INDEPENDENT REVIEW MECHANISM

REVISED SPOT-CHECK ADVISORY REVIEW OF PROJECT COMPLIANCE REPORT

PROJECT: Form Ghana Reforestation Project
COUNTRY: Ghana

September 2018
The Members of the Roster of Experts of the Independent Review Mechanism (IRM) and the Director of the Compliance Review and Mediation Unit (BCRM) would like to acknowledge the valuable support they received from the project sponsor, Form Ghana Ltd; the Management and staff of the African Development Bank Group (AfDB); the local authorities; and the local communities in the project area. This support has been invaluable in facilitating the Spot-Check Advisory Review of Project Compliance of the Form Ghana Reforestation Project, which is the subject of this Report.
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# ACRONYMS AND ABBREVIATIONS

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<th>Acronym</th>
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<tr>
<td>ADB</td>
<td>African Development Bank</td>
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<td>AfDB</td>
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<td>ART</td>
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<td>BCRM</td>
<td>Compliance Review and Mediation Unit</td>
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<td>CIF</td>
<td>Climate Investment Funds</td>
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<td>CTF</td>
<td>Clean Technology Fund</td>
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<td>EHS</td>
<td>Environmental, Health and Safety</td>
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<td>ESAP</td>
<td>Environmental and Social Assessment Procedures</td>
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<td>ESIA</td>
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<td>ESMP</td>
<td>Environmental and Social Management Plan</td>
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<td>ESMS</td>
<td>Environmental and Social Management System</td>
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<td>FIP</td>
<td>Forest Investment Program</td>
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<td>FSC</td>
<td>Forest Stewardship Council</td>
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<td>FRAP</td>
<td>Full Resettlement Action Plan</td>
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<td>GHFO</td>
<td>AfDB Country Office in Ghana</td>
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<td>GRM</td>
<td>Grievance Redress Mechanism</td>
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<td>IBRD</td>
<td>International Bank for Reconstruction and Development</td>
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<td>IPM</td>
<td>Integrated Pest Management</td>
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<td>IRM</td>
<td>Independent Review Mechanism</td>
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<td>ISS</td>
<td>Integrated Safeguards System</td>
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<td>MTA</td>
<td>Management and Technical Assistance</td>
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<td>OS</td>
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<td>SCF</td>
<td>Strategic Climate Fund</td>
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<td>SEIMAP</td>
<td>Socio-Economic Impact Mitigation Action Plan</td>
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<td>VCS</td>
<td>Verified Carbon Standard</td>
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EXECUTIVE SUMMARY

The Independent Review Mechanism (IRM) undertook the Spot-Check Advisory Review of Project Compliance (Spot-Check) of the Form Ghana Reforestation Project (Form Ghana Project). The exercise aimed at determining whether the project was prepared and is being implemented in compliance with the applicable policies and procedures of the African Development Bank Group (AfDB).

The current Revised Report contains the observations and recommendations of the IRM. It has taken into account the outcome of the discussions between the IRM and the Bank Management on various points of disagreement which were contained in the first IRM Report which was scheduled for a Board discussion on 9 May 2018. The Board directed the IRM and Bank Management to consult and narrow down the points of disagreement and submit a revised report for consideration by the Board. This Revised Report is submitted to the Board of Directors of the Bank for consideration. The recommendations serve as advice to the Bank Management on issues of compliance associated with this Project as well as for future high risk projects.

It is to be recalled that the Board of Directors of the AfDB approved the spot-check exercise on 7 June 2017. The Independent Review Mechanism (IRM) conducted the spot-check review in line with its Operating Rules and Procedures.

On 13 July 2016, the Board of Directors of the African Development Bank (ADB) approved a senior loan of USD 14 million to Form Ghana Limited (Ltd), the project sponsor, to finance the restoration of 11,700 ha of degraded forest reserves through the establishment of a large-scale sustainable commercial forest plantation.¹ The funding is part of a larger financing envelope that includes a senior concessional loan from the Forest Investment Program (FIP). By virtue of the Financial Procedures Agreement dated 6 December 2010, between the Bank and the International Bank for Reconstruction and Development (IBRD) as the Trustee of the Trust Fund for the Strategic Climate Fund (SCF), the Bank was designated as one of the implementing entities of the SCF that includes FIP as one of its three programs.² In the Context of the Form Ghana Project, Project Preparation Grant of USD 300,000 was approved by FIP Sub-Committee in February 2015. On 13 July 2016, the FIP Sub-Committee approved a FIP senior concessional loan in the amount of USD 10 million, plus USD 175,000 to be paid to the AfDB to cover the costs of implementation and supervision services. Subsequently, on 29 July 2016, the Bank Management submitted as an Addendum to the Project Appraisal Report (PAR) for the FIP loan to be considered for approval by the Board of the ADB on a lapse-of-time basis. The FIP loan was approved by the Board on 22 September 2016.³ Both loans have a tenor of 15 years with a 7-year grace period.

The Form Ghana Project is classified as a Category 1 project in accordance with the AfDB Integrated Safeguards System (ISS), mainly due to the magnitude of the project (about 11,700 ha) and the number of project-affected persons (PAPs). The associated Environmental and Social Impact Assessment (ESIA), the Environmental and Social Management Plan (ESMP), and the Full Resettlement Action Plan (FRAP) were prepared in 2015. The Summaries of the ESIA and FRAP were disclosed on the Bank’s website on 9 October 2015 in line with ISS requirements.

The Form Ghana Project triggered the five Operational Safeguards (OSs) called for in the ISS, namely: OS1: Environmental and Social Assessment; OS2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation; OS3: Biodiversity, Renewable Resources and Ecosystem Services; OS4: Pollution Prevention and Control, Hazardous Materials and Resource Efficiency; and OS5: Labour Conditions Health and Safety.

³ Ibid.
On the basis of the above categories, the IRM assessed the state of progress and compliance of the Form Ghana Project with the ISS and other related policies as well as the references of the OSs in the Loan Facilities Agreement and the FIP loan.

Key Findings and Recommendations of the Spot-Check Review

1) Concerning the ESMP, the Project is not yet in compliance with the OS1 requirements, because: (a) the ESMP content is incomplete because it does not include in the form of a table, the mitigating, monitoring, and institutional measures associated with these environmental and social issues, with clear definitions of responsibility, costs, thresholds, and triggers for initiating corrective action. (b) there is no comprehensive ESMP to enable the Bank to supervise the environmental and social aspects of the Project as a whole; and (c) the staff of Form Ghana Ltd is not familiar with the ISS and its related OS requirements.

The IRM recommends that:

(a) Form Ghana Ltd should submit to the Bank, a revised comprehensive ESMP for the three forest reserves to be reforested. This revised plan should highlight the environmental and social issues during the construction and implementation of the whole Project and include in the form of a table—as reflected in the ISS General Guidance on Implementation of Operational Safeguard (OS 1)—the mitigating, monitoring, and institutional measures associated with these environmental and social issues, with clear definitions of responsibility, costs, thresholds, and triggers for initiating corrective action.

(b) Form Ghana Ltd should develop and maintain an ESMP as per AfDB standards and compatible with the ISS General Guidance on Implementation of OS1.

(c) Bank staff should organize a workshop for Form Ghana Ltd on the policy principles of the ISS, the five Operational Safeguards (Oss), the Environmental and Social Assessment Procedures (ESAP), the Environment and Social Management Plan (ESMP) and the Guidance Notes with which they are not familiar.

(d) Bank staff should design and implement a training program on the ISS and the ESMP for the environmental and social specialists in the Bank, with emphasis on the supervision and reporting of the ESMP.

2. On involuntary resettlement, Form Ghana Ltd has not yet complied with OS2 because of: (a) lack of evidence that the Bank has approved the SEIMAP as well as the compensation to the people affected by the project (PAPs); (b) lack of evidence that the PAPs will have security of tenure; (d) lack of information on the full cost of resettlement activities; and (e) incomplete information to the Board at the time of project approval that a new resettlement site for the PAPs had been agreed upon.

The IRM recommends that:

(a) The Bank staff should provide guidance to Form Ghana Ltd to ensure that the PAPs receive their resettlement assistance as provided for by OS2, such as full replacement costs, compensation for loss of income, and compensation for people who do not have formal land titles, even for those settlers that decided not to resettle in the Kotaa village.

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5 Ibid, p. 29.
(b) From Ghana should refrain from submitting lengthy SEIMAP update whenever there is no progress made. The forthcoming update should focus on the progress made in the implementation plan as of July 2018.

(c) A final decision should be reached quickly by Form Ghana Ltd, and monitored by the Bank staff, on the land to be provided to the PAPs with the assurance of land security and tenure as the type of compensation provided, which should be in accordance with the OS2.

3. Form Ghana Ltd is not in compliance with OS4: Pollution Prevention and Control, Hazardous Materials, and Resource Efficiency. This is because the Protocols on the use of pesticides and waste and the Integrated Pest Management (IPM) prepared by Form Ghana Ltd are not detailed and are inconsistent with the OS4 requirement for using the World Bank Group Environmental, Health and Safety (EHS) Guidelines as best practice for managing hazardous and non-hazardous waste.

The IRM recommends that Form Ghana Ltd should submit a revised Integrated Pest Management (IPM) plan and a waste management plan for hazardous and non-hazardous wastes as per AfDB standards and proportionate to risk and impacts.

4. Form Ghana Ltd is not in compliance with OS5: Labour Conditions, Health and Safety as the intercropping farmers are treated differently from Form Ghana casual workers who are provided with gloves, boots, and health assistance in case of accidents. The intercropping farmers purchase boots of low quality, farm with no gloves, and they have no health assistance.

The IRM recommends that:

(a) Form Ghana Ltd should apply the same type of safety standards, and preventive and protective measures, and provide appropriate equipment to the intercropping farmers as it is done for casual workers, as required by OS5.

(b) The Bank supervision team should monitor Form Ghana Ltd.'s compliance with this recommendation.

5. The IRM finds the following inconsistencies in the Loan Facilities Agreement and in the Project Appraisal Report (PAR) in terms of environmental and social safeguards:

(a) Approval of the Conditions Precedent to disbursement related to environmental and social safeguards based on an incomplete ESMP framework, an unclear project budget and cost as well as the selection of Technical Assistance (MTA) contractor.

The IRM recommends that:

(a) The language of Clause 3.2 of the Loan Facilities Agreement devolving the monitoring and verification responsibilities of the AfDB to Form Ghana Ltd should be revised to reflect the role of the Bank as a lender and implementing agency of SCF;

(b) Form Ghana Ltd should submit to the Bank, an acceptable framework for monitoring and following up the environmental and social measures in accordance with the ISS and the ESMP;

(c) A revised budget should be provided that reflects the detailed breakdown of the costs of the MTA, the ESMP, and the FRAP for the life cycle of the Project;

(d) The MTA should be financed from Form Ghana Ltd.'s own allocation and not from the Loan Facilities Agreement.
6. The IRM is not convinced that the remedies put in place by the AfDB in Clause 19.5 of the Loan Facilities Agreement are being supervised properly.

Therefore, the IRM recommends that the Bank staff also develop remedies in case the performance indicators agreed upon in Appendix 1 of the PAR are not achieved.

7. The IRM notes that (a) supervision of the Project is now the responsibility of the AfDB Country Office in Ghana (GHFO), which has assigned one of its senior staff members to supervise the Project. This staff member was not fully briefed about the Project by the Appraisal Review Team (ART), and was not fully familiar with the complex environmental and social procedures related to the ESMP, the FRAP, and the ESMS; and (b) monitoring and supervision did not start immediately after the first disbursement in July 2017 as stated by the ART.

The IRM recommends that:

(a) The Bank staff that comprises the ART should conduct a sensitization workshop, which should be attended by the new task team leader, Form Ghana Ltd, and Form International B.V., in order to explain the Project as well as the environmental and social safeguards policies and procedures related to this Project.

(b) The environmental and social specialists that are assigned from Headquarters to assist the new task team leader in the review of the revised E&S documentations and in carrying out site visits to the field on a semi-annual basis over the next two years or until the FRAP is fully implemented, whichever comes first, should consider this assignment as a priority.

All the above shortcomings can be resolved given that the Project is still in its first year of project implementation and there are still 13 years left to enable Form Ghana Ltd to remedy and implement the environmental and social safeguards as required by the ISS, its OSs and Guidance Notes, the ESAP, and the recommendations in this Report.

The Bank Management should have been aware that Form Ghana Project would be a complex project triggering so many of the safeguards requirements and should have made sure to provide a budget and staffing accordingly. As a matter of assurance to the Bank Management, it would have been an unexpected success to see this Project in compliance with all the requirements of the ISS given its complexity, the OS requirements and procedures that require extensive ISS practical and professional experience, the need for staff time and effort, as well as training of Bank staff, its borrowers, and clients. The IRM believes that once the recommendations in this Report are satisfied, the Form Ghana Project will provide valuable lessons for other private-sector projects regarding the implementation of the ISS.
1. Background and Objectives of the Spot-Check Review

1. The Operating Rules and Procedures of the Independent Review Mechanism (IRM) of 2015 mandate the IRM to undertake an advisory role which is divided into two activities: (1) the spot-check advisory review of project compliance, carried out by one of the IRM Experts; and (2) advisory services provided by the Director of the Compliance Review and Mediation Unit (BCRM). The scope of these advisory services is to enhance institutional learning by providing independent opinions on systemic issues, and technical advice on any projects and programs financed by the African Development Bank Group (AfDB), so as to strengthen their positive environmental and social impacts. The services are carried out when: (a) the BCRM receives a request for such advice or technical opinion from the President and/or the Boards of Directors; or (b) the President and/or the Boards approve a proposal for such by the Director of BCRM.

2. The specific objective of the spot-check review is to draw lessons from the experiences of the IRM for the purpose of advising the Bank Management on compliance issues associated with high-risk projects. The spot-check review examines whether or not there has been an infringement of any AfDB operational policies or procedures in respect of a project’s design, appraisal, and/or implementation.

3. This Spot-Check Review Report focuses on the Form Ghana Reforestation Project in Ghana. It was initiated by the BCRM and selected after being discussed with the Bank Management. Under the IRM Rules, the IRM is to undertake annual spot-check reviews of two high-risk projects. In light of the proposal by the BCRM, the Boards of Directors approved two projects to undergo spot-check reviews for this year on 7 June 2017. These are:

   (a) The Form Ghana Reforestation Project, Ghana; and
   (b) The South Tunisia Gas Pipeline Project, Tunisia.

4. The selection of these two projects took in particular into account the benefit to be derived from selecting one project that is at an early stage of preparation (Form Ghana Reforestation Project) and another project at an advanced stage of implementation (South Tunisia Gas Pipeline Project). It is hoped that the IRM findings for the project in Ghana will help Bank Management to come up with and implement mitigation measures that are likely to improve safeguards-related outcomes of the Project. Bank Management is expected to coordinate with the client to implement the mitigation actions to ensure that the project is brought into compliance with the applicable AfDB policies and procedures.

5. The BCRM and the Bank Management selected the Form Ghana Project for the following reasons:

   (a) Early warning system: At the time of the selection, the activities of the Form Ghana Project had not started and no disbursements had been made. The proposed spot-check review was recommended to serve as an early-warning independent exercise to capture any gaps between the national laws and the Integrated Safeguards System (ISS) of the AfDB, and to identify any institutional capacity needs of the project sponsor, Form Ghana Ltd. It was also intended to shed light on broader procedural issues to contribute to the achievement of one of the Bank’s High 5s, ‘Improve the quality of life for the people of Africa’; and the Bank’s Ten-Year Strategy (2013-2023) in promoting inclusive and green growth through private-sector involvement.

   (b) Type of project: The Form Ghana Project is an agroforestry project that aims at catalyzing private-sector involvement in the restoration of degraded forest reserves. The restoration is to be carried out through large-scale sustainable commercial forest plantations in degraded forest reserves in Ghana.

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6 IRM Operating Rules and Procedures, 2015, para. 1(b).
7 Ibid, para. 73.
while yielding inclusive socio-economic benefits. The Form Ghana Project aligns with both the Bank’s Ten-Year Strategy and the Private Sector Operational Strategy (2013-2017) for promoting inclusive and green growth through private-sector development. The Bank is prepared to work in partnership with all stakeholders, including private-sector players, in the implementation of the High 5s. The funding by the African Development Bank (ADB) will complement the funding from the Forest Investment Program (FIP) to stimulate the challenging investment climate for private enterprises in the forestry sector, in line with ‘Pillar I: Improving Africa’s investment and business climate’ of the AfDB Private Sector Development Strategy.9 The spot-check exercise will assess the policies and procedures followed during the preparation phase of the Project. The findings will shed light on whether these policies and procedures were adequately applied. If not, the Bank Management will be in a position to identify and rectify any shortcomings to enhance compliance with the applicable AfDB policies and procedures during the project implementation phase. The spot-check review will also highlight areas where the Bank’s guidance to clients (companies and government agencies) engaged in public-private partnerships (PPPs) is required to harness their contributions toward project sustainability outcomes, particularly improving the standards of livelihoods and the environment.

(c) Private-sector project applying the Integrated Safeguards System: The Form Ghana Project is classified as a Category 1 project in accordance with the requirements of the ISS and the Environmental and Social Procedures (ESAP) of the AfDB.10 It is therefore in line with one of the requirements for the Project to undergo a spot-check review. Before the ISS was approved by the Boards in December 2013, the due diligence process of private-sector investments were governed by a different set procedures from that for public-sector projects. With the ISS now operational and applicable to both private- and public-sector operations, the exercise will be an opportunity to scrutinize the extent of the Project’s compliance with the ISS. This will in turn assist the Bank Management to learn from the strengths and challenges when applying the ISS to private-sector projects. It is important to note that all five Operational Safeguards (OSs) in the ISS are applicable to the Form Ghana Project. These are namely: OS1 Environmental and Social Assessment; OS2. Involuntary Resettlement, Land Acquisition, Population Displacement and Compensation; OS3. Biodiversity, Renewable Resources and Ecosystem Services; OS4. Pollution Prevention and Control, Hazardous Materials and Resource Efficiency; and OS5. Labour Conditions, Health and Safety.11 As such, it would be important to assess if the five Operational Safeguard (OSs) have been exhaustively applied to this private-sector project, and what lessons could be learned as best practice from a compliance perspective for applying these standards to other private-sector operations.

(d) Recurrent issues observed by the BCRM to date: The Form Ghana Project requires consultation with stakeholders, most especially on resettlement and compensation issues which have been primarily raised in all the complaints (14 to date) handled by the IRM. A total of 420 households will be directly impacted through loss of farmland in two areas of the Form Ghana Project, namely Akumadan and Tain II. The loss of farmland will happen gradually as the trees will only hamper growth of farm products after a number of years. A total of 31 buildings in the entire project area will be affected, in addition to loss of houses, grazing areas, sheds, tents, and other structures.12 A Full Resettlement Action Plan (FRAP) was prepared to address the needs of the people who are farming on the land in the forest reserves, but are no longer able to do so due to forest growth and plantation expansion. The FRAP will be implemented by Form Ghana Ltd.

The spot-check review will enable the IRM to examine the extent of consultations with stakeholders and the comprehensiveness of the FRAP prepared by the project sponsor in the context of an

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9 PAR, supra note 1, para 3.3, p. 8.
10 ibid, p. 17.
11 Ibid, p. 2.
12 Ibid, p. 17.
Environmental and Social Management System (ESMS). It will also assess if the FRAP complies with the requirements of the Involuntary Resettlement Policy (2003) as contained in Operational Safeguard 2 of the ISS.

(e) **Climate change component:** The Form Ghana Project is an innovative private-sector investment involving climate change mitigation and supporting green growth efforts, while aiming to protect livelihoods and yield positive socio-economic and environmental benefits. It is a scalable concept with the possibility of replication both in Ghana and within the sub-region. Part of the project cost will be provided by the Forest Investment Program (FIP), a program under the Climate Investment Funds (CIF) of which the AfDB is an implementing entity. The spot-check review will offer an opportunity for the Bank Management to learn lessons from this PPP experience in the context of the Bank’s climate change interventions and financing strategies in Regional Member Countries.

6. Upon the approval by the Boards, the IRM decided to start with the spot-check exercise on the Form Ghana Project, followed by the review on the project in Tunisia. The IRM conducted a desk review of the documents relating to the Form Ghana Project and a field mission to Ghana from 3 to 9 September 2017. During this mission, the IRM visited the project sites, interviewed project-affected persons (PAPs), the project sponsor—Form Ghana Ltd, the local authorities in the project area, the Bank staff responsible for the Project, and other stakeholders.

7. The IRM would like to emphasize that the findings of this Report are based on information made available by the Bank Management at the time of the spot-check review, and that the factual issues have been verified with the Bank Management. Accordingly, this Revised Report has been submitted to the Boards of Directors for consideration.

2. **Project Description**

8. The involvement of the Bank in the Form Ghana Reforestation Project is two-fold: (i) as a co-financier, providing a long-term senior loan of USD 14 million for 15 years, including a 7-year grace period; and (ii) as an implementing entity for a USD 10 million concessional senior loan from the Forest Investment Program (FIP) for the same tenor and grace period under the Climate Investment Funds (CIF).

2.1 **Project Approval**

9. On 13 July 2016, the Board of Directors of the AfDB approved a senior loan of USD 14 million to Form Ghana Ltd, the project sponsor, to finance the restoration of degraded forest reserves through the establishment of a large-scale sustainable commercial forest plantation. The funding is part of a larger financing envelope that includes a senior concessional loan from the FIP. By virtue of the Financial Procedures Agreement dated 6 December 2010, between the Bank and the International Bank for Reconstruction and Development (IBRD) as Trustee of the Trust Fund for the Strategic Climate Fund (SCF), the Bank was designated as one of the implementing entities of the SCF, which includes the FIP as one of its three programs. The Financial Procedures Agreement requires that any proposal for financing under the FIP is submitted to the FIP Sub-Committee for consideration and approval before the FIP financing is approved by the Board of Directors of the respective implementing entity. In line with this requirement, the FIP senior concessional loan underwent concurrent review by the FIP Sub-Committee at the time the Appraisal Report was submitted to the Board of Directors of the Bank. On 13 July 2016, the FIP Sub-Committee approved a FIP senior concessional loan in the amount of USD 10 million, plus USD 175,000 to

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13 PAR, *supra* note 1, para. 4.1, p. 17.
14 Project No. P-GH-AA0-036.
be paid to the AfDB to cover the costs of implementation and supervision services. Subsequently, on 29 July 2016, the Bank Management submitted as an Addendum to the Project Appraisal Report (PAR) for the FIP loan to be considered for approval by the Board of Directors of the Bank on a lapse-of-time basis. The FIP loan was approved by the Board on 22 September 2016.\footnote{17
Ibid.}

\section*{2.2 Project Implementation}

10. The Project will be implemented under a Public-Private Partnership (PPP) arrangement by Form Ghana Ltd in collaboration with the Government’s Forestry Commission of Ghana (FCG).\footnote{18
PAR, supra note 1, para. 1.2, p. 1.} It will replace degraded forest reserves by 11,700 ha of commercial forest plantation, which will encompass 10\% with indigenous tree species and 90\% with teak trees. The 14,000 ha of degraded forest land in Akumadan and Berekum, north of Kumasi, has been acquired through a 50-year land lease, which is renewable under a tripartite commercial Benefit-Sharing Agreement (BSA) between the Government, the local communities, and Form Ghana Ltd.\footnote{19
Ibid, para 2.4, p. 2.} The project operations are located about 280 km northwest of Accra across three forest reserves, namely: the Tain II Forest Reserve near Berekum, the Asubima Forest Reserve, and the Afrensu Brohuma Forest Reserve.\footnote{20
Ibid.} This Project is planned for a short-rotation (20 years) teak plantation. A pilot project for teak as a short-rotation hardwood was implemented on 64 ha of land in 2001. Based on its successful growth results, a large-scale nursery was established in 2007 to support the plantation operations. By the end of 2014, about 5,000 ha had been planted. The current financing will fund the expansion of the plantation to 11,700 ha and support its maintenance costs up to the expected 20-year maturity.\footnote{21
Ibid.}

\section*{2.3 Positive Impacts of the Project}

11. The positive effects of the Project on the environment include:

\begin{itemize}
  \item [(a)] Carbon sequestration of 1.8 million tons of CO2-equivalent by 2030;
  \item [(b)] A Forest Stewardship Council (FSC) certification and a Verified Carbon Standard (VCS) validation with an estimated climate change mitigation potential of 4.79 Mt CO2-equivalent over 25 years; and
  \item [(c)] An increase of the overall climate resilience of the target project areas by contributing to the conservation of biodiversity through the restoration of the buffer zones, the regulation of water regimes, the improvement of soil quality, the reduction of erosion, and fire protection as the forest plantation area is closely protected from fire. The Project will also create jobs for the fringe communities, thereby improving household incomes and livelihoods.\footnote{22
PAR, supra note 1, para. 3.13; see also: ESIA Summary, supra note 10, pp. 17-18.}
\end{itemize}

\section*{2.4 Negative Impacts of the Project}

12. The main negative impacts of the Project include:

\begin{itemize}
  \item [(a)] The disturbance of the landscape and the balance of the local ecosystem during site preparation;
  \item [(b)] The cumulative effect of repeated use of chemicals to support manual weeding;
  \item [(c)] The risk of water and soil pollution related to the improper handling of waste (such as oils, plastic, tires, etc.); and
\end{itemize}
(d) The health and safety risks, such as injury accidents, the presence of venomous animals in the work place, illnesses related to improper use of chemicals, etc.23

2.5 Mitigation of Negative Impacts

13. The Form Ghana Project is classified as a Category 1 project in accordance with the ISS, mainly due to the magnitude of the project (about 11,700 ha) and the number of PAPs. The mitigation measures are included in the Environmental and Social Impact Assessment (ESIA), the Environmental and Social Management Plan (ESMP), and the FRAP. The Summaries of the ESIA and the FRAP were validated by the Bank and disclosed on the Bank website in 2015.

14. According to the ESIA Summary, the project sponsor has prepared an ESMP composed of 27 protocols and plans, including a stakeholder engagement plan and a community development plan, that describe the techniques and methods to be used and the way work will be monitored. It was agreed with the AfDB and the project sponsor, Form Ghana Ltd, that the latter will keep the structure of the various protocols that have already been used and proven effective in the context of the Form Ghana Project.24 These protocols and plans will be implemented to ensure that all negative impacts are mitigated and monitored according to the requirements of the ISS.25 In addition, the ESIA Summary explains that the system of separate protocols and management plans developed by Form Ghana Ltd constitute the ESMS, which is based on the Forest Stewardship Council (FSC Principles and Criteria.26 Form Ghana Ltd is responsible for implementing the ESMP. The FRAP Summary was validated by the Bank and disclosed to the public on the Bank’s website on 9 October 2015 in line with ISS requirements.27

15. The cost of the ESMP is estimated at USD 698,814,28 which includes the cost of implementing the FRAP and running the grievance redress mechanism (GRM).29

16. In the ESIA Summary, the Form Ghana Project has triggered the five OSs of the ISS (Table 1).

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23 ESIA Summary, supra note 10, p. 16.
25 PAR, supra note 1, para. 3.15, p. 13.
26 ESIA Summary, supra note 10, p. 20.
29 ESIA Summary, supra note 1, p. 23.
Table 1: Operational Safeguards Applicable to the Form Ghana Reforestation Project

<table>
<thead>
<tr>
<th>Operational Safeguards (OSs)</th>
<th>Triggered (Y/N)</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>OS1. Environmental and Social Assessment</td>
<td>(Y)</td>
<td>This OS is triggered through the mandatory Environmental and Social Screening Process through which the project was assigned a Category I.</td>
</tr>
<tr>
<td>OS2. Involuntary resettlement land acquisition, population displacement and compensation</td>
<td>(Y)</td>
<td>This OS is triggered because the project involves resettlement.</td>
</tr>
<tr>
<td>OS3. Biodiversity and Ecosystem Services</td>
<td>(Y)</td>
<td>This OS is triggered because there may be potential biodiversity impacts or impacts on areas providing ecosystem services which requires careful assessment.</td>
</tr>
<tr>
<td>OS4. Pollution prevention and control, hazardous materials and resource efficiency</td>
<td>(Y)</td>
<td>This OS is triggered because the project involves the use of some pesticides.</td>
</tr>
<tr>
<td>OS5. Labour conditions, health and safety</td>
<td>(Y)</td>
<td>This OS is triggered because the project involves the establishment of workforce (temporary and permanent).</td>
</tr>
</tbody>
</table>

17. Article 1.1 of the Loan Facilities Agreement, dated 7 March 2017, states that the environmental and social standards encompass the following:

   (a) The ISS, its applicable OSs, and the Environmental and Social Assessment Procedures (ESAP);
   (b) The Policy on Poverty Reduction (2004);
   (c) The Policy for Integrated Water Resources Management (2000);
   (d) The Gender Policy (2001);
   (e) The Involuntary Resettlement Policy of the AfDB (2003); and
   (f) Any other policies, procedures, and guidelines of the AfDB on general applications that concern environmental and social matters, which may be adopted by the AfDB from time to time and communicated and provided in a timely manner to the Borrower.

18. The ISS consists of an Integrated Safeguards Policy Statement, the OSs, a revised ESAP, and an Integrated Environmental and Social Impacts Assessment (IESIA) Guidance Notes.

19. In addition to the ISS, the Loan Facilities Agreement calls for the establishment of the ESMS.\textsuperscript{30}

20. On the basis of the above categories, the IRM assessed the level of compliance by the Form Ghana Ltd with the ISS and other related policies, as well as the references to the OSs in the Loan Facilities Agreement and the FIP loan.

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\textsuperscript{30} AfDB Loan Facilities Agreement, 7 March 2017, p. 52.
3. The Spot-Check Advisory Review of Project Compliance

3.1 Compliance with OS1: Environmental and Social Assessment

3.1.1 The Facts

21. In accordance with the requirements of a Category 1 project, Form Ghana Ltd prepared a number of ESIAs (Table 2).

**Table 2: The ESIAs for the Form Ghana Reforestation Project**

<table>
<thead>
<tr>
<th>Protocol</th>
<th>Forest reserves</th>
<th>Consulting firms</th>
<th>Date of preparation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESIA</td>
<td>Afrensu Brohuma in Akumadan</td>
<td>Form International B.V.</td>
<td>2012</td>
</tr>
<tr>
<td>ESIA</td>
<td>Asubima in Akumadan</td>
<td>Nkrumah University</td>
<td>2007-2008 adapted in 2014</td>
</tr>
<tr>
<td>ESIA</td>
<td>Tain II in Berekum</td>
<td>Form International B.V.</td>
<td>2015</td>
</tr>
</tbody>
</table>

22. The main negative impacts are related to: (i) the disturbance in the landscape and in the balance of the local ecosystem; (ii) the cumulative effect of the repeated use of chemical pesticides and herbicides in support of manual weeding; (iii) the risk of water and soil pollution related to the improper handling of wastes (oils, plastic, tires, etc.); and (iv) health and safety risks, such as injury accidents, the presence of venomous animals in the work place, illnesses related to improper use of chemicals, etc. Although these environmental issues were described, there were no figures, data, or parameters used to support the significance and the risk of these issues. Apart from the large number of people to be affected by the Project, one additional reason for classifying this Project in category 1 is the magnitude of the land to be used by the Project.

23. In accordance with the ESIA summary, an ESMP was prepared which addresses the recommendations and mitigation measures proposed by prescribing appropriate technologies and systems in the form of the 27 specific protocols. In addition to these protocols, specific management plans were prepared, including stakeholders engagement plans and community development plans. These protocols and plans will be implemented to ensure that all negative impacts are mitigated and monitored according to the requirements of the ISS. The cost of the ESMP is estimated at USD 673,533.

3.1.2 The Findings

24. Although the ESIAs provided a comprehensive description, the scope, and the full impact matrix of the Form Ghana Project, the spot-check review showed that Form Ghana Ltd is not yet in compliance with the OS1 requirements, more specifically as follows:

(a) **Incomplete ESMPs:** The Management argues that there is no substantial significant environmental impacts resulting from the Project. However, the IRM is of the view that there are significant environmental and social impacts because of the use of fertilizers, herbicides, pesticides including DDT as well as the need to resettle the PAPs. The contents of the three ESMPs, three of the seven key elements/measures in an ESMP (Management Measures, Monitoring/Reporting, and Implementation Plan and Institutional Responsibilities),\(^{31}\) as well as the accompanying protocols prepared by Form Ghana Ltd, are incomplete and do not follow the ESAP described in the Guidance Note for the implementation of the OS1 and as required in Article 1.1 (a) of the Loan Facilities Agreement. These are noted due to the following:

\(^{31}\) ISS Vol. 1: General Guidance on Implementation of OS 1, p. 27.
(i) All three ESMPs do not describe substantially the Management Measures to be implemented for each identified environmental and significant social risk or impact in order to achieve avoidance, minimization, or mitigation of adverse impacts and risks. The description should have included the objective of each measure, its specific implementation requirements and responsibilities, its technical and operational requirements, its timing and location, its costs, the targets to be achieved, and performance indicators for monitoring and supervising the adequacy of safeguards implementation. The mitigating measures should have been broken down into different project phases—planning/design, construction, operation/maintenance, and decommissioning. In all cases, lead responsibility for implementing each measure was not clearly stated, and the involvement of other parties was not noted as appropriate.

(ii) The institutional strengthening measures are also lacking. They should include a description of the Implementation Plan and Institutional Responsibilities. The plan should clarify the responsibilities of Form Ghana Ltd, the Forestry Commission, and the Ministry of the Environment; and indicate where and when its sub-contractor, Form International B.V., is expected to carry out specific elements of the ESMPs. Capacity-strengthening and training on the ISS and its implementation, which are deemed appropriate for the implementation or monitoring of the ESMP, are not described. Furthermore, the ESIA and the FRAP (see below) require the presence of an environmental and social specialist. At the time of the IRM mission, Form Ghana Ltd had hired the services of a young and talented Ghanaian environmental specialist who is not familiar at all with the ESMS and the ISS, and would require substantial guidance. The managing director of Form Ghana Ltd stated that the Management and Technical Assistance (MTA) consultants of Form International B.V. will also provide assistance. The IRM mission found that the contract amount to Form International B.V. for 2017 is EUR 582,158, of which EUR 56,500 was allocated for environmental and social assistance, which in the view of the IRM, is under-estimated.

25. During its field visit, the IRM mission discussed the above discrepancies with the managing director of Form Ghana Ltd, who recognized that an update of the ESMPs is necessary to comply with the AfDB requirements and there should be one comprehensive document in the form of a table which should describe the overall ESMP under the three elements: Management Measures, Monitoring/Reporting, and Implementation Plan and Institutional Responsibilities. The IRM Experts should be able to refer to the content of the table, of which a template is included in the General Guidance on Implementation of OS 1,32 as well as to the ESMP content described in the ESAP.33

3.1.3 Conclusion

26. Based on the above, the IRM concludes that Form Ghana Reforestation Project is not yet in compliance with OS1.

3.1.4 Recommendations

27. The IRM recommends the following:

(a) Form Ghana Ltd should submit one revised or updated comprehensive ESMP for the three reserves, highlighting the environmental and social issues during the construction and implementation of the whole project. It should also include in the form of a table, of which a template is included in the

33 Environmental and Social Assessment Procedures, supra note 34 Appendix 10, p. 61.
General Guidance Note on Implementation of OS 1,\textsuperscript{34} the mitigating, monitoring, and institutional measures associated with the environmental and social issues of the Project, with clear definitions of responsibility, cost, thresholds, and triggers for initiating corrective action.

(b) The Bank staff should organize a workshop with Form Ghana Ltd on policy principles and procedures of the ISS, the OSs, the ESAP, the ESMS, and the Guidance Notes with which they are not familiar.

(c) The Bank Staff should design and implement a training program on the ISS and the ESMP for the environmental and social specialists of the Bank and possibly of Form Ghana Ltd, with emphasis on the supervision and reporting of the ESMP.

(d) In order to improve project implementation and monitoring in future projects, the IRM recommends that for a project with multiple sub-components like Form Ghana Projects, the Bank Management should ask the Borrower or Client to prepare a comprehensive overall ESMP to enable the Bank to supervise the environmental and social aspects of the Form Ghana Project as a whole and to assess its compliance with safeguards for determining the need for corrective actions if necessary.

3.2 Compliance with Environmental and Social Management System (ESMS)

3.2.1 The Facts

28. In Section 1.1 of the Loan Facilities Agreement, the Environment and Social Management System (ESMS) was defined to be “the social and environmental management system which complies with the Environmental and Social (E&S) standards.”\textsuperscript{35}

29. In Article 19.5 (b) (ii), the Loan Facilities Agreement states that the borrower will implement the ESMS in compliance with the ISS of the AfDB and maintain necessary levels of qualified environmental and social technical staff to ensure effective implementation of the ESMS. In addition, when and where necessary, the borrower will establish organizational mechanisms to enhance the performance of the ESMS. Furthermore, in the same article, it is stated that the borrower will regularly monitor and report on the implementation of the ESMS with respect to the project in accordance with the ISS of the AfDB.\textsuperscript{36}

30. Section 7.1 of the ESIA Summary states that “Form Ghana has developed a system of separate protocols that describe the process of environmental and social management. Together with the Management Plan, these documents form the Environmental and Social Management System.”\textsuperscript{37}

3.2.2 The Findings

31. In the review of the three ESIAs prepared by Form Ghana Ltd, the three community development plans, the stakeholder engagement plans, as well as its Protocol 11 on training, Protocol 13 on monitoring, and Protocol 17 on the management requirements and responsibilities of senior staff, there was no reference to the ESMS and its organization, structure, and implementation.

32. The General Guidance on Implementation of OS 1 describes the scope and content of an ESMS for program lending and for financial intermediaries belonging to Category 4 which does not apply to this Project, and provides a template format for an ESMS.\textsuperscript{38} However given that the ESMS was required as part of the Facilities Agreement, the IRM team had to follow the terms of the Agreement. The ESMS format, which is similar to the IFC Performance Standard 1: Assessment and Management of Environmental and

\textsuperscript{34} ISS Vol. 1: General Guidance on Implementation of OS 1, Annex 2, p. 39.
\textsuperscript{35} Loan Facilities Agreement, dated 07 March 2017, p. 18.
\textsuperscript{36} Loan Facilities Agreement, Article 19 (b) (vi).
\textsuperscript{37} ESIA Summary, supra note 10, Section 7.1.
\textsuperscript{38} ISS Vol. 1: General Guidance on Implementation of OS 1, pp. 37-41.
Social Risks and Impacts, requires that the ESMS will incorporate the following elements: (i) policy; (ii) identification of risks and impacts; (iii) management programs; (iv) organizational capacity and competency; (v) emergency preparedness and response; (vi) stakeholder engagement; and (vii) monitoring and review.

33. The IRM could find some scattered and general elements of what might constitute a reference to an ESMS among the different ESIAAs and protocols. However, there is no comprehensive document that has been prepared and implemented by Form Ghana Ltd as required in the Loan Facilities Agreement. It is also unclear on what basis does Section 7.1 of the ESIA Summary state that Form Ghana Ltd prepared an ESMS acceptable to the AfDB by enumerating the different management plans and protocols.

34. Subsequent to the IRM field mission in September 2017, in which the team brought to the attention of Form Ghana that it did not comply with the terms of the ESMS, the Bank Management signed on 6 February 2018, an Amendment Agreement No. 2 to the Facilities Agreement with the Form Ghana Ltd amending the terms of the Loan Facilities Agreement and stating that “As at the date of this Amendment Agreement No. 2, the Facilities Agreement shall for all purposes be amended as set forth in this clause 2: The term “Social and Environmental Management System (SEMS)” with its accompanying definition is hereby deleted. The reference to Social and Environmental Management System (SEMS) in Clause 18.3 (c) (ii) is hereby deleted and replaced with “E&S plans”.

35. The IRM team considers that such correction is appropriate given that Form Ghana was not in compliance with the ESMS requirements in the Loan Facilities Agreement until February 2018, (i.e. 19 months after Board approval), Furthermore the “E&S “terms in the new amendment should have been corrected to state Environment and Social Management Plan (ESMP) as required in the OS 1.

3.2.3 Conclusion

The IRM concluded that Form Ghana Ltd. became compliant with the requirements in the Loan Facilities Agreement through the Amendment Agreement No. 2 to the Loan Facilities Agreement which among other things, deleted reference to Social and Environmental Management System (SEMS) in Clause 18.3 (c) (ii) and replaced it with “E&S plans”.

3.3 Compliance with OS2: Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation

3.3.1 The Facts

37. Article 19.5(b)(v) of the Loan Facilities Agreement states that the borrower shall implement the FRAP and any updates to the plan in compliance with the AfDB’s ISS, and ensure that the PAPs are compensated in the form of in-kind compensation prior to the commencement of works in the relevant areas.

38. Paragraph 3.18 of the PAR dated June 2016 states that the main negative impacts are related to the physical displacement of 27 households from the Akumadan project area. The impacts of the Form Ghana Project on these households include: (i) the loss of houses; (ii) the loss of farmland; and (iii) the loss of the original living environment. A total of 420 households are directly impacted through the loss of farmland in both Akumadan and Tain II. The loss of farmland will happen gradually, as the trees will only hamper the growth of farm products after a number of years. In addition, planting will be done in a phased approach, with 1,500-2,000 ha per year. The total farmland spans 1,853 ha within the project area (assessed in 2015). The impacts on these affected households are: (i) the loss of farmland; (ii) the loss of grazing land; and (iii) the loss of sheds, tents, and other structures. The Project will also impact the access route to the Tain River used by cattle herders for cattle-watering purposes, which will have to be changed.


40 Loan Facilities Agreement, Article 19.5 (b) (v).
39. Paragraph 3.19 of the PAR states: “A specific Plan has been elaborated by Form Ghana to address the needs of people who were farming and/or residing on the land in the Reserves, but are no longer able to do so due to forest growth and plantation expansion. Through socio-economic surveys the people eligible for such support have been identified. Central to the plan is the possibility for farmers in the Asubima and Afrensu Brohuma area to move to the Tain II area to continue farming activities there. A new place to live has been agreed upon with traditional land owners near to the Tain II Reserve. The plan also structures the way in which people that are already farming in Tain can continue their work. People will be further prepared for the decrease in available land which will happen when plantation establishment covers most available land by training on alternative livelihoods. The FRAP summary was validated by the Bank and disclosed to the public on the Banks website on 09 October 2015.”

40. The FRAP or the Socio-Economic Impact Mitigation Action Plan (SEIMAP), dated September 2015, states: “For the resettlement of the settlers in Akumadan, the community of Kotaa village met the criteria for hosting the settlers. Form Ghana has arranged a site within the host community where settlers are offered a traditional land use agreement from the chief of the host community. The designated area is situated on the south-western edge of the village along an access road. The area comprises 2.2 hectares in total. With approximately 27 settler households to be relocated, this site provides almost 800m2 per household. The settlers will be allowed to construct a house on the selected area.”

41. Form Ghana Ltd had a meeting with the traditional council of the selected host community of Kotaa to assess the possibility of hosting PAPs in the area. The traditional council was asked to provide communities that could function as host communities for these people. After that, Form Ghana Ltd communicated intensively with the chief of Kotaa on the resettlement options in his community (Minutes are available). The chief consulted with his elders and other community members.

42. The FRAP states that the traditional authorities of the community of Kotaa are actively involved in the implementation of the Socio-Economic Impact Mitigation Action Plan (SEIMAP). The chief of Kotaa has agreed to facilitate the hosting of the settler communities from the Akumadan site. Together with his traditional leaders, he will ensure the integration of the settlers in the community. The chief has indicated that there is sufficient capacity in the community to guide the process. Form Ghana Ltd ensures the availability of sufficient facilities, such as clean drinking water, well-prepared housing sites, and allocation of farmland.

43. Finally, in accordance with Table C of the FRAP, it was expected that all the settlers’ households would be moved to the host community by January 2016, i.e., 6 months prior to the approval of the PAR and 14 months prior to the approval of the Project by the Board. The cost of the FRAP in Table D was estimated at GHS 870,225.

44. Based on the above, it was expected that the FRAP will be implemented prior to Board approval, and that agreement was reached with the chief of Kotaa village that the 27 settlers will move into Kotaa village as a confirmed arrangement.

3.3.2 The Findings

45. The information provided by Management to the Board seemed to not reflect fully the reality on the ground. An update to the RAP should have been completed prior to the Board Session given the time laps in presenting the Project to the Board. In fact, until the date of drafting of this Report, the IRM was told that there was no definitive agreement about the issue of resettlement. Discussions were still ongoing between the managing director of Form Ghana Ltd and the chief of Kotaa village concerning the relocation of the displaced settlers, as was confirmed during the IRM field visit from 5 to 6 September 2017. During these two

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41 PAR, supra note 1 para. 3.19, page 14.
42 FRAP on the Socio-Economic Impact Mitigation Action Plan (SEIMAP), September 2015, pp. 26-27.
43 FRAP, p. 19.
days, the IRM mission met with the chief of Kotaa village separately and then subsequently again with his queen-mother and the elders. During these meetings, it was confirmed that:

(a) The managing director of Form Ghana Ltd has continued to be in discussion with the chief of Kotaa village for the past 2.5 years in order to relocate the 27 households from the forest reserves in Akumadan to more than 150 km away to Kotaa village. No reason was given for this delay.

(b) The chief, his queen-mother, and the elders are ready to accept the 27 households (which are now reduced to 12; see Paragraph 43 (e)) as they can contribute to the economy of the village. The chief has the authority to assign land for housing purposes. However, the elders have authority to allow farming on their appropriated land, subject to reaching agreement with each farmer on compensation or benefit-sharing of their crops. This was not done. The revised FRAP should have indicated that prior to its finalization, the entitlements matrix should be disclosed to the affected community and consulted on. Where relevant, changes should be made to the entitlements matrix to reflect the articulated views and concerns of the affected community, expressed during the entitlements matrix disclosure and consultation process.  

44 The revised FRAP should describe in more detail the packages of compensation and other resettlement measures which will be provided to ensure that standards of living, income-earning capacity, production levels and overall means of livelihood for all categories of eligible group are improved beyond pre-project levels.

(c) The chief has assigned a piece of land of 2 ha for the PAPs to build their houses. The IRM mission visited the site. It was found that this land is a farmland, cultivated by farmers from Kotaa village. The farmers of Kotaa village are ready to comply with the chief’s order and farm the lands far from the village to allow the settlers to build their houses. The managing director was unaware that freeing the land for the PAPs to settle in Kotaa village will also lead to the displacement of the farmers of the same village.

(d) There were implicit and indirect references and nuances that the chief and his queen-mother are expected to be compensated under “any form” for housing the PAPs, as well as the elders for allowing the PAPs to farm on their lands. The system remains opaque at best.

(e) The IRM mission met with the representative of the PAPs who stated that 12 out of the 27 households are still living on the forest reserves, while the other 15 have left the reserves and no one knows their whereabouts. The 12 households stay in huts on the reserves during the cropping season. Each of the 12 households has a house outside the two reserves, and some send their children to schools in Akumadan. The 12 households still would like to go to Kotaa village, as they will feel more secure there since they are considered as migrants in Akumadan. There is a probability that for most of the families, some members will not move to Kotaa village because their children may stay in Akumadan.

46. Form Ghana Ltd has already started works on the Asubima Forest Reserve and the Afensu Brohuma Forest Reserve in the Akumadan region, though the situation of the PAPs and farmers remain unchanged.

47. Subsequent to the visit of the IRM mission, Form Ghana Ltd submitted to the Bank an update of the SEIMAP (October 2017), which is a replica of the former SEIMAP (2015) with the exception of Section 4.7, which highlights updated actions. The Report indicated that the SEIMAP is a work in progress, and that the Form Ghana Project has entered the implementation phase now that the funding was released by the Bank in July 2017. This updated SEIMAP (2017) reflects the activities set in motion during the August meetings and also includes updates on the intercropping situation in the Tain II Forest Reserve.

48. The SEIMAP (2017) indicated that “the number of families ready to move is now 13. The other families have left the area. Attempts at contacting these people again proved unsuccessful. Form Ghana Ltd will engage with the leaders in order to get confirmation that the people not found have indeed moved away. Later

44 SSS-IIESIA volume 2 page 38.
discussions with the PAPs revealed that many now also have a house in Akumadan and may not move with their whole family. Form Ghana Ltd. will interview the people in order to find out whether they should still move to Kotaa.” The Report also stated that “a date to start with the moving is still to be decided. This depends on the availability of trucks, the construction of the first two houses in Kotaa and of course on the current willingness of the Chief and elders of Kotaa. Table 6.1 indicated that the meeting and consultation started in 24 January 2015.” There was no meeting between the management of Form Ghana Ltd and the chief of Kotaa village during 2016. However, meetings were expedited on 24 and 29 August 2017—one week before the arrival of the IRM mission—and soon after on 8 September 2017.

49. However, the situation remains unresolved as the SEIMAP has provided in Table 9.1 “a preliminary updated planning for SEIMAP implementation,” showing that the household moves on 23 December with no year indicated. The IRM assumes that the resettlement household will be on 23 December 2018, since at the time of writing this Report, no progress was made to ensure that relocation will occur on 23 December 2017. Furthermore, the SEIMAP budget was decreased from GHS 870,225 to GHS 348,390, with no justification provided.

50. From the updated SEIMAP (2017), the IRM made the following deductions:

(a) There is still no assurance that the 13 household settlers will be going to Kotaa village, because a date to start the moving is still to be decided; and

(b) The chief and elders of Kotaa village have not formalized an agreement with the management of Form Ghana Ltd, which is not described anywhere in the SEIMAP.

51. The area allocated to the settlers is already occupied by the farmers of Kotaa village who will, in turn, be displaced with no written evidence that they are willing to leave their houses voluntarily. In response to this Report, Bank Management submitted to the IRM in August 2018 (i.e. 11 months of the IRM field mission two reports on the SEIMAP action plan update in March 2018 and in June 2018 prepared by the Form Ghana Ltd. These two reports are identical and showed the following actions taken since the IRM visit of September 2017.

(a) The number of displaced families to go to Kotaa was reduced from 13 to 9 families, the four families signed a statement that “they are no longer interested in resettling in Kotaa village because of personal circumstances.” The IRM believes that the fact that the four families decided not to move to the Kotaa village does not negate their rights to seek compensation from Form Ghana Ltd.

(b) Page 48 of the SEIMAP stated that: “A plot of land was identified that would be available for the installation of the people coming from the Akumadan plantations. The earmarking and making available of this land was done in close consultation with the Kotaahene and the village elders. On the identified site three people were farming who were willing to vacate the land because with free negotiations could be undertaken with these people, no detailed survey was undertaken to learn more about them. It was decided to negotiate a proper compensation for the land with these people.”

(c) During discussion with chief and elders of Kotaa, a piece of land was earmarked and the people occupying / owning it were identified to open up negotiations on the possibility of procuring it for the settlers coming from Akumadan. This process has been completed and has resulted in land being acquired and the owners / occupants duly compensated.

(d) Five annexes indicated that compensation was paid by Form Ghana Ltd to 4 farm users which claim land user rights at the Kotaa villages (annex I); purchase of land from the chief village for accommodation in Kotaa (Annex J); purchase agreement between the Form Ghana Ltd and the community of Kotaa for accommodation and compensation for current users at Kotaa; (Annex M); Compensation for land usage rights for Land in Kotaa which state that Form Ghana Ltd has acquired a “lease” of a land located at Kotaa but such land was farmed by land users which are entitled to compensation (Annexes N and O)
52. The IRM has determined that the Bank Management has not yet complied with OS 2 for the following reasons:

(a) **Lack of compensation**: PAPs should be “compensated for all their losses at full replacement costs before their actual move; before land and related assets are taken; and, if the project is implemented in phases, before project activities begin for each particular phase.” Article 19.5 (b) (v) of the Loan Facilities Agreement also requires that PAPs are compensated in the form of in-kind compensation prior to commencement of works in the relevant areas. Compensation was paid after the work took place, and there is no evidence that the Bank has approved in advance the type and level of compensation provided in 2018 (i.e. 18 months after project approval). Furthermore the estimated cost of the SEIMP implementation did not change.

(b) Misunderstanding by Bank staff of the intention the chief of the Kotaa village concerning a verbal agreement for resettling the farmers from the Akumadans. This verbal agreement should have been followed by a formal written agreement as required in the Bank’s resettlement policy. (This was obtained only in December 2017 with the signing a compensation for land usage rights). During the two meetings that the IRM team had with the chief of the Kotaa village, he negated any verbal agreement reached and was concerned that after two years of discussion with the company no formal agreement was reached. Furthermore, The OS2 requires that “the assessment of host communities is based on transparent information and effective consultation, and it results in a consensual agreement that must be conveyed to the borrower or client by representative community leaders, and recorded in public consultation proceedings. Any payments due to the hosts for land or other assets (Kotaa village) provided to the affected population are promptly rendered in line with agreements reached with the host communities.”

(c) **Lack of written evidence that all the 9 families of settlers/PAPs will have security of tenure**: OS2 requires that people or communities should be resettled to a site that they can legally occupy and from which they are protected from the risk of eviction. Annex L showed a draft unsigned agreement between one Settler (Mr. Nyaaba) and the community of Kotaa represented by M. Nana Baah Brentu.

(d) **Lack of detailed information**: There is insufficient information on the full cost of all resettlement activities and how these costs were decreased by 40%, factoring in the loss of livelihoods and earning potential among the PAPs. The calculation of the “total economic cost” is not provided in the budget, which should factor in the social, health, environmental, and psychological impacts of the Project and the displacement, which may disrupt productivity and social cohesion. The SEIMP update of 2017 provided a budget for resettlement of GHS 348,390 which remained the same in the tow SEIMP update of March and June 2018 and a statement sill reflected in the three updates that indicated that “This budget will have to be updated after field work in August 2017”. The IRM interprets that the field work did not occur, hence the budget did not change since 2017.

(e) On the basis of the updated planning for SEIMAP implementation reflected in both SEIMAP of March and June 2018 (which are identical), there has been no progress during these periods. Furthermore, no evidence was provided that the Settlers move to Kotaa in 15 July 2018 as provided in Table 9.2 page 75.

(f) **Incomplete Information to the Board of Directors at time of Board approval**: It was stated in the PAR that “a new place to live has been agreed upon with traditional land owners near the Tain II

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45 ISS Operational Safeguards 2, p. 35.
46 Loan Facilities Agreement, Article 19.5 (b) (v).
47 Operational Safeguards 2, p. 36.
48 Operational Safeguards 2, p. 35.
Reserve.” Only an oral agreement was thought to have been reached with the Chief of the Kotaa village which will house the settlers, however written agreement had been reached on the new place at the time of the Board approval and of the IRM mission.

3.3.3 Conclusion

53. The IRM found that Form Ghana Ltd has not fully complied with the principles and procedures laid out in OS2 of the ISS on Involuntary Resettlement: Land Acquisition, Population Displacement and Compensation.

3.3.4 Recommendations

54. The IRM recommends the following:

(a) The Bank staff should provide guidance to Form Ghana Ltd to ensure that the PAPs receive their resettlement assistance as provided for by OS2, such as full replacement costs, compensation for loss of income, and compensation for people who have no formal land titles, even for those settlers that decided not to resettle in the Kotaa village.

(b) From Ghana should abstain of submitting lengthy SEIMP update whenever there is no progress made. The forthcoming update should focus on the progress made in the implementation plan as of July 2018.

(c) A final decision should be reached quickly by Form Ghana Ltd, and monitored by the Bank staff, on the land to be provided to the PAPs with the assurance of land security and tenure as the types of compensation provided which should be in accordance with the OS2.

3.4 Compliance with OS4: Pollution Prevention and Control, Hazardous Materials, and Resource Efficiency

3.4.1 The Facts

55. The SEIMAP (2017) stated that in the Tain II Forest Reserve, 5 out of the 17 households that were farming on Form Ghana land were using fertilizers, usually of more than one type. Despite company rules, 7 households were using one or more types of herbicides and 3 were using pesticides. The use of chemicals included the uses of DDT, dursban, poison, and condemn (herbicide) of unknown quantities and across various farming areas.49 In the ESIA of the Tain II Forest Reserve, it is stated that a large share of farmers used artificial ways to stimulate the growth of their crops. Herbicides were used by over 90% of the households, and pesticides by nearly 70% of the households. Fertilizers were used less frequently at 30% of the households. Many farmers indicated that they would prefer to use them but could not afford them.50

56. Section 3.2 of the ESIA Summary indicated that about 15 m3 of glyphosate is needed for chemical weeding in support of manual weeding on an annual basis. The ESIA also stated that injury and illnesses could happen from improper application of pesticides, including with glyphosate-based pesticides. It also stated that chemical weeding with glyphosate, even though it is allowed and considered ‘non-hazardous’ by Forestry Stewardship Council (FSC) guidelines, may leach into streams and groundwater. Glyphosate is bound to soil particles and breaks down quickly in hot climates, which reduces the level of risk. In Annex 5 of the Appraisal Report, it is stated that specific protocols have been prepared as part of the ESMP for the safe application of pesticides. The ESIA also analyzed possible cumulative effects and concluded that, if

49 SEIMAP, 2017, Table 3.4.
50 Environmental and Social Impact Assessment, Form Ghana Reforestation Project in Tain Tributaries Block II Forest Reserve, Ghana, Hattem, 24 February 2015, p. 81.
protocols are properly followed, the negative impact of the use of chemical weeding on the environment is minimal.

57. In the ESIA of the Afrensu Brohuma Reserve, it is stated that chemical weeding with the Roundup herbicide is considered ‘non-hazardous’ by the FSC. However, the cumulative effect of the repeated use of Roundup may still cause environmental damage. Many studies have been done on the properties of Roundup, the way it remains in the environment, and its negative side effects. For the acceptance of glyphosate on the European Union (EU) market, these studies have been reviewed. The product has been accepted for use in the EU51—though in November 2017, the EU agreed to extend the use of glyphosate for only 5 years and France decided to eliminate its use within the next three years in view of its potential carcinogenic effects. Studies have shown that Roundup is immobilized in the soil, but can subsequently be mobilized again. As a consequence, it is possible that the active component also moves onto water bodies, thereby leading to negative effects by Roundup on both soil and water bodies. The relatively short degradation time combined with droplet applicators make it unlikely that cumulative effects of Roundup should affect the environment in the project area.52

58. In the Report on the High Conservation Value Forest areas of the Afrensu Brohuma Forest Reserve, it was stated that “three types of chemicals are used by Form Ghana: weedicides, fungicides and insecticides. Form Ghana aims to use biodegradable products that affect only the target and leave no traces in the environment or in the food chain. All products are applied according to the instructions for usage. The use of chemicals is minimized and if there is a possibility to reduce or stop the use of chemicals over time, this will be done. The quantity to be used in the field is based on recommendations from the manufacturers and/or determined based on field studies performed by Form Ghana. All products in use have been evaluated against the Forestry Stewardship Council (FSC) list. Form International B.V. regularly reviews the weedicides and pesticides in use to verify whether they still comply with FSC standards.53

59. In order to address the waste management and use of pesticides, Form Ghana Ltd has used its Protocol 4 for waste management and Protocol 5 for the responsible use of pesticides. In Protocol 4, Form Ghana Ltd mentions incineration for non-hazardous waste chemicals (such as paints and pesticides), for oil filters, plastics (which does not contain hazardous materials), as well as for domestic waste.54 There was no information on the type of incineration, the temperatures to be used, the management of the incineration, the avoidance of emissions of dioxins and furans, as well the methods to be used for ash treatment. The Protocol also stated that hazardous materials will be stored “until further notice” without describing what types of materials they refer to, and how and under what conditions these materials will be stored in accordance with the national regulations of Ghana.

60. Furthermore, Protocol 5 is a two-page document describing the type of pesticides to be used, a summary of the administration, and storage.55 The Pest Management Plan (IPM) was not consistent with the OS4 which states that “if pesticides are used for pest control, the borrower or client manages and disposes of pesticides in accordance with good international industry practice such as the Food and Agriculture Organization (FAO) International Code of Conduct on the Distribution and Use of Pesticides”. Form Ghana Ltd did not follow the AfDB requirements for the use and handling of pesticides.

61. The IPM should have included potential mitigating, monitoring, and institutional measures for the use, handling, and disposal of pesticides.

3.4.2 The Findings

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51 Environmental and Social Impact Assessment, Form Ghana Reforestation of Afrensu Brohuma Forest Reserve, Ghana, Hattem, 15 November 2012, p. 54.
52 Ibid, p. 55.
62. The Management indicated that the Bank’s design team triggered OS4 because of the use of some pesticides. The IRM team is of the opinion the use of herbicides (glyphosate) and incineration of hazardous waste should have been taken into account. OS4 outlines the main pollution prevention and control requirements for the borrower or clients to achieve high environmental performance, and efficient and sustainable use of natural resources, over the life of a project. It indicates that sources of pollution include hazardous or non-hazardous chemicals in solid, liquid, or gaseous phases, and other forms, such as pests and pathogens. The specific requirements in OS4 include: “The borrower or client shall apply pollution prevention and control measures consistent with national legislation and standards, applicable international conventions, and internationally recognized standards and good practice—particularly the World Bank Group Environmental, Health and Safety (EHS) Guidelines.”

63. Furthermore, the World Bank requires in its Operational Policy 4.09 on Pest Management that an IPM program should be prepared. It involves "(a) managing pests (keeping them below economically damaging levels) rather than seeking to eradicate them; (b) relying, to the extent possible, on non-chemical measures to keep pest populations low; and (c) selecting and applying pesticides, when they have to be used, in a way that minimizes adverse effects on beneficial organisms, humans, and the environment. This assessment is made in the context of the project's environmental assessment and is recorded in the project documents. The project documents also include (in the text or in an appendix) a list of pesticide products authorized for procurement under the project, or an indication of when and how this list will be developed and agreed upon. This authorized list is included by reference in legal documents relating to the project, with provisions for adding or deleting materials." The same requirements are found in the IFC Performance Standard 3: Resource Efficiency and Pollution Prevention, which also requires the implementation of the IPM, as well as the “chemicals should not be accessible to personnel without proper training, equipment, and facilities to handle, store, apply, and dispose of these products properly.”

64. Finally, Form Ghana Ltd claims that it has used the FSC policy on pesticides. This four-page policy was limited to the description of key elements, and the implementation requirements committing the FSC to develop clear guidelines, procedures, and indicators, as well as the definition of pest and pesticides. Such a policy cannot be considered to substitute for the AfDB’s OS4 requirements.

3.4.3 Conclusion

65. Based on the above, the IRM finds that Form Ghana Ltd is not in compliance with its OS4.

3.4.4 Recommendations

66. The IRM recommends the following:

(a) Form Ghana Ltd should to develop a complete IPM plan to be reviewed by the Bank. The plan should include the following:

(i) Measures for prevention and/or suppression of harmful organisms;
(ii) Tools for monitoring;
(iii) Threshold values as a basis for decision-making;
(iv) Non-chemical methods to be preferred;
(v) Target-specificity and minimization of side effects;
(vi) Reduction of use to adequate levels;
(vii) Application of anti-resistance strategies; and
(viii) Records, monitoring, documentation, and checks of success.

(b) Form Ghana Ltd should develop a waste management plan for both hazardous and non-hazardous waste. The Plan should include the collection, transport, treatment, and disposal of both hazardous waste and non-hazardous waste. The Plan should be approved by the Ministry of Environment in Ghana and by the AfDB.

3.5 Compliance with OS5: Labor Conditions, Health, and Safety

3.5.1 The Facts

67. In the SEIMAP, the following categories of people were identified performing illegal activities within the area managed by Form Ghana Ltd, and are however classified as PAPs. They are:

(a) Farmers: People that partially farm within the reserves areas but live outside the project area. They are allowed to continue farming for intercropping within the plantation boundaries and the fire belt. However, they will have to move from one area to another during seeding.

(b) Settlers: People that live and farm within the project area.

(c) Cattle herders: People that herd cattle within but live outside the project area.

3.5.2 The Findings

68. The IRM mission visited the Tain II Forest Reserve in Berekum and met with representatives of the farmers that are allowed to continue farming in the reserve, but should be relocated from their farming plots whenever the seeding plantation is taking place. Those farmers that the IRM met said that (a) they were migrant workers (this information is also reflected in SEIMAP June 2018, page 30). They confirmed to have been authorized by Form Ghana Ltd. to continue to farm an area of land before canopy and requested to move regularly. In addition, they said that economically they were worse off than before Form Ghana entered into the concession with the Government.

69. These farmers are extremely poor. They are treated differently from casual workers employed by Form Ghana Ltd, who are provided with gloves, boots, and health assistance in case of accidents. The farmers, however, purchase boots of low quality, farm without gloves, and they do not receive health assistance.

70. The OS5 states that “Migrant workers are employed in accordance with local laws and on comparable terms and conditions as non-migrant workers who are employed in similar work.” The borrower or client provides the workers with a safe and healthy work environment, taking into account risks inherent in the particular sector and specific classes of hazards in the borrower’s or client’s work areas—including physical, chemical, biological, and radiological hazards. Within the ESMS, the borrower or client includes an EHS program that includes plans or procedures to prevent accidents, injury, and disease arising from, associated with, or occurring in the course of work by, among other things:
(a) Identifying and minimizing, as far as reasonably practicable, the causes of potential safety and occupational hazards to workers, including exposure to inappropriate levels of noise, temperature, radiation, or lighting;

(b) Providing preventive and protective measures, including modification, substitution, or elimination of hazardous conditions or substances; and

(c) Providing appropriate equipment to minimize risks, and requiring and enforcing its use.59

71. The IRM is of the view that Form Ghana Ltd allowed the poor farmers—who have no other sources of revenue—to farm during intercropping, and they perform similar work to the casual workers of Form Ghana Ltd. The farmers and casual workers should both be treated equally, for purposes of work safety, physical hazards, and health assistance, so as to comply with the labor conditions, health, and safety standards as required by OS5.

3.5.3 Conclusion

72. Based on the above, the IRM finds that Form Ghana Ltd is not in compliance with OS5.

3.5.4 Recommendations

73. The IRM recommends the following:

(a) Form Ghana Ltd should provide to the intercropping farmers the same type of safety, preventive, and protective measures and appropriate equipment similar to those provided to its casual workers.

(b) The Bank’s supervision team should monitor the compliance by Form Ghana Ltd with this recommendation.

3.6 Inconsistencies in the Loan Facilities Agreement and Project Appraisal Report

3.6.1 The Facts

74. The following ambiguities and inconsistences in the project documents were noted by the IRM:

(a) Non-fulfillment of loan obligations related to environmental and social safeguards:

(i) Clause 4.1 related to the satisfaction of conditions precedent states that, subject to Article 4.3 (a), the obligation of the lender to make the first disbursement shall be subject to the satisfaction of the conditions set out in Part A: Initial Conditions Precedent of Schedule 1: Condition Precedent. Clause Article 8 of Schedule 1 requires that the borrower submits “an integrated framework/template that captures social and environmental considerations for the Borrower to identify and address to the satisfaction of the AfDB.”

(b) Unclear Budget and Cost: The Loan Facilities Agreement reflects in its Appendix, titled “Indicative Budget: Form Ghana Investment Calendar (2010-2020),” that the budget is for a ten-year period, while the project period is for 20 years (2016-2036).60 The IRM has extracted this Appendix from the Loan Facilities Agreement (Table 3).

Table 3: Indicative Budget: Form Ghana Investment Calendar (2010-2020)


60 Loan Facilities Agreement, Appendix: “Indicative Budget of Form Ghana Investment Calendar,” p. 87.
(c) **Selection of Form International B.V. as a MTA contractor:** The MTA contractor was selected on a sole-source basis, with no appropriate justification as to the source and the origin of this contract.

### 3.6.2 The Findings

75. Based on the facts above, the IRM found that there are the following discrepancies that should be clarified and corrected by the Bank Management:

(a) **The role of the AfDB as an implementing agency of SCF:** The language of in clause 3.2 does not reflect the AfDB’s role as an implementing agency for the Strategic Climate Fund (SCF, which has already been determined by this agreement that the Bank acts as both lender and the implementing agency for SCF. As a trustee to the SCF, the AfDB is making the funding available to Form Ghana Ltd and providing oversight during the entire project cycle and being held accountable to the FIP to provide direct investments to address the drivers of deforestation and forest degradation. Responsibilities include ensuring that fiduciary standards are applied, and supervising the development and implementation of projects—including monitoring and evaluation—on behalf of the SCF. Therefore, the emphasis should have been given to the monitoring obligation of the Bank in this context.

Furthermore Section 2.1 of the Financial Procedure Agreement (FPA) of 6 December 2010 signed between the AfDB and the IBRD as a Trustee of the Trust Fund to the SCF, states that the AfDB receives, holds in trust, and administers the funds of the SCF Trust Fund (other than Project Administration Fees) in accordance with the terms of this Agreement. In administering the SCF Trust Fund, the implementing entity will maintain separate records and ledger accounts in respect of the funds of the SCF Trust Fund and disbursements made therefrom. The implementing entity shall also administer the funds of the SCF Trust Fund, including provision of SCF funding to project recipients, not personally or in its individual capacity, but solely in its capacity as administrator of the funds of the SCF Trust Fund transferred to it as implementing entity of the SCF.

(b) **The monitoring report template:** The AfDB requested as a condition precedent that Form Ghana Ltd submits an integrated framework/template that captures environmental and social considerations for the borrower to identify and address to the satisfaction of the AfDB. Form Ghana Ltd submitted

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61 The SCF is one of the two strategic funds under the Climate Investment Funds (CIF) along with the Clean Technology Fund (CTF); the Forest Investment Program (FIP) is one program under the SCF. The **$758 million Forest Investment Program (FIP)**, a funding window of the CIF, provides indispensable direct investment to benefit forests, development and climate change.

62 Section 1.1 of the Financial Procedure Agreement defines “IE SCF Trust Fund” to “mean the trust fund or trust funds (and where applicable, its or their accounts) established and administered by the Implementing Entity to receive, hold in trust and administer SCF Trust Fund funds transferred to the Implementing Entity by the Trustee.”
what is considered as a “monitoring report template or a framework” (Appendix 1). The IRM has serious reservations about the content and quality of this monitoring report template because:

(i) The monitoring report template has no date, no time, and no names of authors. The contents are only a repetition of headlines and titles used in the protocols and the OSs. This is far from being considered as a template or a framework.

(ii) The IRM considers that the wordings of “capturing social and environmental considerations” are not only vague but have no meaning in themselves. Already the environmental and social considerations were supposed to be addressed in the ESIA of the three forest reserves, and the ESMPs were supposed to identify and address them. Hence, such a requirement has no added value.

(iii) Environmental and social considerations should have been defined in clause 1 of the Loan Facilities Agreement, which they are not.

(iv) The wording of a condition precedent should be precise with an unequivocal interpretation; however, this was not the case. In response to a request by the IRM for clarification, the AfDB’s Appraisal Review Team (ART) stated63: “Please note that the (E&S reporting framework) is the minimum requirement. Form Ghana and AfDB may add additional issues for monitoring as deemed necessary during implementation”. Such a response is not consistent with the wording requirements of a condition precedent, which is a legal marker that would trigger the first disbursement.

The IRM has determined that the credit agreement has not reflected the borrower obligations in a clear way. Therefore, the Bank Management will have to find ways to ensure that the formulation of a condition precedent to the first disbursement or other relevant loan conditions are done exclusively by the Legal Department, instead of the current practice where environmental and social experts of the Bank prepare them using ambiguous language for this critical legal requirement.

(c) Lack of clarity in loan and project periods: The budget provided in the Loan Facilities Agreement was described to be illustrative and represents the total cost of the project in the amount of USD 46.3 million over a 10-year period (2010-2020), while the Loan Facilities Agreement was signed only in 2017.64 Furthermore, the cost structure in the PAR provides a total cost of USD 46.4 million without mentioning the investment period.65. It is not clear on what basis the Bank reviewed a budget from 2010-2016 when the project was approved in 2016 and the Loan Facilities Agreement in 2017.

Table 4: Cost Structure of the Form Ghana Project Provided in the Appraisal Report

<table>
<thead>
<tr>
<th>Use of Funds</th>
<th>Amount (USD million)</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plantation Establishment Costs</td>
<td>15.9</td>
<td>34%</td>
</tr>
<tr>
<td>Infrastructure and Harvest Equipment</td>
<td>2.6</td>
<td>6%</td>
</tr>
<tr>
<td>Plantation Maintenance and Operating Cost</td>
<td>25.7</td>
<td>55%</td>
</tr>
<tr>
<td>Financing Fees</td>
<td>2.2</td>
<td>5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>46.4</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

63 Communication with the review team on 12 October 2017.

64 Loan Facilities Agreement, p. 87.

65 PAR, supra note 1, Table 1, p. 4.
*Includes 5% contingency (deemed adequate by LTA as ≈ 6,900ha would have been established by end 2015)*

76. In response to a query by the IRM Experts on the project budget, the AfDB’s design team responded⁶⁶: “The budget you have in the loan agreement is the real budget but the agreement refers to it as indicative because at the time of signing such an agreement one cannot guarantee with certainty that it will be the final actual annual budgeted investment. Notwithstanding, the total budget amount remains the same and the Bank monitors both disbursements and budgets very closely”.

77. The IRM has serious reservations on the budget proposed because of the following reasons:

(a) The IRM could not understand the definite budget of the Form Ghana Project when comparing with the loan and appraisal documents. While it is understandable that there are provisions for addressing unforeseeable risks and the initially negotiated loan amount could be adjusted in the lifetime of the Project, the Bank Management should have a clear budget which should be reflected in all project documents for accountability purposes. The cost breakdown in both the Appraisal Report and the Loan Facilities Agreement are different and cannot be reconciled with one another.

(b) The Loan Facilities Agreement indicates in Article 1.1 that “Project Documents” mean “the Assigned Documents, and the Management and Technical Assistance Agreement between the Borrower and Form International B.V. dated 1 January 2016 and any other management and technical assistance agreement in relation to the Project entered into between the Borrower and Form International B.V.” Even then, the cost of the MTA is not factored into the budget tables.

(c) The budget does not reflect the separate cost incurred by the AfDB loan of USD 14 million and the FIP loan of USD 10 million. In response to a query by the IRM about this issue, the response from Form Ghana Ltd stated⁶⁷: “From the financial side all are grouped into one unit/company. The IRM sees the funding as two sources combined to generate the business plan. Therefore, we cannot split these to the funding sources. One could only take the % of total funding as a base (FIP 42% and AfDB 58%)—which is very “rough”. The ART seems to be in agreement with the response of Form Ghana Ltd that stated: “Please note that the loans made available by AfDB and the FIP are fungible. This is, the loans are not separable and therefore it is not correct to assume that the FIP will fund 5,100 ha or any other area on a standalone basis. The right assumption is to consider that the capital structure that was put in place (e.g. debt, equity and working capital) will fund all activities associated with the expansion of the plantation across the different areas of the project.” The IRM team does not agree with the ART interpretation; even if these two loans could be combined together, the implementing entity, in accordance with the FPA (2010), shall maintain separate records and ledger accounts in respect of the funds or resources of the SCF Trust Fund.

(d) As stated under in the OS1: Environmental and Social Assessment, the budget should have included a separate line item for the ESMP and the FRAP, which was not the case. In response to an inquiry of the IRM on evidence that funds for the FRAP and ESMP were allocated, the ART submitted a table with no title and no date. In addition, the breakdown of the ESMP was indicated in the amount of USD 698,814. It also indicated only GHC 455,294 for Social Development (and not the FRAP), to be included as part of the overhead cost of the “indicative budget,” which does not initially include a line item on overhead cost (Appendix 2). Furthermore, the FRAP was estimated in the SEIMAP (2017) to be GHC 348,390, which is different from the previously stated amount of GHC 455,294.

(e) The IRM has determined that, at the time of the loan signature, the Bank Management had not reviewed with rigor and diligence a final and binding budget of this Project in particular the ESMP and FRAP. In particular, it has not verified the initial costs for implementation of the ESMP and the FRAP proposed by Form Ghana Ltd as actual

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⁶⁶ Communication with the Appraisal Review Team of 7 November 2017

⁶⁷ Communication with the Form Ghana, Ltd, 2 October, 2017
and realistic. Furthermore, the IRM is not comfortable with NSO projects reporting detailed project costs in financial models but that subsequent PARs should include a separate table with line items for ESMP costs where relevant.

78. Serious reservations have also arisen due to the MTA contractor associated with this Project:

(a) The Loan Facilities Agreement has cited Form International B.V. as the MTA contractor, which signed a MTA Agreement with Form Ghana Ltd in January 2016. The contract, in the amount of EUR 5.73 million, was awarded a single-source contract for the period of 2017-2026, after which the contract “was assessed by the AfDB during due diligence and found it to be reasonable, aligned with prices practiced in the market for similar contract and that it provides value-for-money.” No written evidence was submitted to support that a proper market and financial analysis had been undertaken by the ART. Such a statement seems to be inconsistent with the private-sector operations policy, which states that “Procurement through international competitive bidding is sometimes impractical in the case of private ventures involving specialized know-how or technical collaborators who bring management expertise and process technology of the ventures in which they invest. The Bank will agree with investee companies on appropriate procurement methods which will ensure a sound selection of equipment at the optimum price.”

(b) The IRM reviewed the source and origin of this contract and found that Form Ghana Ltd had signed a EUR 5.73 million contract with Form International B.V., a Dutch company entirely independent from Form Ghana Ltd, except that one of the two Members of the Board of Form Ghana Ltd is the owner of the Form International B.V. This was confirmed by the chief executive officer of Form International B.V. in an e-mail communication on 2 October 2017. The Bank’s ART did not comment on the ownership of Form Ghana Ltd and its relationship with Form International B.V.

(c) The IRM is of the opinion that the fact that one member of the Board of Form Ghana Ltd is the owner of Form International B.V. constitutes a potential conflict of interest that should have been reflected in the PAR and reviewed by the Board of Directors of the Bank before the approval of the Project. The IRM concludes that this should have been clear during the selection of Form International B.V., even if by Bank procurement rules a single-source selection is authorized.

3.6.3 Conclusion

79. There are inconsistencies in the Loan Facilities Agreement and Project Appraisal Report.

3.6.4 Recommendations

80. The IRM recommends the following:

(a) The Bank should ensure that the terms of Article 3.2 of the Loan Facilities Agreement are adequately met.

(b) Form Ghana Ltd should submit an improved monitoring and follow up report with the environmental and social safeguards measures in accordance with the ISS and the ESMP.

(c) A revised budget should be provided that reflects the detailed breakdown of the costs of the MTA, the ESMP and the FRAP for the life cycle of the Project.

(d) The MTA should be financed from the Form Ghana Ltd.’s own allocation and not from the funds from the Loan Facilities Agreement.

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68 Richard Fusi, team leader, email to IRM Expert Mr. Sherif Arif, dated 3 November 2017.
3.7 The Forest Investment Program (FIP) Loan

3.7.1 The Facts

81. In the context of the Form Ghana Project, the FIP provided a senior concessional loan in the amount of USD 10 million, and the fees associated with the implementation and supervision services (USD 175,000), with a tenor of 15 years and a 7-year grace period in co-financing. In addition, a Project Preparation Grant (PPG) of USD 300,000 was also approved in February 2015. The Project aims at catalyzing private-sector involvement in large-scale sustainable and commercial teak plantations in degraded forest reserves in Ghana. This will be done by expanding an existing – and both Forest Stewardship Council (FSC- and Verified Carbon Standard certified (VCS) - forest plantation from a current size of 5,000 ha (end-2014) to 11,700 ha of sustainable commercial forest plantation, comprising of 10% indigenous tree species and 90% teak trees.

82. The estimated net greenhouse gas sequestration potential for the entire project (i.e. 11,700 ha) is around 2.8 million tCO2 over 40 years or 70,103 tCO2 per year. In addition, the project will create 400 direct full-time jobs and 600 direct seasonal jobs.

83. In addition, due to the early age of the existing plantations, with major positive free cash flow expected only from 2025 onwards, the only potential investors capable of providing sufficiently attractive financing terms (long-enough grace period, interest capitalization, etc.) are the FIP and the AfDB, the latter of which will be benefiting from FIP’s financial additinality.

3.7.2 The Findings

84. Following compliance with the conditions precedent for the initial disbursement, the AfDB released the first disbursement of USD 8.9 million in July 2017 from the FIP loan of USD 10 million. This amount represents 89% of the FIP loan and 37% of the total loan facilities. The IRM requested clarification as to the reason for disbursing 89% of the FIP loan, whereas the total disbursement of USD 24.4 million of the Project in accordance with the illustrative budget is only for years from 2017-2020. During this period, the borrower may not request more than 10 disbursements, as reflected in the Loan Facilities Agreement.69 In addition, the IRM was concerned that, with such rapid withdrawal of four years, the AfDB may not have any leverage in ensuring that the Project will achieve its results and satisfy all its performance indicators.

85. For example, the managing director of Form Ghana Ltd informed the IRM on 10 October 2017 that during 2016-2017, a total of 726 ha were planted. In response to the inquiry by the IRM on 28 October 2017, the ART responded on 3 November 2017 that “the project plantation is on two reserves (i.e. Berekom and Akumadan). The new planting that has been done in 2017 to date is 611.8 ha”. The total planted area for the entire Project so far stands at 8,393 ha, whereas Table 20 in the ESIA of 24 February 2015 indicated that for the Tain II Forest Reserve in Berekom (Tain II), 2,000 ha will be planted in the year 2017 and 2018. This shortfall was explained by the ART as follows: “The Bank was aware that planting slowed down in 2016 as the financing came in quite late in the season which made it impossible for planting to proceed as planned. It was rather prudent to roll it over to the next planting season and ramp it up progressively to catchup with the planting schedule. The project team on the ground has one of the best records for planting and has been proven to have the capacity to reach planting rates of up to 1,900 ha annually. The current planting schedule will achieve 1500 ha in 2018 and then 1000 ha per year for the following two years”70. The remedies the Bank has in order to ensure that the level of planting will be maintained must be carefully vetted and strengthened.

86. On the question of disbursing 89% of the FIP loan after only two months of project implementation, the ART stated in the that “it was decided that the FIP loan would be disbursed before AfDB’s loan so that the company could benefit the most from the ability to defer interest payments during grace period and minimize the need to destroy value by cutting trees too early. It is important to state that both the FIP and the AfDB loan benefit from a Corporate Guarantee that shall cover any cash shortfall during repayment period”.

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69 Loan Facilities Agreement, p. 23.
70 Communication with the APR Team on 3 November 2017.
IRM believes that the repayment period for either the FIP or the ADB loan will start in 2024 and end in 2031, during which the Corporate Guarantee will cover any cash shortfall.

3.7.3 Conclusion

87. The ART indicated that Clause 20 of the Loan Agreement provides substantial remedies in case of non-compliance with any provision of the Finance document. In Clause 20.2 b it is expected that remedies will be within 30 days in relation to obligation under Clause 18 (information undertaking) and 5 days under remedies in case of any obligations under the Finance documents. Under Clause 20.14 on E&S compliance the remedies should be within 60 days of the Bank giving notice to the Borrower. None of these remedies were triggered.

3.7.4 Recommendations

88. The IRM recommends that the Bank staff should be more diligent in the event of defaults and follow up on the necessary remedies up on cases of default and trigger.

3.8 Project Supervision

3.8.1 The Facts

89. In response to the question on the supervision of the Project by the IRM, the ART team responded that the “Environmental and social (E&S) Supervision mission is planned for end of Q1 2018 but the scheduling of portfolio supervision missions is the responsibility of the Bank’s Private Sector Portfolio Management team which undertakes at least one on-site supervision mission on each project in a year”. It is however important to note that monitoring and supervision is not limited to on-site missions, but in fact begins immediately following the first disbursement. This is evident in the regular reporting that the Bank enacts on the Project at pre-agreed frequencies. Clause 18.3 of the Loan Facilities Agreement on Reporting captures all reporting obligations of the borrower. These include information on providing (i) a Project Report every 12 months; (ii) an Environmental and Social Report every three months; and (iii) an FIP Key Indicators Report every six months.

3.8.2 The Findings

90. During its field visit that took place from 3 to 9 September 2017, the IRM noted the following:

(a) Supervision of the Form Ghana Project is now the responsibility of the AfDB Country Office in Ghana (GHFO), which assigned one of its senior staff members to supervise this Project. This staff member was not fully briefed by the ART about the Project and was not familiar with the E&S responsibilities as well as the members of the E&S team from this Project.

(b) Monitoring and supervision did not start immediately after the first disbursement of July 2017 as stated by the ART for which a launching workshop that would have explained the fiduciary, procurement and Environment and Social procedures would have been very useful to clarify the Bank’s policies and their implementation. This did not happen.

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71 Article 1.1.of the Loan Facilities Agreement on “Definitions” defines a “Project Report” to mean s the semi-annual report prepared by the Borrower on the prescribed aspects of the Project and delivered to the Lender pursuant to Clause 18.3(a)(i) (Reporting).
3.8.3 Conclusion

91. The IRM is of the view that justice is not done by assigning only one person to perform the supervision functions of this very complex project, especially when the E&S documentations need substantial revisions and the FRAP has not been implemented.

3.8.4 Recommendations

92. The IRM recommends the following:

(a) The Bank staff, including the ART, should conduct a sensitization workshop of this Project for the new task team leader, Form Ghana Ltd, and Form International B.V., in order to explain the Project as well as the associated environmental and social OSs requirements and procedures.

(b) An environmental and social specialist from Headquarters should be assigned to assist the new task team leader in the review of the revised E&S documentations and in carrying out site visits to the field on a semi-annual basis during the next two years, or until the FRAP is fully implemented.

4. General Conclusions

93. The spot-check review of the Form Ghana Project resulted in the following major conclusions:

(a) Of the five OSs triggered by the Project, it was not in compliance with four OSs.

(b) The Implementation of the FRAP is still ongoing and the information provided to the Board of Directors that a new place for hosting the PAPs was agreed upon was not correct.

(c) The submission of the environmental and social documentation to satisfy the condition precedent for first disbursement is open to several interpretations. The Bank should clarify what is meant by “environmental and social considerations” especially because such term was not defined in the loan agreement.

(d) There is a potential conflict of interest in contracting the MTA on a sole-source basis to an independent company which belongs to one of the two members of the Board of Form Ghana Ltd. In addition, the fact that the independent company carries a similar name should have been a red flag alerting the project team to a potential conflict of interest.

(e) Insufficient guidance and support of the Bank staff to Form Ghana Ltd on the Bank’s OSs resulted in the noted non-compliance instances. A more active engagement and support to the borrower early on would have led to a more positive outcome.

94. All the above shortcomings can be resolved given that the Project is still in its first year of project implementation, and there are still 14 years left to enable Form Ghana Ltd to remedy and implement the environmental and social safeguards as required by the AfDB’s ISS, its related Procedures and Guidance Notes, and the recommendations in this Report.

95. The Bank Management should have been aware that this would be a complex project triggering so many of the safeguards requirements. As a matter of assurance to the Bank Management, it would have been an unexpected success that this complex project complies fully with all the requirements of the ISS, given its complex OSs, procedures, and Guidance Notes that require extensive ISS practical and professional experience, staff time and effort, and training of the Bank staff and AfDB borrowers and clients. Once the recommendations of the IRM in this Report are satisfied, this Project can serve as a model in terms of lessons learned in the implementation of the ISS for other private-sector projects.
Appendix 1: Environmental and Social Monitoring Template Prepared by Form Ghana Ltd

Monitoring report (template)
Introduction

Plantation monitoring

The objective of Form Ghana is to establish and manage the timber plantation in an ecologically, financially and socially sustainable manner. These management objectives are divided into criteria and for each criterion, a set of measurable indicators are determined as well as the means to verify them (Table 1).

Monitoring framework

<table>
<thead>
<tr>
<th>Management objectives</th>
<th>Criterion</th>
<th>Indicator</th>
<th>Verifier</th>
<th>Frequency of monitoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish and manage the timber plantation in an ecologically sustainable manner with a maximum of 90% Teak and at least 10% of mixed local species with conservation of natural, riparian forest</td>
<td>1.1 Extent and condition of forest</td>
<td>1.1.1 Summarize National and international applicable requirements</td>
<td>list</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.2 Area planted with Teak</td>
<td>Map</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.3 Area managed as forest plantation / buffer zone</td>
<td>Map</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.1.4 Changes in planted area</td>
<td>Map</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>1.2 Biological diversity</td>
<td>1.2.1 Extent of area protected</td>
<td>Map</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2.2 Fauna population and diversity in the forest reserves</td>
<td>Report</td>
<td>Every 5 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2.3 Flora diversity in the buffer zones</td>
<td>PSP</td>
<td>Every 5 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.2.3 Existence and implementation of procedures to identify / protect endangered, rare and threatened species</td>
<td>Procedures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>1.3 Forest health</td>
<td>1.3.1 Check of the growth rate of the plantation</td>
<td>PSP</td>
<td>Biennial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3.2 Check of the growth rate of the Buffer zones</td>
<td>PSP</td>
<td>Biennial</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.3.3 Monitoring of fire frequency</td>
<td>Fire report</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>1.4 Soil protection</td>
<td>1.4.1 Procedures to protect soil productivity and avoid erosion</td>
<td>Procedures</td>
<td>Bi-annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.4.2 Effectiveness of activities undertaken to avoid soil erosion</td>
<td>PSP</td>
<td>Bi-annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.4.3 Procedures to avoid impact from work in the forest</td>
<td>Procedures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>1.5 Water protection</td>
<td>1.5.1 Procedures to protect forest and vegetation along water courses</td>
<td>Procedures</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.5.2 Checking of water quality</td>
<td>Sample analysis</td>
<td>Bi-annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1.5.3 Water consumption</td>
<td>Measurements</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Management objectives</td>
<td>Criterion</td>
<td>Indicator</td>
<td>Verifier</td>
<td>Frequency of monitoring</td>
</tr>
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</tr>
<tr>
<td></td>
<td>1.6 Status ESMP</td>
<td>1.6.1: Report on status of ESMP</td>
<td>report</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td>1.7 Waste Management</td>
<td>1.7.1 Report on the waste management system</td>
<td>report</td>
<td>Annual</td>
</tr>
<tr>
<td>2. Guarantee financial and economic sustainability through the generation of income from the produced round-wood and carbon sequestration</td>
<td>2.1 Forest production</td>
<td>2.1.1 Harvest of round wood</td>
<td>Tables</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.1.2 Comparison of yield with yield tables</td>
<td>Tables</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.1.3 Calculation of current stored carbon in the plantation</td>
<td>Calculation</td>
<td>When needed</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.1.4 Calculation of current stored carbon in the buffer zones</td>
<td>Calculation</td>
<td>When needed</td>
</tr>
<tr>
<td></td>
<td>2.2 Economic aspects</td>
<td>2.2.1 Cost benefit of plantation</td>
<td>Table</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2.2.2 Value of wood sales</td>
<td>Sales data</td>
<td>Annual</td>
</tr>
<tr>
<td>3. Provide social benefits by offering good economic conditions for employees and the surrounding smallholder community</td>
<td>3.1 Social benefits</td>
<td>3.1.1 Grievance and redress</td>
<td>Table</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.2 Union and worker organisations</td>
<td>Table</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.3 SEIMAP</td>
<td>report</td>
<td>Quarterly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.4 Number of people (partially) depending on the plantation for their livelihood (employees, intercroppers, out growers)</td>
<td>Annual report</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.5 Training and capacity building for employees, intercroppers and out growers</td>
<td>Table</td>
<td>Monthly</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.6 Information of the public</td>
<td>Website, stakeholder meetings</td>
<td>Annual</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.1.7 Worker health / Accidents on work floor</td>
<td>Statistics</td>
<td>Monthly</td>
</tr>
</tbody>
</table>

Monitoring methods
List the techniques used and the results of each monitoring exercise.
National and international applicable requirements
Summarize National and international applicable requirements
Extent and forest condition
Report on area planted, species used, net effective growing area
Biological diversity
Present the results form biodiversity monitoring with emphasis on:

- Document any presence related to any IUCN red-list animal (species, numbers, location, date, etc.) (OS3);
- Document progress on buffer zone restorations/protection activities (OS3)
- Document changes in floral diversity in the buffer zones (OS3)
- Document changes in mammal and bird diversity (OS3)
Forest health
Document any incident on pest occurrence and pollution (OS4)
Protection against fire
Report on fire management and incident;
Soil protection
Report on observed soil erosion and possible other soil problems
Water protection
Document and justify any change in water quality monitoring points and parameters (OS4)

Report on water quality (OS4)

Report on quantity of water consumption, bore hole water quality and height of water table (Ghana Water Resource Authority)
Status ESMP
Implementation status of the ESMP, specifically highlighting if there are non-compliance items. (OS1)

In case of deviation or non-compliance with applicable requirements, specify the actions taken or to be taken to ensure compliance (for all applicable OSs)

Rainfall
Update the table with rainfall data

Forest production
Update report on sales made during the years

Waste Management
Report on waste management (quantity generated per type, quantity re-used, quantity and means of disposal)

Economic aspects
Present sales made and benefit sharing paid

Social benefits
Grievance and redress
Reporting on any complaints that have been received by the company through the internal workers grievance system (OS5)

Review of grievance and redress mechanism (number of cases; number resolved; type of cases; method of resolution and level) (OS2)

Unions
Provide summary table of workers organizations, description of member category, number of members (OS5)

Socio-Economic Impact Mitigation Action Plan
Progress and impact of SEIMAP (quantitative and qualitative) (OS5)

Information to the public
Progress and impact of the SEP/CEP (quantitative and qualitative) (OS5)

Report on stakeholder meetings
Training and capacity building
Update a table contain all training provided during the year, including statistics on people involved
Size of the work force
Update a table describing the workforce
Worker health / accidents on the work floor

OHS – reporting on occupational accidents, diseases and incidents and OHS trainings conducted (OS5)

Conclusions
Summarise results from monitoring and provide a conclusions
## Appendix 2: Budget Lines for Environmental and Social Measures and the ESMP

<table>
<thead>
<tr>
<th>Main items of the ESMP</th>
<th>Annual cost (GHC)</th>
<th>Type</th>
<th>Add Indicative Budget total 2017</th>
<th>Add Specific Line Item in Budget</th>
<th>Budget in 2018</th>
<th>Included Local Budget Line</th>
<th>Amount GHC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Management Plan</td>
<td>24,375</td>
<td>MTA Man hour</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Waste management Plan</td>
<td>6,550</td>
<td>MTA Man hour</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Stakeholder engagement plan including stakeholder involvement mechanisms</td>
<td>74,000</td>
<td>MTA Man hour</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Recruitment Action Plan</td>
<td>65,750</td>
<td>Cost of transport</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Community Development Plan</td>
<td>413,900</td>
<td>Total costs to Kenya in September/October</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>6576 Social Development</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Health and safety management (excluding fire management)</td>
<td>510,500</td>
<td>MTA Man hour + PF</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Pest prevention and fire-fighting</td>
<td>600,000</td>
<td>MTA Man hour + equipment (pick-up truck)</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Monitoring Plan Internal</td>
<td>65,000</td>
<td>MTA Man hour</td>
<td>Included in Overhead costs 1.26f</td>
<td>MTA</td>
<td>332</td>
<td>9985 MTA - Forestry Ghana</td>
<td>2,072,627</td>
</tr>
<tr>
<td>Total GH¢</td>
<td>1,580,575</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total cost in Ghanaian currency (GH¢): 1,580,575