	Funding	Start date	End date	Partner(s)	Reference
O. Bouyer, M. Le Crom, J. Maurice	Ghana	15	12,900 €	FORM Ghana / FIP	AfDB	Jun. 2013	Jul. 2013	n/a	Mafalda DUARTE m.duarte@afdb.org Mob : + 216 98 70 54 38

Detailed description of the project	Services provided
<p>The <i>Forest Investment Program (FIP)</i> – part of the <i>Climate Investment Funds (CIF) family</i> – aims to mobilize substantial funds to reduce the greenhouse gas emissions due to deforestation and degradation (REDD+). Eight pilot countries have been selected worldwide, including three in Africa: Ghana, Burkina Faso and DR Congo. The World Bank and the African Development Bank (AfDB) coordinate the program's implementation in these three countries (with a total budget of 130 M USD) in close collaboration with national authorities. The congolese FIP Investment Plan has been approved by the FIP Sub-Committee in June 2011, whereas those of Burkina Faso and Ghana have been approved in November 2012. Besides specific supports to the Governments, 50 M USD of concessional loans have been reserved to finance REDD+ projects involving private operators in the 8 pilot countries (<i>FIP Set-aside Fund</i>). These projects have been presented to the FIP Sub-Committee in August 2013 for competitive selection and award. The African Development Bank mandated SalvaTerra to support the Bank in identifying and structuring potential projects in Ghana, Burkina Faso and DR Congo.</p> <p>In Ghana, after multiple interviews, FORM Ghana has been identified as potential project developer for a 12 500 ha reforestation project (mainly with teak and local species) in forest reserves in the Brong Ahafo region, for a total budget of 37,5 M USD including 10,3 M USD of concessional loans by the FIP. The reforestation occurs on lands severely degraded by slash and burn agriculture, illegal wood harvesting and bush fires. The project relies on a 50-year public-private-partnership (PPP) between the Ghanaian Forest Service (GFS) and FORM Ghana. The project will be FSC (<i>Forest Stewardship Council</i>) and VCS (<i>Verified Carbon Standard</i>) certified, generate more than 1 000 jobs, sequester 3 MtCO₂e at a relatively low-cost (cerca 12,5 USD/teqCO₂) and restore local environmental services.</p>	<p>Taking into account the FIP general objective, the respective FIP Investment Plan of each country and the <i>FIP Private sector Set-aside fund</i> guidelines, the team of experts (i) identified promising project ideas and credible developers in each country, (ii) worked in close collaboration with the project developers, national authorities in charge of the FIP and the REDD+ national strategies as well as AfDB's FIP team, in order to prepare three concept notes to be submitted in August 2013.</p> <p>In Ghana, FORM was selected after numerous interviews with project developers. The preparation of the concept note started with the analysis of the relevant documentation on forest and environmental policies. Specifically, the success and failures of past reforestation national programs were analysed: <i>Taungya system</i> (2001 – 2009), various public plantation programs (2004 – 2009), plantation expansion program from 2010 to 2013 and private plantations development program (2011 – 2013).</p> <p>The concept note was prepared with two distinct sections: (i) Respect of the FIP investment criteria (carbon sequestration potential, replication potential, cost/benefit ratio in USD/tCO₂e, technical feasibility, environmental and social co-benefits, respect of the FIP/AfDB safeguards), (ii) Practical modalities of engagement: description of activities and their innovative nature, FSC certified Teak market study, business plan and cashflows, potential risks and mitigation measures.</p> <p>After submission to and examination by the FIP Sub-Committee, the concept note has been judged excellent and ranked 3 over the 11 concept notes presented for competitive selection.</p>