Background Paper for Ghana's REDD+ Benefit Sharing Dialogue

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1.0 Introduction

Reducing Emissions from Deforestation and Forest Degradation (REDD+) is a globally acclaimed climate change mitigation mechanism. Implementation of REDD+ is expected to generate both monetary and non-monetary benefits from a range of sources such as donors and multilateral funds and the voluntary and compliance carbon markets. These benefits are supposed to serve as incentives to stakeholders in achieving REDD+ objectives. This is where an effective, efficient and equitable benefit sharing system will make a difference. A well-designed benefit sharing system/mechanism will maximize the opportunities REDD+ provides and ensure that it delivers on its objectives.

The submission of Ghana's Readiness Preparation Proposal (R-PP) in December 2009 and with its subsequent revision a year later indicates Ghana's commitment to REDD+ implementation. Although considerable progress has been made in terms of developing a national REDD+ strategy, capacity building and project piloting, there are challenges to key issues such as development of a benefit sharing scheme, carbon rights definition, land and tree tenure and gender mainstreaming. These and other relevant issues have dominated the REDD+ implementation discourse.

This background paper provides an overview of REDD+ progress in Ghana, review existing policy and pilot projects in benefit sharing, presents key challenges to REDD+ benefit sharing implementation, and proposes actions for addressing the challenges. It will also serve as a reference document for all participants of the upcoming dialogue to understand current discussions on Benefit Sharing and the main challenges in Ghana for developing and/or supporting effective benefit sharing mechanisms while stimulating discussions that will be linked with previous dialogue outcomes.

2.0 Brief overview of current REDD+ progress in Ghana

Currently, Ghana is at the R-PP Implementation Phase as a participant in the Forest Carbon Partnership Facility (FCPF). This Phase focuses on three key actions, namely (i) Analysis, Preparation and Consultation, (ii) Piloting and Testing and (iii) Becoming Ready for REDD+ Implementation and Management (Figure 1). We are now at the Piloting and Consultation stages of the R-PP Implementation Phase. This involves several activities including:

- Initial capacity building for pilots;
- Establishment of pilots/demonstration activities;
- Establishment of carbon accounting registry;
- Testing of carbon measurement, accounting and MRV procedures;
- Consultation around demonstrations and pilots;
- Consultation on potential REDD+ policies, decisions and actions;
- Training Needs Analysis for full REDD+ implementation.

So far, several Pilot and Demonstration activities have been initiated in various ecological zones across the country. It is expected that the outcomes and lessons learnt from these pilot cases would guide and inform key actions and activities when REDD+ becomes fully operational at the implementation stage.

Several key milestones have been achieved, including the development of a REDD+ Strategy, establishment of various working groups on technical, policy, legal, management and monitoring processes important for Ghana's REDD+ implementation. Ghana has adopted a learning-by-doing approach since it is believed that it would help in building the needed capacity and confidence to execute REDD+ effectively, efficiently and equitably. REDD+ Readiness Preparation activities are expected to continue through year 2013.

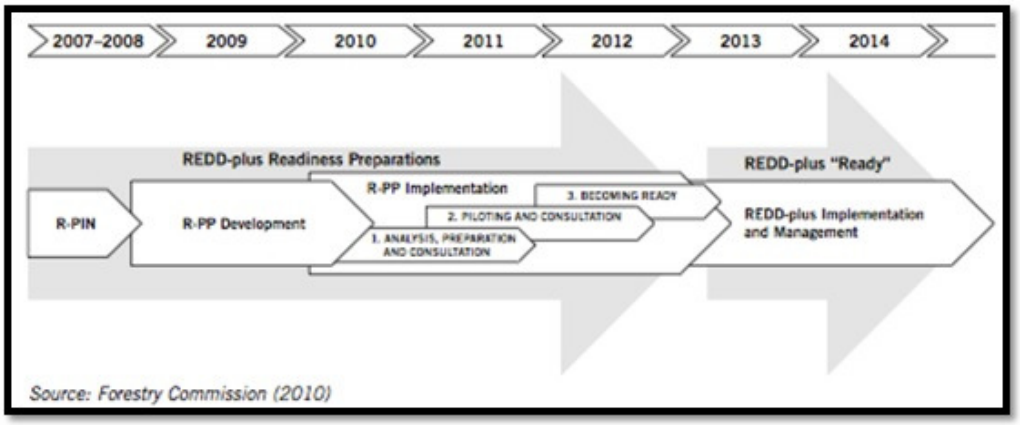

Figure 1: Timeline of Ghana's progress toward REDD+ Readiness

2.1 Key stakeholders involved in REDD+

Diverse stakeholder groups have interest in the REDD+ mechanism. However, those that are directly involved in formulation and implementation of the mechanism are the Government of Ghana and its agencies, Non-Governmental Organizations, Civil Society Organizations, local communities and their representatives, academia, foreign or diplomatic missions and development partners.

Key stakeholders that are directly involved in coordinating and implementing elements of REDD+ operate at national and sub-national levels. National level stakeholders comprise the Environment and Natural Resources Advisory Council (ENRAC) at Cabinet level. At the Ministerial level, activities are coordinated by the National REDD+ Working Group (originally established as the National REDD+ Steering Committee) and the National Climate Change Committee. The National REDD+ Working Group was originally composed of eight Technical Sub-Working Groups (i.e. Policy & Legislation Review; Strategic Environmental & Social Assessment (SESA); National REDD+ Consultation; REDD+ Demonstration; Baseline and Reference Scenario; Monitoring, Reporting and Verification (MRV); and the Monitoring and Evaluation sub-working groups). However, this was trimmed down to six technical sub-working groups by merging the Baseline & Reference Scenario and MRV sub-working groups.

At the Implementing Agency level, the Carbon Credit Policy Committee, under the Ministry of Environment, Science, Technology and Innovation (MESTI), and the Climate Change Unit operating under the Forestry Commission (FCPF, 2011), are instrumental in ensuring effective implementation of REDD+ activities and are supported by other agencies such as the Environmental Protection Agency (EPA), and CSIR-Forestry Research Institute of Ghana (CSIR-FORIG), among several others.

Sub-national level stakeholders include District Assemblies, Local Communities (represented through the representative of the National Forest Forum), Traditional Authorities and NGOs (Figure 2).

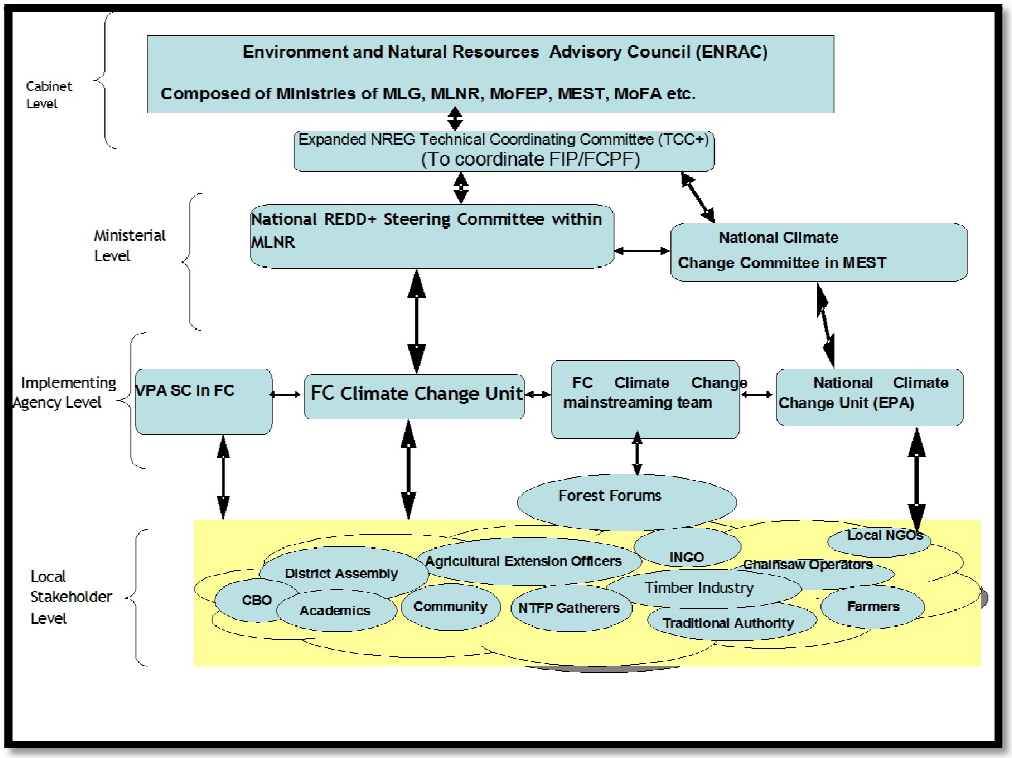

Figure 2: Stakeholders and institutional linkages for REDD+ readiness preparation (Source: R-PP, Ghana (2010)).

2.2 Ghana's REDD+ progress: Key milestones

Major activities necessary for REDD+ implementation have been undertaken since Ghana's R-PP was approved. Foremost of these is the development of a National REDD+ Strategy, which serves as an implementation guide for the execution of the REDD+ mechanism. Further to this, a Carbon Map for Ghana has been produced based on best available national data. In addition, a National Baseline Biomass Map has been generated. A Committee for Carbon Credits Trading has been established under the Ministry of Environment to lead the process of developing modalities for all carbon transactions.[1].

In terms of gender mainstreaming in REDD+, the Forestry Commission of Ghana and the International Union for the Conservation of Nature (IUCN), in collaboration with the Women's Environment and Development Organisation (WEDO) and Participatory Development Associates (PDA) have developed a roadmap that would guide the design and implementation of a gender-sensitive REDD+ strategy in Ghana. The "Gender and REDD+ Road Map" is in two phases. Phases I has nine (9) objectives for the REDD+ Readiness phase while Phase II also has nine (9) objectives for the REDD+ Implementation and Management phase[2].

[1]Ghana R-PP, 2010.
[2]FC/IUCN, 2011.

2.3 Ongoing activities under REDD+

The main national REDD+ activities being implemented in Ghana are under the Forest Carbon Partnership Facility (FCPF) and the Forest Investment Program (FIP) of the World Bank. Under the FCPF Programme, about seven REDD+ project proposals have been approved and are to be implemented as pilot activities across ecological zones. The FIP intends to support REDD+ by providing start-up financing investments through REDD+ readiness strategy efforts.

2.3.1 Some key REDD+ projects

The Community Forest Management Project (CFMP) and the National Forest Plantation Development Programme (NFPD) constitute large-scale national reforestation activities in Ghana that encourage sustainable forest management. At the sub-national level activities include ITTO REDDES projects, the IUCN Pro-Poor REDD+ project and the Nyankamba Community Resource Management Area REDD Project, which support sustainable forest management and local communities. The Sustainable Charcoal Production Project and Cocoa Carbon Initiative (CCI), both managed with input from the Katoomba Group enable communities to benefit from accessing carbon finance and regulate drivers of deforestation predominant in Ghana. The CCI, which has two pilot projects, aims at reducing emissions and increasing carbon stocks on farm within the larger cocoa landscape through tree planting and bolstering the sustainability of the cocoa sector. The Sustainable Charcoal Production Project piloted in Nkoranza aims at establishing sustainable charcoal production practices through regulation of local production, improved efficiency in charcoal production and establishment of woodlots for fuelwood as substitutes for wood from natural forest for charcoal.

Another important initiative is the Bobiri Forest Area Project which aims to compile an inventory and spatially map forest-based carbon stocks. Other activities include the Forest, Climate and Community Alliance Project and the A Rocha Ghana Project, which intend to reduce deforestation and offset carbon emissions. CSIR-FORIG with support from ITTO, is conducting a 3-year research on how to build capacity of local communities in Reducing Emissions from Deforestation Forest Degradation (REDD+) in the Ankasa Conservation Area. The project aims to contribute to sustainable management and conservation of Ankasa Conservation area to improve the provision of environmental services and reduce GHG emissions.

2.3.2 Benefit sharing mechanism

Ghana's REDD+ programme has yet to establish an effective, efficient and equitable benefit sharing mechanism. Through a series of multi-stakeholder consultations and workshops, IUCN has identified three (3) Benefit sharing options for monetary benefits sharing under REDD+ implementation in Ghana. The proposed options are: Community Managed Revolving Credit Scheme, Individual Payments Scheme and a Hybrid/Combination of the first two schemes (discussed in more detail in Section 3.1). Although discussions are ongoing, stakeholders are yet to determine exact percentages that should be assigned to the identified beneficiary stakeholders (Government, Communities, Farmers, and Traditional Authorities) involved in REDD+ programme. The views on percentage shares have been varied from one stakeholder consultation meeting to another. It is envisaged that the moneys for the establishment and operation of the benefit sharing schemes may mainly come from donors and multilateral funds and the voluntary and compliance carbon markets.

More recently, the Forestry Commission of Ghana has commissioned CSIR-FORIG to

develop guidance for setting up a national scheme/architecture on benefit sharing that can be adopted to support REDD+ implementation in Ghana. This study forms part of a broader ITTO-funded project "*Advancing REDD+ in Ghana: Preparation of REDD+ Pilot Schemes in Off-Reserve Forests and Agroforests*". One of the expected outputs under this project is the development of options for incentive mechanisms that reward farmers and rural communities for adopting sustainable land use practices. The REDD+ Secretariat and the Forestry Commission would decide which of the proposed benefit sharing options to adopt, and would also need to consider the need for legislative backing to the implementation of the options.

So far, all benefit sharing discussions, studies and initiatives have centred on monetary benefits. Non-cash benefits or "co-benefits" such as social and environmental benefits, improved access to natural resources, improved market access, social and infrastructural development, land and tree and tenure reforms, etc., are largely missing in the discourse. The reasons for the utter silence on non-cash benefits are unknown. However, the Ghanaian situation makes it possible to consider non-cash benefits. These are discussed in section 4.5.

2.3.3 Land/Tree/ Carbon tenure rights

Insecure land/tree tenure can be a major hindrance to the gains that REDD+ can offer. The Ministry of Lands and Natural Resources (MLNR) has been swift about the matter by organizing a Symposium on land/tree tenure rights, in collaboration with its partners, in order to understand the scope and complexity of the issues. It was acknowledged during the Symposium that a key step to achieving clarity in land/tree tenure rights is through the establishment of clear and legally enforceable rules to back the allocation of different types of rights (e.g., management rights, user rights, ownership rights, etc.) to the various categories of forest users. This would require effective stakeholder engagement and consultation that bring on board the views and interests of all affected by land administration and land/tree tenure issues.

Issues concerning carbon rights definition, allocation of rights and the relevant supporting legal framework are to be considered in the on-going ITTO-funded project on Advancing REDD+ in Ghana, mentioned above. The results, unfortunately, will not be available until 2014.

2.4 Activities yet to be completed

<u>Reference Level/Measuring, Reporting and Verification (MRV)</u>

According to Ghana's R-PP, the development of a historically adjusted reference emission scenario (REL) is yet to take place. The REL will involve quantifying historic emissions and removals and then developing future trajectories based on economic, development and agricultural scenario data (FC, 2010). According to the Readiness Preparation Proposal (R-PP), Ghana intends to establish an MRV system by the end of 2013. The Forestry Commission will also be monitoring land use and land use changes, implementing forest inventories and compiling tree measurements in Ghana through its Climate Change Unit (CCU) and Resource Management Support Centre. The CCU is currently going through the procurement process to recruit consultants to undertake this activity.

3.0 Existing policy framework on REDD+ benefit sharing

Currently, there are three national policies with relevance to REDD+, namely 2011 Ghana Forest and Wildlife Policy, National Land Policy (1999) and the EU-led Forest Law Enforcement, Governance and Trade and the Voluntary Partnership Agreement. Besides

these, there are ongoing plans/programmes that contribute, in one way or the other, to the REDD+ mechanism. These include the Land Administration Project, National Climate Change Adaptation Strategy, Natural Resources and Environmental Governance Programme, Forestry Development Master Plan and National Forest Plantation Development Programme. The relevance of these policies and programmes/projects to REDD+ are discussed below:

The 2011 *Forest and Wildlife Policy (FWP)*, which is a revision of the 1994 Forest and Wildlife Policy, is a paradigm shift from the earlier policy. The new Policy seeks to: (i) consolidate good governance through accountability and transparency (ii) enhance active participation of communities and land owners in resource management and address issues on tree tenure and benefit sharing… (iv) increase biodiversity conservation…and (ix) develop climate change adaptation and mitigation measures.

Policy Objectives 1 and 4 draw attention to the allocation of carbon rights, transfer of benefits from trees to communities and individuals, and tree tenure security to communities and individuals in off-reserve areas. Hence, to all intents and purposes, the 2011 FWP acknowledges the need for tree tenure reforms and carbon rights allocation. The enactment of necessary legislation to support the provisions made in the Policy could take a while or longer than expected. However, the REDD+ Secretariat could push for these provisions to be backed by legislation since the policy framework is express about these (see Box 1).

Box 1: What the Policy Says

Policy objective 1 through outlined strategies calls for the "enactment of necessary legislations to guide allocation of carbon rights and related matters."

Policy objective 4 through intended strategies expressly demand the "enactment of legislations that will enable communities and individuals to benefit from trees on their farms and fallow lands, provide off-reserve tree tenure security, authority to legally dispose of resources and allocate greater proportion of benefits accruing from resource management to community members individually or collectively.

The 2013 Forest & Wildlife Policy

National Land Policy of Ghana (1999). The guidelines of this Policy that are relevant to REDD+ include the facilitation of equitable access to land, security of tenure and protection of land rights. The policy further mentions the promotion of research into all aspects of land ownership, tenure and land development process.

The *Land Administration Project* [Phase 1 (2003 - 2010; Phase 2 (2012 - 2016)]. The Land Administration Project (LAP) was established to achieve the policy aims of the National Land Policy and to make reforms necessary for efficient land administration in Ghana. LAP seeks to promote the demarcation of boundaries, registration of land rights, record keeping of rights and interests in land and land transactions adjudication and resolution of conflicts to achieve efficiency, equity and optimal service delivery in support of land market operations. The project ensures harmonization of land policy and regulatory framework, institutional reform and development, improving land titling, registration, valuation, land use planning and land information system. Specifically, the project is expected to complete the drafting of the land and land use planning Bills and support the preparation of Legislative Instruments for the Lands Acts; Land Use and Planning; Lands Commission and the Office of the Administration of Stool Lands and improve the land registration and titles system in terms of security and reduction of turn-around time for service delivery.

The first phase of the reforms under LAP-1 implemented from 2003 to 2010, laid the foundation by reviewing the statutes on land, carrying out institutional reforms and undertaking pilots on a number of initiatives such as Customary Boundary Demarcation, establishment of Customary Lands Secretariats, Digitizing Land Records, Establishment of Land Courts, Systematic Title Registration, among others. Under LAP I, 37 Customary Land Secretariats (CLSs) were established nationwide to assist traditional authorities and other landowners in the administration of land at the local level.

Under LAP II, the establishment of CLSs had been mainstreamed into activities of the Office of Administrator of Stool Lands (OASL) and strengthening of the policy, legal and regulatory framework for land administration, decentralization and improving business and service delivery processes. LAP II would focus on producing maps primarily in Greater Accra, Ashanti, Western and Northern regions as well as improving spatial data.

The LAP when completed will ensure demarcation, registration and titling of all customary stool land, public lands, family and individual lands. Thence, land rights would be secured, conflicts and dispute related to land management and administration will be dealt with through the legally established conflict resolution processes. The success of REDD+ depends to a large extent on secure land and tree tenure, defined project area with registered property rights (i.e. within legally established boundaries) and functional conflict resolution mechanisms will benefit from these since the mechanism will have effective legal backing. If these critical requirements are already provided and functional on the ground, risks to REDD+ projects are considerably reduced since conflict situations relating to land and property rights, as well as access and ownership rights that could negatively affect implementation, can be checked. Furthermore, cost of transaction and setting up REDD+ projects are significantly minimized since project funds and effort may be minimally directed to address those issues. Secure right to land also ensures sustainability of REDD+ projects and access to the benefits derived thereof.

The *Forest Law Enforcement, Governance and Trade (FLEGT)/Voluntary Partnership Agreement (VPA)*, to which Ghana is a partner to the European Union, ensures trade in legal timber which in turn controls illegal logging thereby ensuring sustainable forest management. Sustainable forest management contributes to reducing deforestation and degradation thus catering for the objective of REDD+.

National Climate Change Adaptation Strategy (2010) aims at increasing Ghana's resilience to climate change impacts by building Ghana's capacity in the area of infrastructure and knowledge regarding climate change impacts and in reducing vulnerability in key sectors of the country. One of such key sectors is forestry, and through the REDD+ mechanism the sector can be made resilient and contribute to mitigating climate change impacts.

Natural Resources and Environmental Governance Programme (2002) aims to achieve the sustainable development of natural resources and forests. The NREG has specific provisions to reduce illegal logging and reduce social conflict in forestry and mining communities. The provisions for reducing illegal logging complement the mechanism for reducing deforestation and degradation (REDD+). The programme strongly advocates for tree tenure reforms that recognizes customary rights as well as improved transfer of rights to farmers. The programme is of the strong conviction that if these reforms are delivered farmers in Ghana can adopt sustainable forestry practices, stimulate investment and transaction in trees and forests thereby reducing deforestation. Also secure tree tenure rights guarantee the permanence of any emissions reductions achieved.

The *Forestry Development Master Plan* (2012 - 2032) formed on the basis of Ghana's Vision 2020. The Plan is being revised to meet Ghana's current and future forest products and

services needs and to align it to the new Forest and Wildlife Policy (2013) and the National Development Agenda. Some of Ghana's current and future services is enhancing carbon through reduced deforestation – the goal of REDD+. Linking the aims of the master plan with the national development agenda does not only ensure the backing of government but also ensures integration with other sector plans hence reassuring the implementation of REDD+.

National Forest Plantation Development Programme (NFPDP) was launched in 2001 with aim of increasing Ghana's forest cover through plantation development and rehabilitation of degraded forests. Several hectares of plantations have been established throughout the country. Rehabilitation of degraded forests contributes ultimately to reducing emissions, tackles degradation and ensures additionality. In effect, the NFPDP strongly contributes to the objectives of REDD+.

3.1 Pilot projects on REDD+ benefit sharing

Considering Benefit Sharing under Ghana's REDD+ process, not much has been done yet; even so, significant steps have been taken which shows concerted intention to deal with the issues. An example is the already-mentioned IUCN initiative; through a series of multi-stakeholder consultations and workshops in 2011 it identified three (3) benefit sharing options for monetary benefits allocation under REDD+ implementation in Ghana, namely *Community Managed Revolving Credit Scheme, Individual Payments Scheme and a Hybrid/Combination* of the first two schemes[3].

Community Managed Revolving Credit Scheme: Under this option, revenues accruing from REDD+ activities will be put in a fund and managed by trustees decided on by the communities themselves. It is argued that the scheme has the potential to ensure the welfare of the wider community, and engender wider support and ownership for projects/activities executed by communities.

Individual Payments Scheme: this option allows payments to individuals for the projects they undertake under REDD+. The arguments for this form of benefit sharing stem from the fact that individuals involved in REDD+ activities should receive direct benefits for the work done.

Hybrid/Combination of Community Managed Revolving Credit and Individual Payments Scheme: Under this option, a higher percentage of revenue generated from REDD+ activities is paid to individuals and a smaller percentage to the revolving fund for the community. It is argued that the scheme takes into consideration the fact that there are different forms of land ownership in Ghana. Lands could be either communally owned, family owned or individually owned. Therefore, the best approach to benefit sharing would be to ensure secured benefits to individuals who contribute to REDD+ activities, while recognizing the role of the wider community.

Of all the three Benefit Sharing options, the *Hybrid/Combination* option received up to 58% support among stakeholders. The scoring of the various options was determined at cluster of community meetings organized by IUCN[4]. Considering the different forms of land ownership/tenure regimes in Ghana as well as the socio-cultural values (sense of community belongingness) of the people, the 'Hybrid/Combination of Community and

[3] Further elaboration on theperceptionof different stakeholder groups and the advanatages and disadvantages of the options have been provided in Annex 1.

[4] IUCN Ghana Pro-poor REDD+ Project Report, October 2011b, p 9; Foli & Dumenu, 2011.

Community Managed Revolving Credit schemes' seem to be most appropriate for the Ghanaian context. However, land/tree tenure reforms and carbon rights definition could change the choice of benefit sharing option. This benefit sharing option ensures secure benefits to individuals who contribute to REDD+ activities, whilst recognizing the role of the wider community. Although discussions are ongoing, stakeholders are yet to determine exact percentages that should be assigned to identified beneficiary stakeholders (government, communities, farmers, and traditional authorities) involved in REDD+ activities. The views on percentage shares have been varied from one stakeholder consultation meeting to another.

IUCN, in collaboration with German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) have begun a 3-year pilot project (2013 - 2015) in Wassa Amenfi. The project "*Facilitating countries and communities in designing pro-poor REDD+ benefit-sharing schemes*" will undertake three categories of activities:

- Pilot and assess pro-poor benefit sharing mechanisms for performance-based REDD+ proxy actions that are consistent with national REDD+ strategies.
- Identify and promote policy and institutional arrangements required to equitably and efficiently deliver performance-based payments for REDD+ activities.
- Generate and promote lessons about the design and implementation of pro-poor REDD+ benefit-sharing mechanisms.

Also, as mentioned earlier, the ITTO-funded project, **"***Advancing REDD+ in Ghana: Preparation of REDD+ Pilot Schemes in Off-Reserve Forests and Agroforests*", being executed by CSIR-FORIG on behalf of the Climate Change Secretariat, seeks to develop guidance for setting up a national scheme/architecture on benefit sharing that can be adopted to support REDD+ implementation in Ghana with options for incentive mechanisms that reward farmers and rural communities for adopting sustainable land use practices. The study will produce an 'Options Paper' on benefit sharing mechanisms and social accountability for Ghana taking into consideration the institutional and legal framework for REDD+ implementation and the linkages between carbon rights, and land and tree tenure. The Option paper is expected to be available in 2014.

By far, these constitute major steps and practical actions taken toward REDD+ benefit sharing in Ghana.

4.0 Key challenges to implementation of REDD+ benefit sharing in Ghana

REDD+ is expected to generate both monetary and non-monetary benefits for socio-economic development of participating countries. To maximize the opportunities REDD+ offers environmentally and economically, there is a need for a robust benefit sharing arrangement that is effective in reducing emissions, efficient in maximizing benefits on every unit of input and equitable in sharing benefits accruing. Such a benefit sharing scheme is possible if challenges to its design and implementation are recognized and dealt with.

The challenges facing Ghana are those relating to land/tree tenure regime, carbon rights allocation, determination of prospective beneficiary stakeholders, basis for the determination of benefit distribution, benefit distribution mechanism, management of the benefit sharing process and the requisite legal framework to support the benefit sharing mechanism. Each of these challenges is elaborated below in the light of past forest dialogues held.

4.1 Identifying beneficiaries of REDD+ benefits

Establishing an equitable benefit sharing mechanism begins with determining beneficiaries to economic and non-economic benefits of REDD+. Many stakeholders involved in forest protection, development and utilization include government, communities, farmers, and traditional authorities and the private sector. There is no doubt that stakeholders whose legal activities contribute to high rates of deforestation and degradation should receive REDD+ benefits. To this end there is less doubt regarding the place of *artisanal millers* (hitherto *illegal chainsaw operators*). If the artisanal milling concept is accepted then these categories of stakeholders will be recognized for receiving REDD+ benefits. The challenge arises when the concept is not implemented, hence leaving them in their illegal chainsaw operation status. The question then is "should illegal deforestation and degradation receive REDD+ reward? Would such payments not create perverse incentives and create disregard for environmental laws?" The illegal chainsaw industry is significant enough to escape notice. Marfo (2009) estimated that an annual lumber supply to the domestic market is 487,000 m^3 representing 800,000 trees per year. Illegal chainsaw activities provide jobs for about 97,000 people and support the livelihoods of more than 650,000 people. Leaving the sector unattended will imply a significant source of leakage during REDD+ implementation.

Another category of stakeholders that should be considered are those whose actions contribute to forest conservation. This may include communities surrounding Globally Significant Biodiversity Areas (GSBAs). There are 30 GSBAs covering about 2,302 km^2 in Ghana. These strictly protected areas are being considered by Ghana's FC to be included in the REDD+ programme (Derkyi *et al*, 2013). The major role of GSBAs in REDD+ will be in the form of additionality. Although, additionality in REDD+ is difficult to ascertain or minimal, exclusion of the fringing communities from benefits sharing could serve as low incentives for forest protection and law enforcement. Already, there are concerns from communities that FC should allow them to exploit the protected areas for their livelihoods. GSBAs deserve the attention of REDD+ implementers because should fringe communities decide to encroach, the gains made in other REDD+ project areas in the country could be lost to leakage problems in GSBAs. Such possibilities should not be discounted since there are reports suggesting considerable human activities in these areas. For instance, a recent estimate indicates that there may be as many as 500 chainsaw operators with around 2,500 young men working as operators and lumber carriers operating in the Atewa Forest Reserve which is one of the 30 GSBAs in the country (Owusu, 2012). There are other reports of illegal logging and farming activities in the Atewa Range GSBA (e.g., RAP, 2007).

Another issue worth considering is the issue of "admitted farms" in forest reserves. The question to consider is, "should these farmers be part of REDD+ benefit sharing?" Assuming such a reserve is participating in a REDD+ project, will these farmers have a share in the economic benefits accruing to the reserve managers? Such thorny questions are worthy of thorough consideration.

4.2 Conditionality of benefit sharing distribution (Input or Performance)

The conditionality of benefits disbursement relates to the question 'what should be rewarded' i.e., input or performance. Defining conditionality is essential in developing benefit sharing schemes. Whichever conditionality is chosen will determine which approach should be adopted for sharing of benefits, what organizational or institutional structure should be set up for administration and distribution of benefits and what percentage shares are assigned to beneficiaries. There are two main approaches to the basis of benefit sharing, namely:

1. *Input-based arrangements*: beneficiaries agree to carry out specified actions, or refrain

from certain actions, in return for up-front monetary or non-monetary benefits. No link is provided between the distribution of benefits and future measurable performance in forest management.

2. *Performance-based arrangements* distribute benefits on the condition that the stakeholders receiving the benefits have achieved a predefined, measurable and verifiable standard of performance against a baseline (e.g., have restored or protected X hectares of forest).

There is a no definite decision on which of the approaches will be used at national or project level. Considering that Ghana is in Phase 2 of REDD+, and is in the process of developing an appropriate monitoring system, it is reasonable that Ghana pursues the input-based approach. The issue is further explored in section 5.2.

4.3 Financing/benefit distribution mechanism

Monetary benefits for REDD+ activities require sophisticated distribution mechanisms. The choice of distribution mechanism depends on the country context, its prevailing institutions and tenure regime, financing source, and the programme's focus. A recent study shows that there are largely three types of national finance mechanisms[5]:

a) *Dedicated fund*: Funds are held, managed, and disbursed through a structure that is separate from the national budget. e.g. Amazon Fund.

b) *Budgetary approach*: Funds are disbursed via existing budgetary structures and pathways. e.g. Indonesia.

c) *Decentralized approach*: Sub-national and project-level actors can directly access funds. The central government plays a regulatory role and has a limited financial role. However, the central government may collect a levy on revenue generated to cover its regulating costs and/or to fund social priorities; e.g., participatory forest management approaches for REDD+ including community forestry in Tanzania.

In terms of distribution mechanisms, there are two forms: Vertical and Horizontal distribution mechanisms.

Vertical distribution: this form of distributional mechanism is fashioned after the trickle-down approach which is mostly operational in most forest sectors. Economic benefits are retained at the top (national level) and distributed downward to communities and individuals. Without proper safeguards and pro-poor elements to secure participation of vulnerable and poor groups, there are high incidences of inefficiencies and marginalization associated with this system. Most often, the largest sums stay in the hands of those furthest away from the day-to-day management of the forest. This distributional mechanism is what has been operating in Ghana's forestry sector in relation to forest revenue distribution.

Horizontal distribution: ensures allocation of benefits within communities and among individual farmers and landowners. This form of distributional mechanism operates at project level.

The issue of how to allocate benefits to different stakeholders along the REDD+ supply chain makes the design of a benefit-distribution mechanism particularly sensitive. Ghana's financing and distribution mechanisms are unclear. Although there are indications that Ghana will adopt the "Nested Approach", there is no firm decision yet. Indecision can affect the design of an effective, efficient and equitable benefit sharing mechanism. See section 5.3 for recommendations.

[5]Madeira, 2012

4.4 Management of REDD+ benefit sharing

Managing and allocating REDD+ benefits in a transparent and accountable manner are essential components of an equitable benefit sharing mechanism. Yet, legally constituted bodies or agencies to make decisions about benefit sharing remains unclear. The composition of such agencies or bodies (i.e. technical advisory, fund management, disbursement) and at what level they should operate (national and sub-national levels) remains undecided. Section 5.4 provides some recommendations.

4.5 Lack of consideration of non-cash or co-benefits

All benefit sharing discussions, studies and initiatives have centred on monetary benefits. Non-cash benefits or "co-benefits" such as social and environmental benefits, improved access to natural resources, improved market access, social and infrastructural development, land and tree and tenure reforms, etc., are largely missing in the discourse. Undeniably, prices for carbon will not be substantial enough to wean people from activities that contribute to deforestation and degradation. Placing too much emphasis on monetary benefits would raise such unrealistic expectation among beneficiaries that when the reality of low carbon prices (hence low monetary rewards) hits them, the whole objective of REDD+ will be crushed. Owing to this, it is important that non-cash or co-benefits should be explored, featured and promoted in the REDD+ discussion. There are avenues to promote this form of benefit.

For instance, in areas where community forestry is practiced (e.g., Community Resource Management Areas (CREMAs) in off-reserve areas) and such forest estate is linked to REDD+, community infrastructural development may be an appropriate non-cash benefit. Additionally, individuals or families or business entities that own land can be benefit from cost-free land registration and titling as a form of non-cash REDD+ benefits. In this regard, the REDD+ Secretariat could team up with the Land Administration Project (LAP) where individual and stool lands are being registered and titled. To proceed on this leg, there is the need to map beneficiaries and their respective interests with the view of identifying benefits appropriate to them. Identifying and deciding appropriate benefits for communities can be modelled after the Social Responsibility Agreements (SRA) concept implemented in logging communities.

4.6 Complex and insecure land/tree tenure

Land tenure systems affect resource management in Ghana since more than 90% of land is controlled by traditional customary tenure systems. Insecure land/tree tenure can be a major hindrance to the gains that REDD+ can offer. Ghana has a complex regime of land and tree tenure arrangements. Rights (use, ownership) associated with land differ from those exercised towards resources on it (timber trees). Although lands in Ghana, except public lands, are held by various stools/skins (traditional authorities), or families or clans, timber trees (naturally occurring) are owned by the State whether in reserves or areas outside reserves as established by section 16 of the Concession Act, 1962. If planted, the planter holds exclusive rights over the trees (access/use, management, alienation, exclusion) as espoused in the Timber Resources Management (Amendment) Act, 2002.

Furthermore, there are various land tenure regimes in terms of acquisition in Ghana. Basically, these can be categorized as: (i) allocated family land, (ii) inherited family land, (iii) land received as gift, (iv) purchased land and (v) rented land. Each of these regimes defines the kinds of rights exercised over land, determines what resources can be accessed on the land and who can be a beneficiary to any forms of benefits accruing from the land and how such benefits can be shared.

Another unique but transitory form of land tenure regime is the 'Abunu' and 'Abusa' traditional share-cropping arrangement between a landowner and tenant farmer or tenant resources user. This form of benefit sharing is exercised in relation to land ownership, and sharing of agricultural produce cultivated on a given piece of land (share-cropping) where the tenant tills the land and at harvest, gives a specified portion of the produce to the landlord or landowner (Robertson 1982; Boadu, 1992). The 'Abunu' is a half share (50:50) whereby farm produce (or proceeds from its sale), or the farm land containing the standing crops are shared equally between the farmer and landowner. In cases where farm produce is shared, the tenant remains in charge of maintenance of the entire farm for as long as the farm is productive. The 'Abusa' on the other hand is a third-share (30:30:30) share-cropping system in which land is given to a farmer and the crops are divided into three parts; the farmer takes two-thirds of the crops while the landowner takes the remaining one-third. This practice exists in various forms or arrangements in the farming communities and is gaining importance as a way of gaining access to scarce land.

With regard to these, it is important that any benefit sharing arrangement under REDD+ implementation takes into account how an equitable benefit sharing mechanism will play out in this complex land tenure structure.

4.7 Unclear Carbon rights

An allied issue is carbon rights determination and allocation, and how it will relate to the prevailing or proposed land/tree tenure regime. Carbon rights issues have been acknowledged at some stakeholder consultation meetings. Beyond the acknowledgement, definite actions are yet to be taken to begin the process of 'carbon rights' definitions, allocation and its related issues of legality. Currently, there is no single operational definition of 'carbon rights'. The interpretation of carbon rights, whether it is in national legislation or in contracts, will need to define exactly what is being owned. Regulation or contracts may distinguish between the following[6]:

a) *Sequestered carbon*: this is the commodity, carbon, itself. It is important to determine if the sequestered carbon is a property separable from the tree or biomass in which it is stored. The owner of the tree, forest, soil or land will not necessarily own the sequestered carbon.

b) *Carbon sinks*: these are the reservoirs in which the carbon is stored. They may be regulated by property rights that regulate trees or below ground biomass.

c) *Carbon sequestration potential*: refers to the bundle of rights allowing an entity to explore and exploit the potential that land and forests have to store carbon. These would normally include certain rights to manage land and trees in a way which reduces emissions or enhances removals of carbon.

Thus far, 'carbon rights' can be viewed as property rights to sequestered carbon (where rights are tied to tangible units that store carbon, such as land, soil and tree/forest biomass) and tradable rights (emissions traded regulated by legislative and/or contractual arrangements)[7].

Whichever option Ghana chooses, it may be necessary to consider the differences between situations in which carbon rights are tied to land or tied to trees, and the differences between naturally occurring forests and planted trees. If carbon rights are tied to the land, officially they should belong to the traditional authorities, landowners, farmer or sharecropper in off-

[6]Takas, 2009

[7]TCG UN-REDD 2009; Streck & Sullivan, 2007.

reserve areas. However, the government has the right to issue timber utilization licenses (through the traditional authority) in such areas, causing a conflict of interest between the rights of communities and the interests of government. This could affect the success of REDD+ interventions and the ability of communities to engage without significant risks. Conversely, if carbon rights are tied to trees in Forest Reserves, carbon rights will sit with government. Without adequate benefit sharing arrangements, communities would not be able to benefit from REDD+ related to carbon in such areas. This will not only have equity implications for REDD+ but would also increase risks, as incentives would not be aligned to threats resulting from encroachment into forest reserves[8]. Hence, it is critical that carbon rights issues are decided on early enough to avoid any negative repercussion on the smooth implementation of REDD+.

4.8 Integration with other sectors

Integration of REDD+ with other sector plans and national decision-making frameworks has a comprehensive beneficial outcome for Ghana's environmental sustainability and natural resources management. Ghana's R-PP acknowledges the need for such integration and coordination with other sectors, having recognized the impact of the other sectors such as agriculture and energy (see R-PP section 2a). In furtherance to that, there were review comments on the R-PP that called attention to building synergies and ensuring cross-sector coordination. Although some efforts have been made at integrating REDD+ into national level and other sector plans, the progress has been painfully slow leaving doubts as to whether the integration can materialize.

The lack of cross-sectoral coordination and integration with other sector plans and programmes is preventing REDD+ to be seen as a national long-term programme. In the minds of many, REDD+ is a time-bound project that after exhausting its life span will undergo a natural death. Such perception diverts committed support (budgetary and logistical) from other potentially synergistic sectors. This view is exemplified by the result of a study conducted in a REDD+ pilot site at Wassa Amenfi West District (See Mayers, *et al.*, 2010; p. 36). The study reported the frustration of several district representatives in the district over the lack of funding for district and local land-use planning hence preventing them from integrating new initiatives such as REDD+ with district-level land-use plans. This indicates that if REDD+ had the highest-level political commitment, as is the case in countries such as Guyana, it will be high on the agenda of the government committing relevant sector ministries and agencies to ensure its comprehensive implementation. Additionally, it is worth mentioning that several REDD+ projects under way in Ghana make little, if any, reference to national or district strategies or development plans.

So far, a practical initiative toward integration and cross-sector coordination is the development and implementation of the REDD+ Readiness M&E framework that will be overseen by the M&E Sub-working group. Specific considerations that will be made during the development of the M&E framework include the strong synergy and alignment with relevant government plans, policies and programmes including the National Development Planning Commission (NDPC), VPA-FLEGT, NREG program, FCPF and FIP in terms of timing and sequencing. The Terms of Reference for the M & E framework being developed by the M&E sub- working group was supposed to be ready by the end of October, 2013 (REDD+ Annual Country Progress Report: January - September, 2013).

[8]Asare, 2010.

5.0 Recommendations to addressing key challenges

In relation to the challenges identified, the following recommendations are made:

5.1 Beneficiaries of REDD+ benefits

Extensive assessment of all stakeholders, their relationship to forest resources and their potential role in implementation of REDD+ is essential for the design of a benefit sharing scheme.

Key actions to be taken:

- ***Stakeholder scoping and analysis:*** Identifying beneficiaries requires broad and adequate stakeholder scoping and analysis to determine local and national beneficiaries of REDD+ benefits. This must be done in a participatory manner, involving all stakeholders (local communities, civil society, forest managers, experts, and government representatives).
- ***Determination of legal and perceived rights to forest resources and the benefits they provide:*** All perceived and legal rights to forest resources in project areas, as recognized in statutory and customary laws, must be established. This should be done through a thorough assessment of existing statutory and customary legal frameworks governing rights to forest resources use, management and ownership in order to ascertain legal and perceived rights to forest resources and the benefits they provide. Since REDD+ is basically about forest resources management and conservation, all persons who claim interest in these resources may be expectant of receiving a share of REDD+ benefits. A comprehensive review study would facilitate the establishment of such rights. In the short term, small-scale stakeholder analyses should be carried out in project areas to identify beneficiaries. Project contracts can then be used to secure their interest.

5.2 Conditionality of benefit sharing distribution (Input or Performance)

The conditionality of benefit disbursement relates to the question 'what should be rewarded', i.e., input or performance? Defining conditionality is essential in developing benefit sharing schemes. Ideally, REDD+ should be a purely performance-based arrangement as it is designed to have a clear performance to measure against (emission reduction). But in reality, inputs are easier to define and measure than additionalities of emissions reduction. It is noteworthy that the two approaches are not mutually exclusive and may be implemented simultaneously. Countries with low level of monitoring capacity may find it useful using the input-based approach. Since Ghana is in Phase 2 of REDD+ and is yet to complete developing an appropriate monitoring system, it is recommended that the input-based approach be adopted as a stop-gap measure. Ultimately, Ghana could use a combination of performance valuation and input-based evaluation as may be dictated by the project format or modality that is engaged. For instance a sub-national project may use input-based approach while a national project may go for the performance-based approach.

5.3 Benefit distribution mechanism

As previously considered in section 4.3, there are vertical and horizontal distribution mechanisms. However, Ghana's own experience with the distribution of timber royalties fashioned after the "vertical approach" shows that most of the revenue can be subsumed by the government agency, with little benefit flowing to landowners and communities. It is also common knowledge that this system of revenue (benefits) disbursement is fraught with inefficiencies. This has resulted in conflicts, accusations and mistrust among beneficiary

stakeholders. Nonetheless, the "horizontal approach", which is highly favoured[9] by local communities, presents the challenge of deciding who genuinely benefits and by how much along the REDD+ value chain. There is no easy answer but considering the complicated tenure system and uncertainty over timber and carbon rights, there is a need for addressing this challenge early in the REDD+ readiness process in a transparent and participatory manner. This will ensure equity and fairness so that the poor and vulnerable groups that have been excluded in such discussions in the past are able to participate and benefit.

Interestingly, communities have clear and well-thought-through ideas of the kind of horizontal mechanisms they would like to see. The idea of using REDD+ revenues to provide the capital for locally controlled revolving credit schemes enjoys quite a lot of support, and there is significantly less enthusiasm for distributional schemes predicated on individual payments. The degree of sophisticated thinking at the local level about options for the distribution of REDD+ revenues strongly suggests that the design of benefit-sharing mechanisms should be highly participatory and should build on the views and experiences of forest communities.

5.4 Management of REDD+ benefit sharing

Managing and allocating REDD+ benefits in a transparent and accountable manner are essential components of an effective, efficient and equitable benefit sharing mechanism.

Key actions to be taken:

Establishing a ***multi-stakeholder governing body*** comprising representatives of communities, civil society, private sector, government and experts will be critical to the robustness of an equitable benefit sharing mechanism. The multi-stakeholder governing body can be grouped into sub-committees comprising (a) Technical Advisory, (b) Fund Management and Disbursement, and (c) Independent Monitoring and Auditing sub-committees.

Technical Advisory sub-committee: responsible for resolving technical and financial issues relating to fund procurement and disbursements, conflict arbitration and resolution and advice preparation of contracts.

Fund Management and Disbursement sub-committee: responsible for evaluation of emission reduction claims, issuing of benefit claims certificates and disbursement of funds through financial institutions to beneficiaries.

Independent Monitoring and Auditing sub-committee: responsible for monitoring and auditing the activities of the Technical, Fund Management and Disbursement sub-committees.

5.5 Land/tree tenure

Ghana's tenure regime, rights to land, forest and tree resources and the sharing of benefits they provide are complex. They require considerable time and large financial investment in order to bring about changes needed to push equity. Such large-scale reforms could be long in coming. For these reasons, the following actions can be taken in the short term while we await the long-term reformation:

Key actions to be taken:

- Use ***lower-level legal instruments*** that do not require legislative approval, such as documented ministerial regulations. Regulations will not invalidate or alter existing

[9]Foli & Dumenu, 2011.

laws on property rights, but such regulations can be used to clarify them or even fill gaps or excuse an action where deemed proper and legal. Inspiration can be drawn from the Legislative Instrument (LI) that allows the Sector Minister to allocate 60% of forest reserve revenue to the Forestry Commission for the purposes of management even though the 1992 Constitution does not specify that. Such regulations can be used to address issues of ownership and rights to benefits.

- Another option that can be used effectively is ***contracts*** entered into between the parties undertaking REDD+ projects. A common understanding and agreed positions on ownership rights and rights to benefits can be arranged and made binding during the life cycle of the project.

5.6 Carbon rights

The existing property right regimes in Ghana require a definition or clarification of Carbon rights particularly on the question of determination, ownership and allocation. In relation to the two fundamental concepts of 'carbon rights' definition (i.e. property or tradable rights), there are a number of approaches that Ghana can use in determining in whom carbon rights should be vested under existing tenure regime.

First, the State could choose to define carbon as a natural resource, given its naturally occurring nature; thus it would decouple carbon from its host, in this case trees, and thereby treat it as a separate commodity. In this case, constitutionally, the State would be vested with the rights to carbon. Alternatively, the State could recognize the ecosystem services provided by the trees acting as sinks as being responsible for the carbon credits generated and vest the right to the benefits in the owners of the trees. Using the latter approach, the implications regarding whom the benefits from the carbon will accrue to will then depend on whether the trees are naturally occurring or planted.

If carbon rights determination issues delay prior to the implementation of REDD+ projects, the following key action can be taken:

Key actions to be taken:

- Use **Contracts** to vest and transfer rights to carbon from the state to local groups.

5.7 Integration with other sectors

There is a need for establishing a framework to guide the integration of project initiatives with local (district, municipal and metropolitan), sector and national development plans. Failure to do so could mean less effective and efficient implementation of REDD+. For the long term, the Forestry Commission should establish an effective mechanism targeted at integration and coordination between national-level plans and those of local government authorities (district, municipal and metropolitan assemblies). The national REDD+ program should be incorporated into the National Development Plan and the strategic plans of the Agriculture and Energy sectors. The complementarities between REDD+ and FLEGT/VPA should be strengthened.

Key actions to be taken:

- Undertake a **vigorous cross-sectorial awareness creation and engagement mechanism.** The Forestry Commission should arrange an effective REDD+ awareness creation programme for national policymakers in agencies and sectors that affect, or are affected by, forest-sector action.

- **Identify conflicts and synergies with other sectorial plans:** a comprehensive review of plans and programmes of relevant sector agencies and ministries in light of REDD+ implementation strategies. The goal is to identify potential conflicts and synergies with any future national REDD-plus strategy. On that basis a national framework can be worked out under the coordination of the National Development Planning Commission to guide the plans of all relevant sectors.

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Annex 1: Description of Proposed REDD+ Benefit Sharing Options

Community Managed Revolving Credit Scheme

This form of benefit sharing arrangement was favoured by the traditional authorities and community representatives. Under this scheme, revenues accruing from REDD+ activities will be put in a fund and managed by trustees decided on by the communities themselves. It is argued that the scheme has the potential to ensure the welfare of the wider community, and engender wider support and ownership for projects/activities executed by communities.

Advantages:

- The approach represents a more sustainable mechanism of ensuring that communities' continuous/ long-term benefit from REDD-plus activity is secured even after REDD contracts end.
- It avoids instances where individual payments are not properly invested and thus less value is added to the livelihoods of the beneficiaries, and their interest in sustaining REDD+ contracts negatively affected.
- It also presents an opportunity for communities to be weaned off total dependence on forest resources as the revolving credit scheme would provide the needed financial support to enable them engage in alternative economic activities.

Disadvantages:

- High tendencies of favouritism, nepotism, corruption and poor management of the fund resulting from the interaction or dealings between community members and credit managers.
- High risk of non-payment of loans thereby leading to loss of credit funds. This could counteract gains made by REDD+ programmes and result in the breaching of REDD+ contracts.
- Free riders, i.e., some community members would want to enjoy what they have not worked for.

Individual Payments Scheme

The Individual Payment scheme was endorsed by representatives of government agencies. In this scheme, individuals are paid for the projects they undertake under the REDD-plus programme. The arguments for this form of benefit sharing stems from the fact that, individuals involved in REDD+ activities will receive direct benefits for the work done.

Advantages:

- Reduced tendencies of favoritism, nepotism, corruption and poor management of the funds.
- No risk of non-payment of credits or loans as in the case of community managed revolving credit scheme.
- Benefits go to real people who take part in the REDD+ activities.
- Individuals have control over the management of their own share of benefits.

Disadvantages:

- Community ownership and participation in REDD+ programmes is not harnessed and in some cases could lead to sabotage.

Hybrid/Combination of Community and Individual Payment schemes

The hybrid scheme is supported by resource users (farmers, landowners) and civil society groups. Under this scheme, a higher percentage of revenue generated from REDD+ activities is paid to individuals and a smaller percentage to the revolving fund for the community. It is argued that the scheme takes into consideration the fact that there are different forms of land ownership in Ghana. Lands could be either communally owned, family owned or individually owned. Therefore, the best approach to benefit sharing would be to ensure secured benefits to individuals who contribute to REDD activities, whilst recognizing the role of the wider community.