FOCUS ON LAND IN AFRICA
Placing land rights at the heart of development

BRIEF

PRESSURES ON LAND FROM LARGE-SCALE BIOFUEL PRODUCTION IN GHANA

Ghana

Young palm field in Ghana for the production of palm oil. *Photo: www.apholding.com*

By Ailey Kaiser Hughes, Kelsey Jones-Casey and Anna Knox

INTRODUCTION

Ghana—formerly known as the Gold Coast for its mineral riches—today attracts investors in a different type of gold rush. Foreign and domestic investors are seeking to acquire large tracts of land for agricultural enterprises, including the cultivation of biofuel crops. While information on land acquisition for biofuel production is scarce, there are a few well-documented examples and discussion around new deals. Such investments have the potential to generate employment, increase incomes, and improve competitiveness in regional and international trade. But without transparent and comprehensive policies to regulate land acquisitions for biofuel investments, these projects could threaten communities' access to the land and livelihoods on which they depend.

MAP

Ailey Kaiser Hughes is a social scientist and land tenure specialist at Landesa.

Kelsey Jones-Casey is an independent researcher and consultant in the "human-environmental" intersection at Isthmus & Strait.

Anna Knox is Chief of Party on the LAND Project in Rwanda.

Reports indicate that over 20 companies from around the world have acquired, or are seeking to acquire, rights to large tracts of land across Ghana for biofuel production. Ghana's favorable investment climate has contributed to growing international interest in commercial agriculture there. *Photo: www.ruaf.org*

GROWTH OF THE BIOFUEL INDUSTRY IN GHANA

In recent years, the global interest in using alternative energy has accelerated in conjunction with rising agricultural commodity prices. Biofuels have arisen as a potential alternative to fossil fuels. With this in mind, the United States and European Union have set alternative energy consumption targets that have stimulated increased investment in biofuels cultivation worldwide. African governments are also looking to decrease their dependence on fossil fuels. The government of Ghana has set a goal of using 10% renewable fuels for electricity and transportation by 2020. In response to demands to satisfy both international and domestic energy needs, Ghana's government published the Strategic National Energy Plan in 2006, which mandates 10% blends of gasohol and biodiesel by 2015. The government of Ghana seeks to create a favorable climate for international investment in the pursuit of job creation, economic growth, and increased competitiveness in regional and international trade. Under the 1992 Constitution, foreigners may acquire land through 50-year leases which can be renewed for consecutive terms.

Ghana has agronomic conditions that are favorable for agricultural investment, as well as good transport links. The Ghana Investment Promotion Centre (GIPC)—formed in 1994—encourages and facilitates investment in the country, including helping potential investors acquire necessary permits and paperwork. In April 2010, GIPC initiated the process of acquiring 200 hectares of land at Ahanta in the Western Region. According to a representative for GIPC, the agency will continue acquiring land in strategic locations to be used as land banks to reduce the difficulties that investors face when establishing new enterprises. Ghana's favorable investment climate has attracted over 20 companies from around the world seeking to acquire tracts of land to cultivate jatropha, sugarcane and palm oil. Four types of biofuel cultivation projects have arisen in the country:

1. Biofuel cultivation by smallholders for local consumption.
2. Biofuel cultivation by large industrial farms (100 hectares or larger) for local consumption.
3. Biofuel cultivation by out-growers linked to commercial plantations or smallholders linked to commercial biofuel processing plants for national and international consumption.
4. Biofuel cultivation by large industrial farms (100 hectares or larger) for national or international consumption.

Implemented on a large scale, project types 2–4 could result in extensive land transformation and biodiversity loss. If poorly managed, these projects could also negatively impact food security and result in community displacement. Given the potential for negative environmental and social impacts on the rural population, this brief is concerned with these types of biofuel cultivation in Ghana.

BIOFUELS AND LAND TENURE

Though data on large-scale land acquisitions in Ghana is incomplete, research suggests that, as of 2009, around 452,000 hectares had been claimed by investors in three approved projects. At the same time, GIPC claims that Ghana has 8.3 million hectares of uncultivated arable land that could be made available to investors. Yet, 80-90% of undeveloped land in Ghana is claimed under customary tenure and is vital to local livelihoods. Hence, much of the land being promoted by the GIPC is likely subject to existing claims by

communities who may object to ceding the land to investors.

Customary authorities – namely chiefs and earth priests (*tendamba*) in the north and family heads in the south – play a significant role in facilitating expansion of the biofuel sector in Ghana. While the Lands Commission grants leases for state land, private right-holders, "particularly customary chiefs purporting to act on behalf of their communities," grant the majority of land deals.

Land tenure in Ghana is governed by a complex mix of customary and statutory laws. Individual title to land is extremely rare in rural areas. Instead, most rural land is held under allodial title, which supersedes the interest of all rights-holders falling within the boundaries of this title. Under allodial title, land is vested in communities but managed in trust by chiefs for the benefit of current and future generations. Chiefs have traditionally been endowed with rights to allocate land and resolve disputes over land within territories they govern, often referred to as "stool" or "skin" land.

Yet, as the investment climate becomes more attractive in Ghana, demand for land is increasing and chiefs are engaging in lucrative transactions to sell or lease land belonging to their communities, often without consulting them. Whether chiefs have the right to engage in such transactions is the subject of fierce debate. There are contrasting views on whether chiefs have the right to transfer community land – especially lands that are already in use – to outsiders. Nevertheless, the majority of commercial land transactions in Ghana have been undertaken with chiefs, many of whom claim to be acting in the best interest of their communities.

IMPACTS OF BIOFUELS ON RURAL LAND TENURE AND LIVELIHOODS

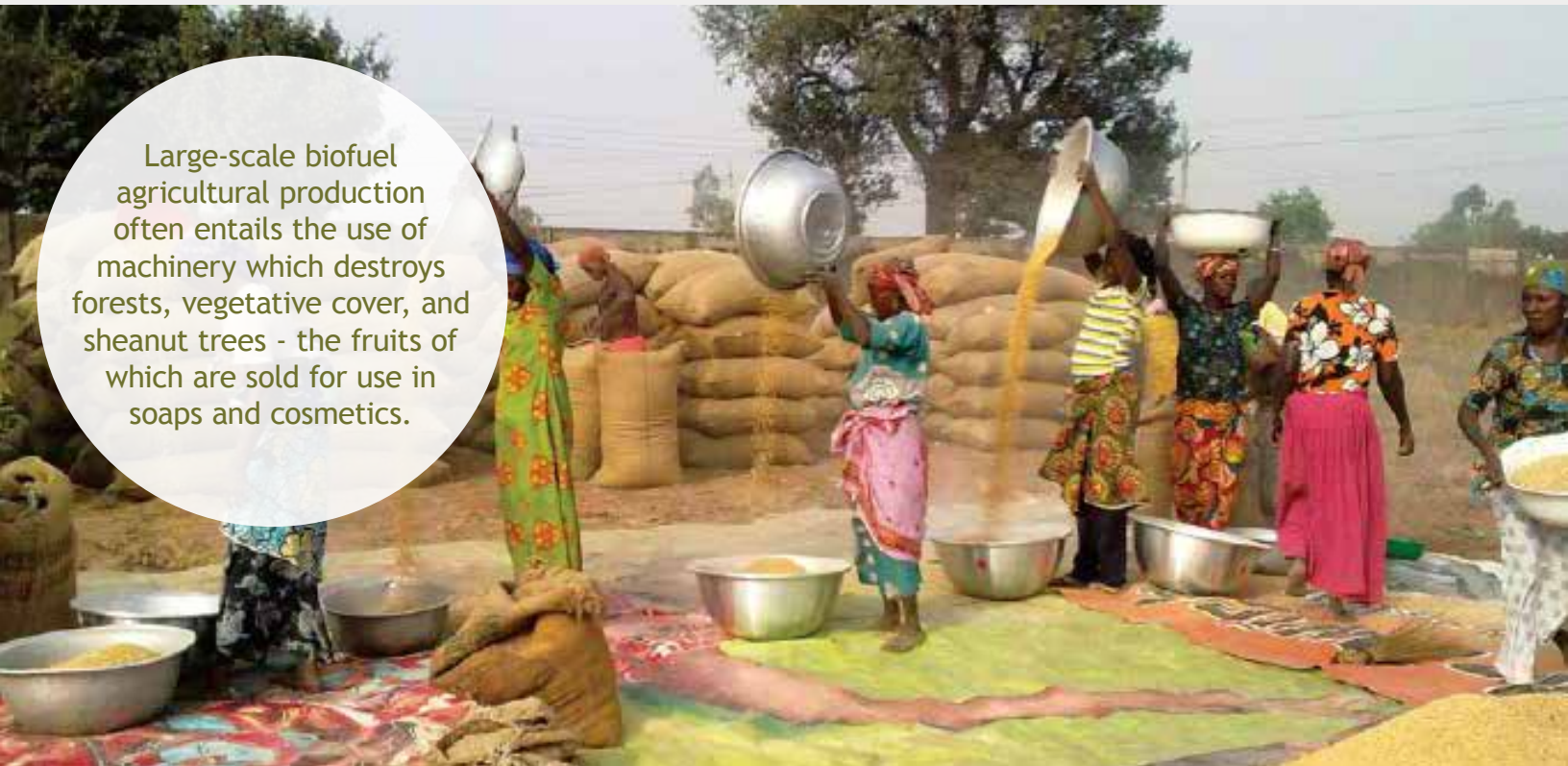
The growth of large-scale biofuel investments can threaten smallholder livelihoods and customary land tenure systems, as well as pose a threat to food security. If done correctly, large-scale investment in land for some commodities can lend itself to smallholder out-grower schemes and, therefore, is not necessarily hostile to smallholder agriculture. However, documented cases in Ghana have highlighted examples of investment done incorrectly, resulting in local residents being displaced by biofuel projects, or losing access to natural resources critical to their livelihoods. Farmers living near biofuel plantations have alleged that they were not consulted by their chief or the commercial investors regarding the development of biofuel production sites. In one case in northern Ghana, farmers were forced from their land after a multinational firm bought their farms to develop a jatropha plantation.

Poverty combined with a lack of information and experience with external investors can lead communities to accept promises of jobs or new land in exchange for ceding their existing land. Oftentimes, these promises are never fulfilled or fall well below expectations. ActionAid and FoodSPAN

FACT

Local people claim 80 percent to 90 percent of undeveloped land in Ghana under customary tenure. This land is vital to local livelihoods.

As the primary producers of food for their families, Ghanaian women are often disproportionately affected by the loss of land to biofuel projects. *Photo: www.ifdc.org*



found that companies investing in large-scale biofuel cultivation are importing workers from outside of the communities where plantations are located. But even if local workers are hired, the benefits are not likely to be sustainable. Labor requirements for biofuel production typically decrease after the clearing and planting stages, leading to large-scale layoffs of farmers.

The development of plantations on marginal land may also have unintended consequences on local livelihoods. Grazing lands may be converted to fields, negatively affecting traditional herding practices. Marshlands may be drained, degrading breeding grounds for fish and other wildlife. Large-scale production often entails the use of machinery which destroys forests, vegetative cover, and economic trees including the sheanut tree, the fruits of which are sold for use in soaps and cosmetics. Many Ghanaian women are dependent on the harvest of sheanuts as a source of income during the rainy season. The trees grow on land that is unsuitable for small-scale agriculture and are, therefore, subject to clearing for large-scale jatropha production.

Finally, the cultivation of jatropha for biofuels risks exacerbating food insecurity. Jatropha has oily seeds that can be used to produce biodiesel, but the plant is toxic to humans and animals and has no food value. Though jatropha can be grown on marginal land, plantations have generally been located on fertile arable land. Up to 1.2 million Ghanaians are already food insecure and the country imports food to meet local demand. The conversion of large tracts of land from food production to biofuel cultivation could further increase food insecurity in Ghana.

The government of Ghana has yet to develop a policy governing commercial land acquisitions. The Ministry of Agriculture charged the Energy Commission with drafting such legislation, but no progress has been made. With no policy framework or legal recourse available to community members, rural farmers are vulnerable to subsequent waves of dispossession and manipulation as demands for biological sources of energy grow.

Increased jatropha cultivation could contribute to increased food insecurity in Ghana by limiting the amount of land available for food cultivation. *Photo: www.archive.unu.edu*

WAYS FORWARD

The Constitution declares that the Lands Commission and Office of the Administrator of Stool Lands are responsible for, "coordinating with all relevant public agencies and traditional authorities and stools in preparing a policy framework for the rational and productive development and management of stool lands."

Best practices suggest that policy and law guiding land acquisition for biofuel production should include the following elements:

1. A community consultation process preceding the acquisition of land that accurately informs communities of what they can be expected to lose and to gain.
2. Clearly defined procedures for transparent and timely consultation between customary authorities and their communities, so that communities have the ability to reject planned investments.
3. Mechanisms to ensure that affected communities receive leasehold rents and other benefits from commercial investments.
4. Compensation for those displaced from land.
5. Mandatory environmental and social impact assessments to qualify for permits to cultivate biofuel plantations.
6. A strong framework for binding agreements between communities and investors.
7. Robust documentation of communities' rights in areas that hold interest for investors.
8. Mechanism for monitoring investor obligations and the positive and negative impacts of land deals.

The Land Commission could also be required to review land leases to commercial agricultural projects exceeding a certain number of hectares in the interest of protecting the rights of small-scale farmers.

Meanwhile, FoodSPAN and ActionAid have called on the government of Ghana to impose a five year moratorium on further development of large-scale biofuel production. This would allow time for research to be conducted on the impacts of large-scale biofuel production and its effects on rural communities. It might also provide the time necessary for the articulation of sound policy drawing on this research.

Large-scale biofuel production can generate employment, improve regional competitiveness in trade, and reduce Ghana's dependence on fossil fuels. However, without transparent and comprehensive policies to manage investment, such projects can cause small farmers to lose access to the land and livelihoods on which they depend. By implementing and upholding a comprehensive biofuel investment framework, and taking actions to protect the rights of rural communities, the government of Ghana can invest in the future and its people.

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FOCUS ON LAND IN AFRICA
focusonlandinafrica@gmail.com
www.focusonland.com

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