

# THE NATURE OF TRANSNATIONAL LAND DEALS IN GHANA: IMPLICATIONS FOR RURAL LIVELIHOODS AND ECONOMIES

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# OUTLINE



- The introduction presents the debate, the questions and Ghana's context
- A description of the nature of the land deals
- The contributions and retrogressions in the major livelihoods criteria and local agrarian economy
- Challenges to the process
- Some contextual recommendations

# The growing demand for land globally and emergence of TNLD

- Rising global demand for food
- Global food security concerns – confidence in global market
- Policies on Biofuel production – a solution to climate change
- Shortage of land and water in investor countries
- New source of returns - Profit seeking by finance industry

# What are Transnational land deals (TNLD)?

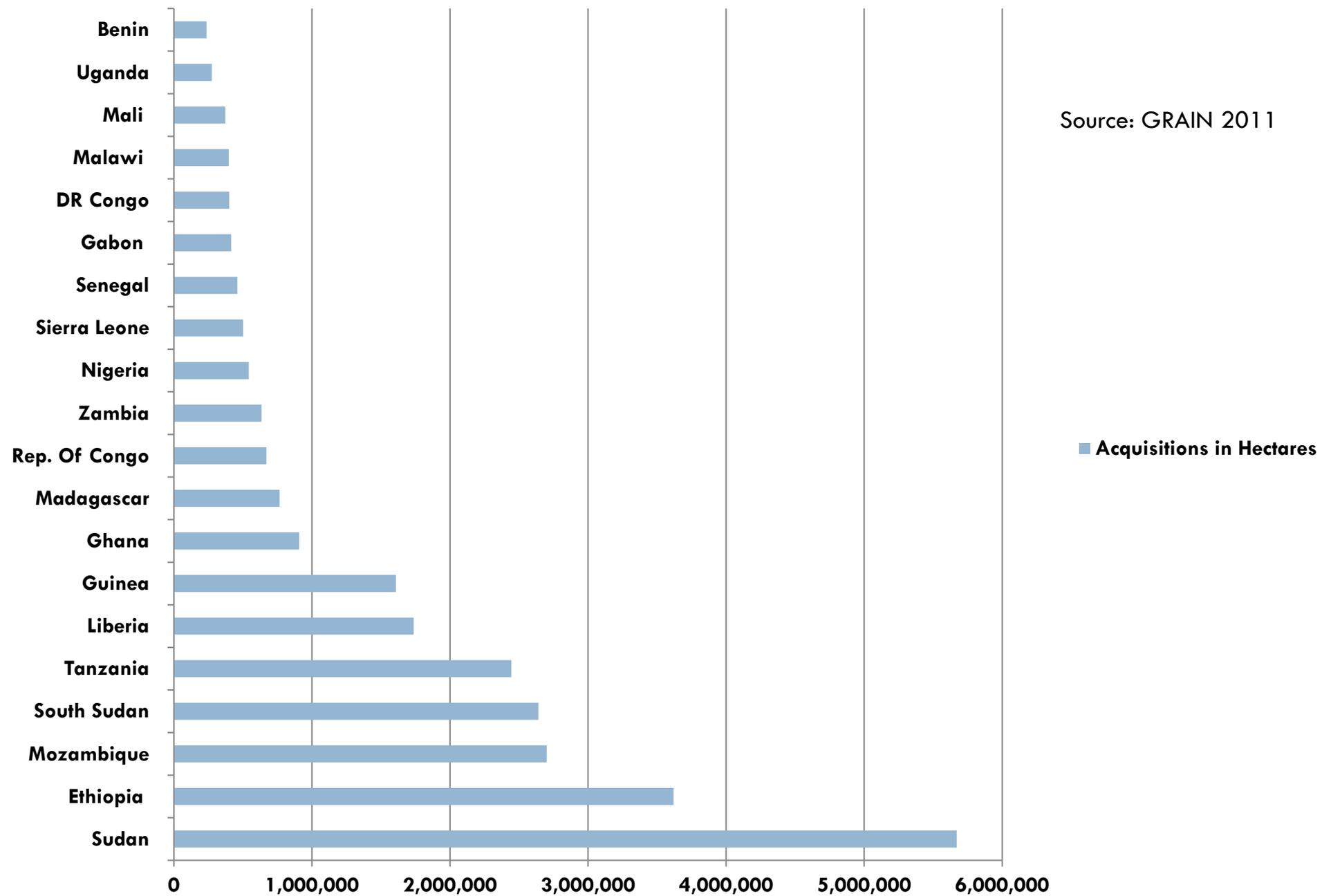
- TNLD refer to the **acquisition** (lease, concession, outright purchase) by **corporations** or **states** of **large areas** of farmland, in **another country** and on a **long-term** basis (often 30-99 years), for the production of **basic foods, biofuels, tourism-recreation, and conservation** for external markets, clients and interests.

# The choice of Africa's land by foreign investors

- The notion of 'Vast wastelands' in Africa
- Low values of land
- Water resources – rivers, lakes, and underground water
- Cheap Labour
- Markets – urban growth and promising economies
- Weak Land tenure systems
- Poor governance and coordination

# Acquisitions in Hectares

Source: GRAIN 2011



# The major investor countries

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- Western countries – biofuel and food (Sweden, Norway, Netherlands, USA, UK, Germany)
- Gulf states – food (Saudi Arabia, Bahrain, Oman, Qatar, Syria)
- Asia: food (China, South Korea, Malaysia)
- North Africa – Libya
- South America - brazil
- South Africa
- Russia and Ukraine
- Also, domestic elite capture of lands

# Arguments for and against TNLDs

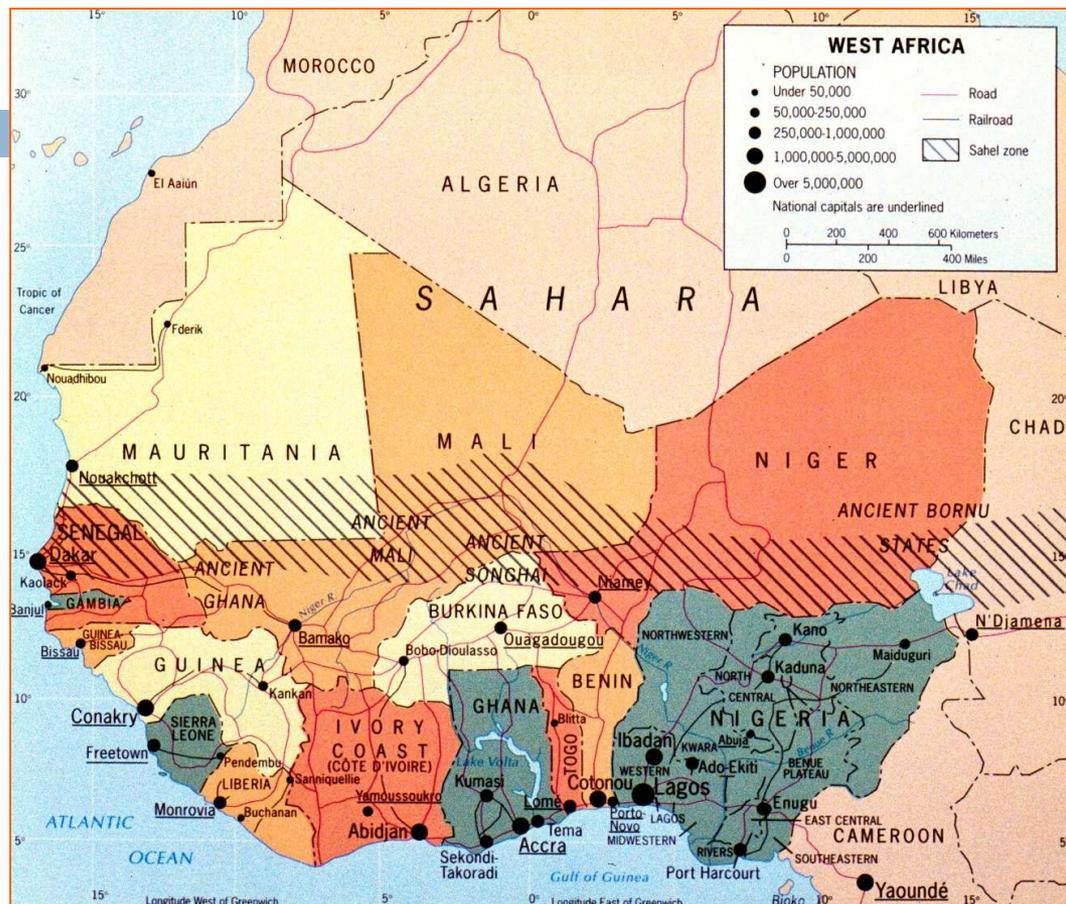
- Increased investment may bring macro-level benefits
- Create opportunities for raising local living standards
- Brings capital, technology, know-how and market access
- Role in catalyzing economic development in rural areas.  
(World Bank, FAO, EU, AfDB)
- ‘The new colonialism’ or ‘agrarian colonialism’.
  - ▣ Local people losing access to the productive resources
  - ▣ Loss of food sovereignty, environmental concerns, and destruction of local social values
  - ▣ Depeasantisation in the absence of viable urban alternatives(Via Campesina, GRAIN, FAC, UN)

# TNLD within a rural livelihoods framework

- Ensuring Sustainable Rural livelihoods is a global objective!
- Achieving **productivity, equity and sustainability**
- Does it build on the **strengths** of the rural poor?
- Do they increase **opportunities** for the rural poor to escape from poverty
- Is rural **vulnerability** increased/reduced or is **resilience** enhanced?
- Livelihood outcomes: food security, income, well-being, sustained natural resource use?
- What mechanisms catalyze the development of local economies?

# Ghana's context and TNLD

- Agrarian stagnation, the failure of agrarian transformation -livelihood crises
- Neoliberal economic reforms with a focus on export led development
- Urban growth and informalisation of economy

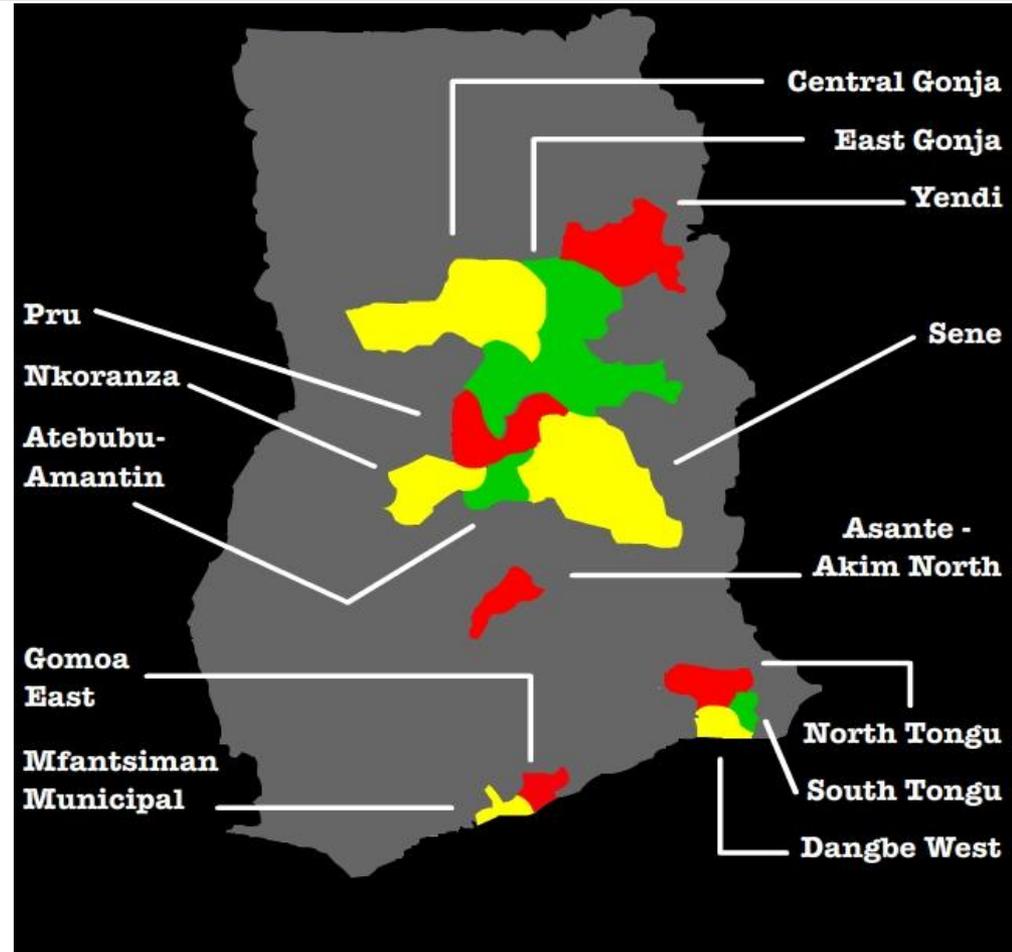


- Import dependency – severe inadequacies in production
- Foreign direct investments as panacea for development
- A long term process of land concentration in acceleration

# The major TNCs in Biofuel production

- Scanfuel - the biggest (500,000 acres).
- Kimminic Estates Ltd
- Natural Africa Diesels
- Central Supercare Company
- B1 Ghana Ltd.
- GoldStar Bio-Diesel Company
- Biofuel Africa Ltd
- Northern Sugar Resources Ltd.

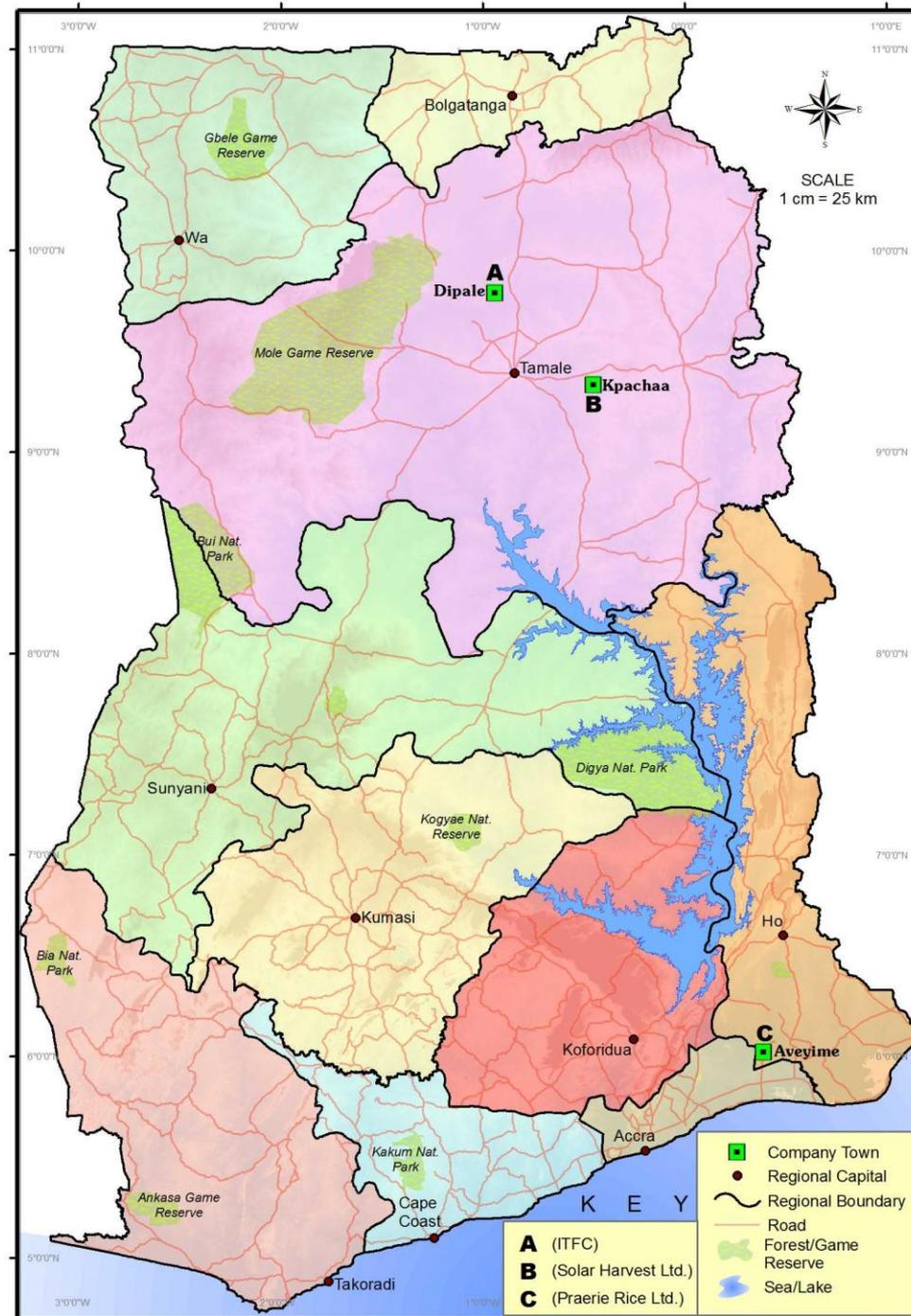
\* I have not added acreages due to inconsistencies reported



Location of major TNCs in Ghana – District demarcation  
Source: Action Aid Ghana 2010

# The Case studies

- ▣ Prairie Volta Rice Ltd Project (Volta Region)
- ▣ Biofuel Africa Ltd., Now Solar Harvest Ltd, Projects (Kpachaa Village, Northern Region)
- ▣ Integrated Tamale Fruit Company (Dipale and Gushe in the Northern Region)
- ▣ Qualitative Methods
  - ▣ Interviews with project officials, Chiefs and elders and individuals
  - ▣ Focus group discussions with gendered groups



# Findings so far-Prairie Volta Rice Ltd Project, South Tongu District (Volta Region)

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- An area of outmigration due to depression caused by damming of the Volta River at Akosombo
- Company owned by American Texans (40%), Ghana Government (30%) and Ghana commercial bank (30%)
- Project land was compulsorily acquired, and now court dispute.
- 1 250 hectares acquired; 300 hectares under cultivation;
- 2,000 hectares in process of acquisition at Agorta at Gh ₵50 (US \$36) per hectare per year
- Plantation irrigation model with processing unit –
- Prairie began in 2008

# Prairie: Findings continued

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- Much more land cleared but not in use
- 3 kinds of affected communities-
  - Land owning community: Mafi Dove- compensated, relocated farms
  - Resettled pastoralists: poor houses, grazing and water
  - Bakpa Tademe- community with no land left.
- The major response is re-migration
- Rice mill sited at Aveyime and not in affected communities – loss of employment

# Findings: Biofuel Africa/Solar Harvest: Kpachaa village

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- Area of intensive farming and in-migration
- Land holding system is chieftaincy based; acquisition in 2007 from chiefs at 2 ghc (US \$1.5) per hectare per year for 50 years
- Affected 7 villages: Kpachaa, Jashe, Tugu, Kpalkore, Joro, Chegou and Tijo
- 10,600 hectares acquired- majority Kpachaa village lands (NGOs report 150,000ha)
- 400 hectares- jatropha; 220 hectares maize.
- Another 500 hectares cleared for maize next season
- Business model: Plantation based- capital intensive

# Biofuel Africa/Solar Harvest: Findings continued

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- Corporate social responsibility measures implemented
- Success employment model until the global financial crisis in 2009
- Poor jatropha yields and a disaster in maize- no profits
- Disruption of local farming systems
- Destruction of commons – loss of women’s livelihoods
- Responses have included out-migration;
- Anti-project demonstrations with NGOs

# The ITFC in Dipale and Gushe (Northern Region)

- ITFC established in 1999 headquarters at Gushie, but nucleus farm at Dipale
- Owned by Komma BV (30%), Wienco (50%), Local partners (20%)
- Attractions: The White Volta River and vast grasslands, but fire-prone environment
- Nucleus farm of 1363 acres in Dipale – 500 cultivated with mangos – 99 year leasehold
- A pack house packs and processes fruits from all over Ghana for export

# The ITFC outgrower model

- 1200 Outgrowers with one acre each in several districts
- Communities form cooperative outgrower groups – provide land and register with a bag of maize each
- ITFC approves site following soil test, provides inputs and technical support
- Irrigated farms cost US \$5000, while Non-irrigated farms cost US \$3800 within the first 5 years, followed by a US \$400 yearly cost
- A bee keeping component is added for interested farmers

# Failure of the outgrower model in Dipale

- ❑ Bushfires and production failures
- ❑ Faulty assumptions
- ❑ Poor commitment
- ❑ Land tenure mix up-outgrower tenants
- ❑ Power relations compromise cooperative model



# TNLD: Implications for

## **Livelihoods and the local agrarian economy**

# The disappearing 'commons'

- Apart from the dispossessions of farm lands
- All study sites lost common access/property to companies or they resettled on these themselves
  - ▣ Fallowing of farmlands impossible
  - ▣ Non-farm livelihood activities lost
  - ▣ Energy – firewood needs unmet and rising cost
  - ▣ Economic trees bulldozed
  - ▣ Women most affected
  - ▣ Migration and the creation of 'open areas'

# Technology and know how transfer

- Depends on crop – Ghana's extension services quite good
- Farmers hybrid knowledge in food crops is superior
- Environmental familiarity
- For new crops – yes, TNCs relevant
- So why don't TNCs and government simply collaborate with farmers and buy outputs?



Large scale monocultures- maize



ECOLOGICAL DIMENSIONS

Ecological diversity – peasant farm



# Employment

- Initial high expectations of villagers- euphoria unmet
  - ▣ Capital intensive production methods
  - ▣ Specialised skills – hiring from outside communities
  - ▣ Lay-offs over time and seasonality of employment
  - ▣ Commitment – higher from non-community members
- In Bakpa Tademe only 2 people are employed by Prairie
- Aveyime rice mill employs 150 (processing, administration)
- ITFC provides significant employment (255) – But outgrowers have ‘wasted’ years without returns

# Food security

- In rural areas food security is the result of multiplex livelihoods:
  - ▣ farm; nonfarm; bush products; remittances; farm wages; social capital; wild foods; others
- Diversity is the key
- Land is the basis
- Unused land is critical for FS for the vulnerable and is a major coping endowment
- Mixed results??



# Social coherence - conflicts

- Exacerbated land conflicts between Bakpa Tademe and Tefle
- Conflicts between village chiefs, divisional chiefs and paramount chiefs in Northern region
- Conflicts between villages- accusations of hijacking company benefits – preparations for war between Dipale and Gushe
- Land as a social cement between different actors
- Rising disrespect for leadership of villages by affected citizens

# Expanding rural economy?

- ❑ Limited Dynamic and diverse livelihoods
- ❑ Limited capital
- ❑ Increase in cost of farming
- ❑ Increased vulnerability for many and increasing differentiation
- ❑ Infrastructure for modernists only
- ❑ Corporate social responsibility measures implemented
- ❑ Processing has higher benefits



Abandoned compound in Kpachaa  
– A third of the village left  
– Migrant commercial maize farmers sacked

# What is wrong with TNLD?

- Nothing wrong with the ideals of investments, but the nature and mechanisms are flawed:
  - ▣ Large contiguous land dispossesses people and destroys the environment compared to scattered acquisitions
  - ▣ Defining outgrower farm locations is blind to existing structures
  - ▣ Poor understanding or dismissal of local practices as primitive
  - ▣ Poor participation of local people leads to dissatisfaction
  - ▣ Investments in land in Africa cannot just be an economic decision, but must reflect the socio-political, environmental and spiritual dimensions of customary land tenure practices

# Some early conclusions

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- Outcomes have been remarkably similar for both food crops or non-food crops.
- Unfulfilled or partially fulfilled expectations and promises.
- Livelihood benefits have been meagre
- For the companies, returns have also been disappointing
- Land deals are changing traditional dynamics and arrangements of power and resource systems
- Livelihoods are multi-sourced and dependent on social, political and environmental relationships
- These raise questions of agribusiness's role in agrarian transformation. ??

# What should be done?

- A broad based national debate and formulation of a specific policy for foreign agricultural investments
- A 'reform' of customary land tenure in line with contemporary antecedents – curbing the power of chiefs
- Recognition and demarcation of customary common access lands for protection
- Communities as main actors in decision making
- Enhance local capacities to satisfy global demand
- TNCs need new innovative business models based on a participatory paradigm of development



THANK YOU VERY MUCH

REMEMBER:

THE WORLD IS HETEROGENOUS AND OUR ACTIONS  
MUST BE DIFFERENT GUIDED BY COMMON  
PRINCIPLES OF HUMANITY