FINAL REPORT
ON
AGRICULTURAL INVESTMENTS IN GHANA: EVIDENCE FROM TWO CASE STUDIES
BY
DR JOHN BUGRI
KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY, KUMASI

MAY, 2012
Acknowledgements

This research was commissioned by the Food and Agriculture Organization of the UN (FAO), and it was coordinated and subsequently provided with complementary resources by the International Institute for Environment and Development (IIED) as part of a number of country case studies on agricultural investments. The research would not have been possible without the roles played by these two international organisations, and the author is therefore grateful.

At the country level, the research was facilitated by a number of individuals to whom the author would like to express gratitude. These include research assistants Salifu Masahudu Zanya, Alex Nsoh and Ursula Abegwom, who worked under very difficult circumstances to collect data from the companies and other stakeholders. Many thanks also to Mr Justice Morgan, the Regional Lands Officer, and Mr Abu Iddrisu, the Regional Environmental Protection Agency Officer, both in the Northern Region, for their roles in facilitating information gathering. The chiefs and people of the study areas were very patient in providing information on the subject and deserve to be acknowledged. Mr Alhassan Abukari, a teacher at Kpachaa, coordinated the field visits and secured appointments with chiefs and elders in the various communities, and I am greatly indebted to him for his assistance. Discussions with Emily Polack of IIED also yielded valuable insights into data collection and to her the author is most grateful.

Finally, special thanks to Pascal Liu of the FAO and Lorenzo Cotula of IIED for reviewing draft reports and providing thought-provoking comments that have significantly contributed to the final state of the report. Any shortcomings in the report are however entirely attributable to the author alone.
Table of Contents

Acronyms........................................................................................................................................ iv
Executive summary......................................................................................................................... v
1. INTRODUCTION................................................................................................................................. 1
2. NATIONAL CONTEXT......................................................................................................................... 4
3. INTEGRATED TAMALE FRUIT COMPANY.......................................................................................... 11
   3.1 Overview................................................................................................................................... 11
   3.2 The nursery............................................................................................................................... 11
   3.3 The nucleus farm....................................................................................................................... 12
   3.4 The outgrower scheme.............................................................................................................. 12
   3.5 The pack house......................................................................................................................... 17
   3.6 Corporate social responsibility (CSR) activities..................................................................... 18
4. SOLAR HARVEST LIMITED................................................................................................................ 19
   4.1 Overview................................................................................................................................... 19
   4.2. The land acquisition, stakeholders’ roles and responses.................................................... 21
   4.3. Socio-economic outcomes....................................................................................................... 27
5. CONCLUSION..................................................................................................................................... 30
REFERENCES........................................................................................................................................ 33
### Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRA</td>
<td>Alliance for a Green Revolution in Africa</td>
</tr>
<tr>
<td>ADRA</td>
<td>Adventist Development and Relief Agency</td>
</tr>
<tr>
<td>CICOL</td>
<td>Civil Society Coalition on Land</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>CAADP</td>
<td>Comprehensive Africa Agricultural Development Programme</td>
</tr>
<tr>
<td>CTSP</td>
<td>Children to School Support Programme</td>
</tr>
<tr>
<td>EC</td>
<td>Executive Committee</td>
</tr>
<tr>
<td>EPA</td>
<td>Environmental Protection Agency</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FAO</td>
<td>Food and Agriculture Organisation</td>
</tr>
<tr>
<td>FASDEP</td>
<td>Food and Agriculture Sector Development Policy</td>
</tr>
<tr>
<td>GIPC</td>
<td>Ghana Investment Promotion Centre</td>
</tr>
<tr>
<td>GFZB</td>
<td>Ghana Free Zones Board</td>
</tr>
<tr>
<td>GLOBALGAP</td>
<td>Global Good Agricultural Practices</td>
</tr>
<tr>
<td>HIV/AIDS</td>
<td>Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome</td>
</tr>
<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
</tr>
<tr>
<td>IIED</td>
<td>International Institute for Environment and Development</td>
</tr>
<tr>
<td>ITFC</td>
<td>Integrated Tamale Fruit Company</td>
</tr>
<tr>
<td>MoU</td>
<td>Memorandum of Understanding</td>
</tr>
<tr>
<td>MCC</td>
<td>Millennium Challenge Corporation</td>
</tr>
<tr>
<td>MiDA</td>
<td>Millennium Development Authority</td>
</tr>
<tr>
<td>METASIP</td>
<td>Medium Term Agriculture Sector Investment Plan</td>
</tr>
<tr>
<td>MoFA</td>
<td>Ministry of Food and Agriculture</td>
</tr>
<tr>
<td>NGFSRP</td>
<td>Northern Ghana Food Security Resilience Project</td>
</tr>
<tr>
<td>NGO</td>
<td>Non - Governmental Organisation</td>
</tr>
<tr>
<td>OMOA</td>
<td>Organic Mango Outgrowers Association</td>
</tr>
<tr>
<td>PSOM</td>
<td>Dutch Government Programme</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>WB</td>
<td>World Bank</td>
</tr>
</tbody>
</table>
Executive summary

Ghana’s agricultural sector is an integral part of the world economy and has in recent years witnessed increased private sector interest. This trend is part of the wider land rush in the global South, driven by investments for the production of food, fuel and agricultural commodities. Since 2007, Ghana has attracted considerable attention from both multinationals and local companies. Over 20 companies from countries like Brazil, Italy, Norway, Israel, China, Germany, The Netherlands, Belgium and India are currently developing investments, mainly for the cultivation of jatropha, on vast acres of lands in the Volta, Brong Ahafo, Ashanti, Eastern and Northern Regions of Ghana.

This study is an examination of two case studies of agricultural investments in Ghana. The first relates to the Integrated Tamale Fruit Company (ITFC), and illustrates a model involving collaboration between a company and local farmers through a nucleus estate and outgrower scheme for the production of organic mangoes. The second relates to Solar Harvest Ltd (formerly Biofuel Africa Ltd), and provides an example of a production model centred on large-scale plantations. Both projects are located in Ghana’s Northern Region. The Northern Region of Ghana was chosen because it has the largest area of “available” land in the country, and has thus become a magnet for large-scale agricultural investments. Yet, the region is also home to some 350,000 small-scale farmers who eke out their living from the land and are the poorest of the poor in the country. Of the country’s estimated 1.2 million people described as food insecure, 10% are in the Northern region.

Qualitative semi-structured and unstructured interviews and focus group discussions were used to collect data from relevant stakeholders. These include officials from a range of government land agencies, customary chiefs and local stakeholders and to a certain extent company officials. Triangulation was seen as central to the research process. However, for both studies it proved impossible to access key data from the companies, though informal interviews were conducted with some company staff under conditions of anonymity. Use was also made of documentary evidence and, where available, of published and unpublished research.

The key findings of the study show that the ITFC business model presents a high degree of inclusiveness. While the company management undertakes operational decisions, an outgrower scheme exists under which control over much of the land is in the hands of outgrowers. The existence of an outgrowers’ association also enables farmers to exercise voice vis-a-vis management. However, the study found that aspects of the contractual arrangements between ITFC and the outgrowers, for example, price fixing and marketing of produce appeared to favour the company.

In relation to risks and benefits sharing, outgrowers’ risks were largely production related while management risks related to finance and marketing; and the company has received extensive development aid support for its outgrowers scheme. Community perceptions of the initiative are overwhelmingly positive as the company has given support in social infrastructure and capacity building especially in outgrower communities. The livelihoods of outgrowers are generally better than other ordinary farmers or labourers and steady employment was available to locals and others from nearby communities.
The company fulfilled its environmental requirements and food security risks posed by its operations are minimal given that outgrowers are encouraged to intercrop with groundnuts.

The case of Solar Harvest Ltd presents a business model in which control of land and other key assets is concentrated in the hands of management. The land acquisition process did not include all stakeholders in the negotiation process; compensation was not paid to farmers who lost their lands resulting in tension and potential conflict.

In terms of risks and benefits sharing, communities suffered job losses because the company was hit by the global economic downturn. The financial crisis has affected the fulfilment of promises made by the company and only water facilities and a corn mill have been provided in a few communities. Community perceptions of the company are therefore overwhelmingly negative.

The company is facing challenges in meeting its environmental requirements. Even though there are no short term risks to food security because most of the unused land acquired by the company is cultivated by farmers who originally cultivated those lands, there is a long term threat to food security, especially if the company develops larger jatropha plantations in the future.

The study recommends that if Ghana is to meet her development objective of becoming a middle income nation by 2015, promoting investments in agriculture is critical. However, this requires a balance between value chain improvement in agriculture and food security concerns of the country. This would require developing country-level operational tools to implement the principles of responsible agricultural investments (RAI) developed by the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. Guidelines are currently being developed for dealing with large-scale land transactions for agricultural and other purposes. This is a step in the right direction. However, the legal and institutional capacities and frameworks for land governance and agricultural development need strengthening at local and national level. It is critical to strengthen the capacity of local stakeholders to improve their participation and negotiation skills, and to strengthen national land governance institutions in enforcing existing legislation and guidelines. Non-governmental organisations, civil society and district assemblies can play an important role in supporting local communities on how to protect their land rights. Enhanced collaboration between the Ghana Investment Promotion Centre (GIPC) and the Environmental Protection Agency (EPA) for the enforcement of standards and conditions imposed on investors is also critical, as are the publication of contracts for public scrutiny and the review of the constitutional provision that requires government not to interfere with the chieftaincy institution. Finally, government ought to carefully balance agricultural investment policy measures with the need to ensure national food security, especially in the case of large scale land acquisitions.
1. INTRODUCTION

Agriculture is the backbone of the Ghanaian economy. It contributes about 36% of gross domestic product (GDP). Some 70% of the population lives in rural areas (MoFA and AGRA, 2010) and rely on land as their main source of livelihood. To many Ghanaians, land is also of critical social, cultural and religious significance. The country is estimated to have 23,583,900 hectares of land, 57% of which are assessed to be suitable for agriculture. As at 2009, it was estimated that 54% of agricultural land was under cultivation, implying the existence of unused land for large scale agricultural investments (Ahwoi, 2010). However, high-value land is increasingly scarce, due not only to demographic growth and agricultural intensification, but also to non-agricultural pressures like mining operations and off-shore oil developments (which have increased competition for land in coastal areas close to the oil fields). Thus, it has been noted that as land in Ghana becomes increasingly monetised in recent years due to growing scarcity and increased land values, the result has been attempts to redefine land ownership and contestations of rights to land. These processes have increasingly concentrated control of the economic benefits flowing from land in the hands of traditional chiefs, with a direct effect on people’s livelihoods thereby creating tensions in many localities (Ubink and Quan, 2008).

With an annual population growth of over 2%, Ghana faces an increasing domestic demand for food crops and livestock. However, while national agricultural production meets domestic demand for roots and tubers, only 85% and 30% of demand for maize and rice, respectively, are produced in the country. Factors underpinning this low food crop production include reliance on rain-fed agriculture and prevalence of traditional systems of farming. For example, only 0.1% of Ghana’s agricultural land is irrigated, while average farm sizes of 0.5-2.0 hectares and poor technology result in sub-optimal yields (MoFA and AGRA, 2010).

While Ghana’s agricultural sector has been integrated in the world economy for a long time, in recent years private sector interest in Ghana’s agriculture has increased. This trend is part of a wider land rush in the global South, driven by investments for the production of food, fuel and agricultural commodities (Cotula et al, 2009; Deininger et al, 2011; Cotula, 2011). According to the World Bank, of the global 45 million ha of land deals made known in 2008-2009, more than 70% took place in Africa (Deininger et al, 2011).

Earlier studies have looked at the social and environmental consequences of large-scale land acquisitions in Ghana. For example, Tsikata and Yaro (2011) warn that in the context of Ghana’s lack of self-sufficiency in food crop production, large-scale land acquisition for the production of export crops could deepen food insecurity. Others have pointed to the real land governance challenges that these processes pose (German et al, 2011).
Given the concerns raised by many in relation to land acquisitions, there has been growing discussion about models of agricultural investment that involve collaborating with local farmers, rather than acquiring large areas of land (e.g. Vermeulen and Cotula, 2010). Ghana has long-standing experience with company-farmer partnerships, and some of this experience has been discussed in the literature (e.g. Amanor, 2001; Ruf, 2009).

Building on these earlier efforts, this report provides an in-depth analysis of two agricultural investments in order to examine the inclusiveness of their respective business models (using the ‘ownership, voice, risk and reward’ framework developed by Vermeulen and Cotula, 2010), and to assess the socio-economic outcomes of the two ventures on the livelihoods of local communities. The first case study relates to the Integrated Tamale Fruits Company (ITFC), and illustrates a model involving collaboration between a company and local farmers through a nucleus estate and outgrower scheme for the production of organic mangoes. The second relates to Solar Harvest Ltd (formerly Biofuel Africa Ltd), and provides an example of a production model centred on large-scale plantations. Both projects are located in Ghana’s Northern Region.
The Northern Region of Ghana was chosen because, as will be seen, it has the largest area of “available” land in the country, and has thus become a magnet for large-scale agricultural investments. Yet, the region is also home to some 350,000 small-scale farmers who eke out their living from the land and are the poorest of the poor in the country (MoFA and AGRA, 2010). It has also been described by Bugri et al (2008) as an area faced with poor and declining agricultural production, increasing environmental degradation and out migration of the youth to South of Ghana in search of sustainable livelihoods. Yakubu (2011) estimated that over 1.2 million Ghanaians are food insecure and of these, 59% representing Upper West Region (34%); Upper East Region (15%) and Northern Region (10%) are in northern Ghana. Hence, a Northern Ghana Food Security and Resilience Project (NGFSRP) was implemented over a 20-month period beginning in January 2010 to address the food insecurity concerns of northern Ghana. It was co-funded by the European Union (EU) and the Adventist Development and Relief Agency (ADRA) of the UK and through capacity building of resource poor farmers increased yields of about 10,000 farmers by 300-400%, strengthened farmer groups and increased farmers adoption to new technology and reduced post-harvest losses.

For data collection, the study relied on semi-structured and unstructured interviews and focus group discussions. The interviewees included officials from a range of government agencies (e.g. Lands Commission, Environmental Protection Agency, District Assemblies), customary chiefs and local stakeholders (outgrowers, people who lost land, independent farmers), and to a certain extent company officials. Contact with local stakeholders was facilitated by customary authorities such as chiefs and opinion leaders, who were also interviewed. Triangulation was seen as central to the research process. However, for both studies it proved impossible to access key data from the companies, though informal interviews were conducted with some company staff under conditions of anonymity. Use was also made of documentary evidence and, where available, of published and unpublished research.

Besides data access and triangulation challenges, other important limitations of the study include the significant time and resource constraints, and the fact that one of the two case study investments (Solar Harvest Ltd) is still at an early stage. The latter circumstance makes it impossible to properly assess its longer-term socio-economic outcomes, though useful insights can be drawn from implementation to date.

The next chapter discusses the national context, in terms of both policy frameworks and broad trends in agricultural investment. Chapter 3 discusses the case study of ITFC, while chapter 4 discusses evidence concerning Solar Harvest Ltd. A conclusion summarises key findings and charts possible ways forward.
2. NATIONAL CONTEXT

Since 2007, Ghana has attracted considerable attention from both multinationals and local companies. While comprehensive data on the scale of land acquisitions in the country is still lacking, about 500,000 ha of land were acquired between 2004 and 2009 for agricultural investments registered with the Ghana Free Zones Board (Cotula et al, 2009). Schoneveld et al (2010) documented land acquisitions for biofuels projects amounting to over one million hectares, though much of this had not been formalised with government agencies. Over 20 companies from countries like Brazil, Italy, Norway, Israel, China, Germany, The Netherlands, Belgium and India are in Ghana currently developing investments, mainly for the cultivation of jatropha, on vast acres of lands in the Volta, Brong Ahafo, Ashanti, Eastern and Northern Regions of Ghana (CICOL, 2008). In particular, an Italian company is cultivating 10,000 hectares of jatropha in Yeji, in the Brong Ahafo Region; an Israeli company has acquired 100,000 hectares of land; an Indian company is requesting for 50,000 hectares of land from the Ghana Investment Promotion Centre (GIPC) to cultivate jatropha; a company from the Netherlands has started a pilot project on 10 acres in the Northern Region; and the Chinese are also doing a pilot project (CICOL, 2008). A Norwegian company has started operations in Agogo, outside Kumasi, in the Ashanti Region, also to produce biofuel. The company aims to start initial cultivation of jatropha seeds on 10,000 hectares of land, with the goal of scaling up to about 400,000 hectares (CICOL, 2008).

Ghana’s policy framework regulating agricultural investment is characterised by policy efforts to promote investment in agriculture, and by a land tenure regime that, overall, recognises a central role to customary authorities. It has been argued that if Ghana’s aim of becoming a middle income country by 2015 is to be attained, then agriculture will have to grow by 6% per year at least in value terms, consistent with the Comprehensive African Agricultural Development Programme (CAADP). This consideration underpins public policies like the revised and updated Food and Agriculture Sector Development Policy II (FASDEP II) and the Medium Term Agriculture Sector Improvement Plan 2009-2015 (METASIP). Both these interventions adopt a balance between value chain approach to agricultural development and food security concerns, though both have been criticised for lacking a stronger focus on private investment.

Current policy efforts between the Ministry of Food and Agriculture (MoFA) and the Alliance for a Green Revolution in Africa (AGRA) embodied in the ‘breadbasket strategy approach’ seek to address these limitations. A breadbasket is defined as an agricultural area with high potential productivity for specified crops, good market access and high rural population density. Four of these have been identified in the Northern Region, Afram Plains, Volta Region and Accra Plains. The focus of this strategy is on: 1) creating a number of private sector local change agents, mainly focused on post-harvest activities; 2) introducing socially inclusive commercial farms; 3) continuing support for high value added crops and 4) prioritising government/donor efforts into inputs, credit, roads, extension and price transparency for farmers’ benefit (MoFA and AGRA, 2010).
The Ghana Investment Promotion Centre Act of 1994, which establishes the Ghana Investment Promotion Centre (GIPC), provides a wide range of incentives for agriculture and agro-industries, including tax incentives, free transferability of capital and profits and protection against non-commercial risks that are generally project and location dependent. For example, in the case study areas, after an initial tax holiday period of 5 years agro-processing enterprises which use agricultural raw materials as their main inputs have a corporate tax rate of 0%, while that for same enterprises in the Accra-Tema the rate is 20%. These provisions apply to both local and foreign investors. In addition, the Ghana Free Zones Board (GFZB) Act of 1995 provides the following incentives for investments in a free zone area:

- Tax exemptions for the first 10 years;
- Income tax rate after 10 years shall be limited to a maximum of 8%;
- Shareholders are exempt from the tax on dividends;
- Both domestic and foreign investors may take and hold up to a maximum of 100% shares in a free zone enterprise; and
- Domestic and foreign investors have equal legal status in free zone enterprises.

For investments that are neither in a free zone area nor in agriculture, an income tax rate of 25% is generally applied with hardly any exemptions.

While the state owns or otherwise administers much rural land in many African countries (Cotula, 2011), in Ghana only about 20% of the land is owned by the state (Kasanga and Kotey, 2001). Much of the remainder is held by customary authorities for the benefit of their communities. The customary land sector operates under diverse tenure systems. In broad terms, however, tenure systems in the three northern regions of Ghana (Northern, Upper East and Upper West Regions) differ considerably from of the rest of the country. These regions have similar ethnic, cultural and ecological conditions. Because customary authorities often sit on skins (stools in southern Ghana) when they exercise their authority, customarily held land is referred to as “skin land” (stool land in the south of the country). While ownership is vested in the communities, customary authorities (a mix of chiefs and tendamba, i.e. earth priests, depending on the locality), occupy the apex of the corporate tenure structure and exercise land governance responsibilities in a fiduciary capacity on behalf of their subjects. Inheritance is predominantly patrilineal (Bugri, 2007). These characteristics contrast with patterns prevailing in the south of the country, where land inheritance is mainly matrilineal and chiefs are at the apex of the corporate tenure structure entrusted with land management responsibilities. The different levels of urbanisation between the northern and southern parts of Ghana also account for differences in tenure practices. For example, the less urbanised north has a predominance of traditional land tenure practices which discourage the sale of land. On the other hand, land tenure practices in the more urbanised south largely regard land as a tradable commodity. As a result of this difference, many more land owners and users in the south than in the north make use of state mechanisms such as land registration to improve their tenure security.

An important distinction under customary tenure – and one that has direct implications for agricultural investments – is that between those who first cleared the land or their descendants, on the one hand, and those that came later, on the other. The natives refer to the first occupants as tinbisi (the land’s children) and to outsiders as saama (strangers). While the former are in
principle entitled to cultivate collectively held land, the latter can only do so based on an arrangement with customary authorities. Most large-scale investors are outsiders and must therefore acquire land from the relevant customary authority (see Abudulai, 2002). In the case study areas, this involves the following procedures and practices.

Where outsiders seek land for farming or other purposes, they must approach a chief or clan/family head capable of satisfying their land needs. Agricultural investments typically require large areas of land relative to the fragmented nature of local landholdings. Therefore, customary authorities must typically take lands from several subjects to be able to meet an investor’s requirements. Customary authorities may impose restrictions on land use when they allocate land for investments. Some customary authorities have established secretariats (Customary Land Secretariats) to formalise management of land, with support from a multi-donor Land Administration Project.

Public lands are vested with the president on behalf of and in trust for the people of Ghana (under article 257 of the 1992 Constitution). Public ownership of these lands may derive from two legal sources: expropriation and vesting. Expropriation involves the compulsory acquisition of land for a public purpose, against payment of compensation. Vesting is a form of intervention by the state in land ownership whereby customarily held land is transferred to the state under the Land Administration Act of 1962, with the state exercising the powers of legal trustee and manager of such lands and the customary owners transformed into beneficiary status. As a policy instrument, vesting has been described as a very significant inroad into the proprietary rights of customary authorities in Ghana, providing government with the strongest transfer tool with the least expensive formalities (Larbi, 1995).

Despite the prevalence of customary land tenure, the state land machinery is fundamental to the process of legalising land rights that investors acquire from customary authorities. In this regard, the Lands Commission is mandated to oversee the management of public lands as well as to provide concurrence for land transactions in the customary sector. The Commission’s role is regulated by the 1992 Constitution and the Lands Commission Act of 2008. An institutional guide to land acquisition and documentation for the Lands Commission is shown in Figure 2 below.
The Ministry of Lands and Natural Resources, Ministry of Local Government, Ministry of Environment, Science and Technology and the Ministry of Food and Agriculture have collectively made efforts at ensuring that land is readily available for investment purposes by assembling a land bank directory. Table 1 below shows the land deemed to be “available” in the different regions of Ghana. As shown in the table, Northern Region has the highest land area deemed “available” (204,999 hectares) and accounts for the vast majority of land of potential interest to outside investors.
Table 1. “Available” land in Ghana’s regions

<table>
<thead>
<tr>
<th>REGION</th>
<th>NUMBER OF HECTARES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volta</td>
<td>9435</td>
</tr>
<tr>
<td>Ashanti</td>
<td>801</td>
</tr>
<tr>
<td>Brong Ahafo</td>
<td>54,231.8</td>
</tr>
<tr>
<td>Greater Accra</td>
<td>6631</td>
</tr>
<tr>
<td>Eastern</td>
<td>28624</td>
</tr>
<tr>
<td>Northern</td>
<td>204999</td>
</tr>
<tr>
<td>Upper West</td>
<td>1986</td>
</tr>
<tr>
<td>Upper East</td>
<td>-</td>
</tr>
<tr>
<td>Western</td>
<td>9045</td>
</tr>
<tr>
<td>Central</td>
<td>4373</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>271317</strong></td>
</tr>
</tbody>
</table>

Source: Land Administration Project, Accra.

Earlier research has highlighted problems in the workings of both customary and state institutions with regard to land allocations to outside players. Recurring problems affecting customary land tenure systems in Ghana are the breakdown of traditional mechanisms for the downward accountability of chiefs and the abuse of chiefly powers for personal gain (Amanor, 2001; Ubink, 2006; Ubink and Quan, 2008; German et al, 2011). Disputes between competing chiefs over boundaries or succession are also common. For example, Ayee et al (2011) underscored this assertion when they observed that in Ghana “[a]n important problem of the land tenure systems is endemic conflict...The endemic nature of most of these conflicts suggest their embeddedness in local power structures and social group membership”. Similarly, Boone (2009) in a case study of southern Ghana reported that:

Conflict over land has been a pervasive feature of life in rural and peri-urban parts of southern Ghana for many decades. Today, the stakes and tensions are heightened by rising land values, demographic increase and urban sprawl, and broader changes in the national economy that conspire to place rural families in situations of land shortage...[t]he character of the land tenure regime goes very far in defining the socio-economic contours of this process.

Another set of challenges concerns the extent to which state institutions are scrutinising deals concluded by customary authorities. For example, Tsikata and Yaro (2011) observed:

The different tenure regimes of the various traditional areas and the lack of regulation on transnational land transactions have enabled idiosyncratic deals between investors and
land owners, mostly chiefs. In reality contracts are between chiefs and investors and often reflect their motivations and aspirations rather than those of the community.

In addition, based on an analysis of legal pluralism in Ghana’s land sector, Ubink (2006) stated:

The government’s attitude towards chieftaincy is […] influencing chiefs’ behavior. The government currently provides hardly any checks and balances on local land administration […] and government’s policy of non-interference in chieftaincy affairs […] provides them with ample leeway to administer land the way they please […] and the National Land Policy and Land Administration Program do not seem to predict change in this respect in the near future.

The Regional Lands Officer for the Northern Region, where the two case studies discussed in this report are located, appeared to corroborate the above statements when asked about the role played by the Lands Commission in land acquisitions for agricultural investments:

The prospective investor identifies the area conducive for his project. Since agricultural lands in the region are skin lands, the chief of the area is consulted and negotiations for the land deal undertaken. The investor may then seek the services of the institution for the demarcation of the land and preparation of site plans. Most investors then submit the site plans together with the letter of allocation from the chief to the institution for processing and documentation.

(pers com Regional Lands Officer, Northern Region)

In other words, the government administration appears to mainly focus on executing land deals concluded by the customary authorities, without providing checks and balances to the conduct of these authorities. The Regional Lands Officer also observed:

There are no laid down procedures for investors in large-scale land acquisitions to comply with. Neither are the investors obliged to employ the services of qualified land experts. Most often the investors fail to sensitise the communities about the incoming projects to enable them to embrace these projects.

The above observations are particularly important in the case of Northern Region, where high poverty levels mean that people may end up entering into land deals with investors on the basis of unrealistic promises or expectations concerning improvements in local living conditions. Existing guidelines on land acquisition such as the Administration of Lands Regulations of 1962 (L.I. 232) are unable to fully address the current complexities of large scale land acquisitions. Thus, government through the Lands Commission has recently responded by publishing guidelines on large-scale land acquisitions for agricultural and other purposes. Among other objectives, the guidelines are to “ensure that the acquisition of large tracts of land conform to international best practices as enshrined in the FAO/World Bank guidelines on Responsible Agricultural Investment (RAI)” (Lands Commission, 2012). The current draft of the guidelines is included as Annex 1. The government is currently seeking stakeholder input before the guidelines are finalized. The guidelines are an important and commendable first step towards operationalising the RAI principles at country level.

The Environmental Protection Agency (EPA) is empowered by law to regulate environmental management practices in the country. Every agricultural investment involving more than 10 hectares is required to conduct an Environmental Impact Assessment, to be approved by EPA. However, shortcomings in the implementation of environmental legislation have been
documented by empirical studies (Schoneveld et al, 2010). It seems that only one of the several companies engaged in biofuel production has an approved EIA permit (i.e. Solar Harvest Ltd), which speaks volumes of the challenges faced by the agency in enforcing its own legislation.

An interview with the Regional Environmental Protection officer revealed that while the Solar Harvest Ltd in 2009/2010 fulfilled its environmental obligations in accordance with the laws of the country, it was recently served with a notice threatening to revoke its environmental permit if it did not continue to discharge its environmental obligations. These obligations include regular submission of environmental management plans to the EPA for scrutiny and quarterly monitoring. This state of affairs raises environmental concerns, as it has been noted that the effect jatropha cultivation poses for land use is unclear (Technoserve, 2007). The officer stated that ITFC was in full compliance with its environmental obligations.

Overall, however, the EPA is under-resourced and in need of capacity development to equal the task before it on a national scale.
3. INTEGRATED TAMALE FRUIT COMPANY

3.1 Overview

Integrated Tamale Fruit Company is a Ghanaian company with head office in Gushie, 45 kilometres north of Tamale on the Bolgatanga trunk road in the Northern Region. Incorporated in 1999, the main activity of ITFC is the cultivation and trading of certified organic mango in fresh form. Activities are centred on a nursery for seedlings, a 155-hectare nucleus estate farm, an outgrower scheme and processing facilities that include a drying unit. The company’s main target is the export market (80-90%) and local market (10-20%). The main export destination countries are the UK, Netherlands and France.

The venture involves fully private companies’ capital from the Netherlands and from Ghana. The largest shareholder of ITFC, with 50 percent of shares, is Wienco Ghana Limited, a leading Ghanaian-Dutch fertiliser and agrochemicals manufacturer. Wienco (Ghana) Limited, in turn, was established in 1979. Among other things, it delivers organic inputs to ITFC. The second largest ITFC shareholder, with 30 percent shareholding, is Comma, a Dutch company. The remaining shareholders are Tamale Investments (a collection of local Tamale-area investors) at 5 percent, African Tiger Mutual Fund (a Ghanaian investment company) at 5 percent and Alhaji (the Nanton chief) at 10 percent.

ITFC enjoys strong local support in its operational area and a positive reputation throughout the country. Since the beginning, ITFC has worked with UK-based Soil Association and has obtained organic certification for its mangoes. The Soil Association is the UK’s leading certification body and campaign organisation for organic food and farming. ITFC is also GLOBALGAP (Global Good Agricultural Practices) certified. GLOBALGAP aims to develop widely accepted standards and procedures for the global certification of Good Agricultural Practices.

3.2 The nursery

The nursery is located in the village of Dipale, in Savelugu/Nanton District. It has the capacity to produce 347,648 seedlings per year, which can withstand the harsh environmental conditions in sub-Saharan Africa. The nursery has three black nylon shade nets that protect the seedlings from 60% of the sun’s rays. There is a total of 16 blocks under the shade nets and each block contains 21,728 seedlings. The nursery uses drip irrigation to supply the plants with water that is sourced from the White Volta River (with permission of the Water Resources Commission) as well as from the company’s private borehole.
The nursery is currently focusing on the production of the Kent and Keitt varieties but has the capacity to work with other popular varieties as needed. ITFC uses a portion of its nursery space for experimental planting techniques for future improvement of current methods. Currently experiments are taking place with planting medium and planting density, while the propagation of indigenous tree species is also being pursued.

Headed up by a manager and an assistant, the nursery staff have been trained by international nursery specialists and pride themselves in their state-of-the-art techniques for grafting mangoes.

### 3.3 The nucleus farm

Like the nursery, the nucleus farm is also located in the village of Dipale, in Savelugu/Nanton District. The climate of the area is ideal for mango. The 155 hectares (about 383 acres) of land for the nucleus farm was acquired after protracted negations between chiefs and affected land users or owners. The land was officially handed over to ITFC in 2000. However, the author’s search for the land transfer documents at the Lands Commission in Tamale revealed that they could not be traced. Besides the 155 hectares used for mango, an additional 20 hectares of land is used for jathropa. The mango farm is divided into 16 equal blocks which are planted with four varieties, namely Kent, Keitt, Amelia and Zille.

In order to meet organic standards, the farm uses a system of integrated pest management and organic disease control scheme. An internal control system has also been put in place to monitor all activities on the farm and insure the best quality of organic mangoes and maintain their organic certification status. A micro-irrigation system is operated. This means that there is one sprinkler per plant. The system allows every plant to receive the required amount of water, which is pumped from the White Volta River with permission of the Ghana Water Resources Commission. Water passes through a filtration system before reaching the sprinklers. ITFC has employed qualified personnel with requisite experience to manage the plantation, as well as sourcing farm workers from the surrounding communities. The staff strength of the nucleus farm is about 85, mostly labourers.

### 3.4 The outgrower scheme

ITFC has been working with farmers in the communities surrounding the nucleus farm since 2000. The establishment and expansion of the outgrower scheme has received considerable development assistance. In the initial stages, PSOM, an NGO based in the Netherlands, assisted ITFC with partial financing in the form of a loan for the planting and irrigation of the 155-hectare nucleus farm and 50 hectares for outgrowers. Since the initial set up, ITFC has continued to expand its operations at a steady pace. ITFC has also welcomed the addition of 400 outgrowers with the assistance of Dutch NGO Cordaid in 2004 and begun to provide consultancy services to other development projects in the area that are dealing with agro-forestry. In 2005, the United Nations Development Programme (UNDP) sponsored 100 additional outgrowers and the African Development Foundation sponsored 200 more. These sponsorships entailed payment for seedlings and cost of publication of educational materials. The Ministry of Food and Agriculture, through support from the World Bank, also assisted the outgrower scheme with a grant for partial funding of the seedlings and of an office complex. In total, the company
currently has some 1200 outgrowers that are organised in an Organic Mango Outgrowers Association (OMOA). All registered outgrowers become members of OMOA. The assistant general manager of ITFC indicated that “recently some 155 outgrowers names have been struck off the list of organic mango outgrowers association (OMOA) membership because they have on repeated occasions allowed their farms to be destroyed by bush fires”. The 1200 outgrowers are 60% of a 2007 target of 2000 outgrowers achieved so far. Given the challenges faced by the company in increasing the number of outgrowers, the assistant general manager was unable to tell when in the future the 2000 outgrowers target will be fully achieved. Each outgrower cultivates an acre of mangoes, for a total of about 1200 acres (486 hectares), with a carrying capacity of 100 mangoes per acre.

The aim of OMOA as provided in its constitution is: “to control and manage the affairs of … members with a view to improving the general earning capacity and well being of the members”. The specific objectives of OMOA are:

i. Foster friendship and solidarity among members;
ii. Maintain a lasting harmonious link between its members and ITFC;
iii. Ensure the most beneficial marketing system for the produce of its members which OMOA will negotiate and maintain competitive price with ITFC;
iv. Promote and protect the welfare and interest of its members;
v. Have full power to do all things necessary or expedient for the attainment of any or all of its objectives in constitution with the Company;
vii. Expand and develop the Association to its utmost potential.

The association is governed by an Executive Committee (EC) comprising: an elected chairman, vice-chairman, secretary, assistant secretary and a treasurer. Other members of the EC are two representatives appointed by ITFC and one representative each from Diare East, Diare West, Pong-Tamale, Savelugu, Kumbungu, Karaga, Janga and Gushie zones. The functions of the EC as stipulated under the OMOA constitution are:

a. Keep an up to date account of the income and expenditure of the association and to submit the same for auditing after every financial year.
b. Present an annual report of the activities of the association at an Annual General Meeting.
c. Convene all meetings of the association as and when it is deemed necessary.
d. Secure and protect the well being advancement of the interests of the members of the association.
e. Put in place a quality control monitoring system during the harvesting and packaging of the product.
f. To ensure strict compliance of GLOBALGAP rules and regulations by all members.
g. To ensure strict compliance of regulations of the Soil Association of the U.K. on Organic Standards.

Unfortunately, the constitution of OMOA neither provides for how a member can bring grievances to the attention of the association nor how the association can address its collective grievances with management of ITFC. This to a large extent could be a limiting factor on the voice of OMOA in the discharge of its functions.

According to the company, the outgrower option was motivated by recognition of the challenges and costs involved in acquiring land on this scale. In this area, land is held under customary tenure. Acquiring some 2,000 acres of land would have required dealing with many individuals and family heads, and possibly multiple chiefs. The outgrower scheme was seen as a way to secure greater productive capacity without needing to acquire additional land. It should however be noted that another motivation for the outgrower scheme could have been the support received from development agencies and NGOs in building the capacity of outgrowers in organic mango production.

Outgrowers are provided with a long-term, no-interest loan in the form of inputs, to be used only for farming one acre of organic mango. It is the responsibility of the farmers to provide labour for their farms, including for digging, fencing, weeding and watering. ITFC provides support on technical issues relating to farming organic mangoes, such as disease and pest control, pruning or shaping of the trees and water provision. Once the trees have reached maturity and they begin to fruit (three or four years after planting), ITFC provides the farmers with the technical assistance to harvest and transports the fruits to the pack house for processing.

To operationalise this arrangement, ITFC has a contractual agreement with the farmers. These are smallholder farmers who have agreed to put their customary lands to organic mango cultivation as outgrowers. The costs of the inputs are debited to individual accounts and will be paid back annually from the fifth year after planting. Each farmer must provide one bag of maize as registration fee and a sign of commitment and pay 30% of his organic mango sales income towards the total debt repayment. The farmers are organised into groups and ITFC provides one assistant manager for every 400 farmers and one field assistant for every 40 farmers. The assistant managers and field assistants provide the farmers with the necessary technical support to farm organic mangoes. The total number of workers overseeing the outgrowers is about 70. During the rainy season, ITFC encourages the farmers to intercrop with groundnuts – not only as a cover crop to promote farm hygiene and for nitrogen fixing, but also as an intermediate income benefit to the farmer. It is also important to note that intercropping mango with groundnuts reduces the threat to food security posed by tree crop cultivation.

The nature of the contractual arrangement between ITFC and the individual outgrowers is as follows:

- A commitment fee of one bag of maize is required from the outgrower (value of about US$15) to begin the process of working with ITFC.

- ITFC gives the outgrower farmer an interest free loan. This is not a cash loan – it comes in the form of farm inputs, such as fertilizer, water tanks for watering the farms, seedlings and technical assistance.
ITFC assists farmers in obtaining licenses and certifications, which are a requirement for the organic export markets. As discussed, one of the key certifying organisations is the Soil Association, based in the United Kingdom.

The outgrower has a four-year grace period to begin repaying the value of the loaned inputs. This means the outgrower only starts repaying the loan in the fifth year (mangoes take approximately three to four years to mature and bear fruit).

From the fifth year, the outgrower pays 30 percent of their sales to ITFC until the debt is repaid. The outgrower is expected to pay the Ghanaian cedi equivalent of the US dollar amount of the loan.

Until the outgrower finishes repaying the loan, all mangoes must be sold through ITFC. After the outgrower finishes paying the loan, they are free to sell to ITFC or any other buyer they choose.

In case of any conflict arising from the contract, both parties shall resolve such conflict through the traditional arbitration set up in the community. In case this fails, OMOA will appoint a three-member committee of elderly men, to issue a written advice in fourteen days. This is binding. If this is still not accepted, both parties may go to court. However, the assistant general manager confirmed that there has not yet arisen any conflict between OMOA and management to require the use of any of the above mechanisms of conflict resolution.

The outgrower incurs a start-up cost of approximately US$2,236 (comprising farm inputs, such as cutlasses, fertilizer, water tanks for watering the farms and seedlings). This initial cost outlay covers the gestation period of the investment until returns are made. The mango tree takes about three to four years to bear fruit. The annual operating cost of about US$944 is mainly in the form of technical assistance. These costs, which exclude labour costs, are financed by ITFC for the first five years. The mango sales start at around US$150 in the third year and rise to about US$3,000 by the tenth year (see Table 2). Note that the cash flow plan is in US dollars to serve as a hedge against inflationary tendencies over time. The plan is based on the conservative assumption that only 50 percent of the expected yields are attained for the various years. This also assumes that 40 percent of the outgrowers’ produce are exported, 40 percent are sold to a local processor, and 20 percent are sold on the local market. The total loan of about US$6,956 (i.e. start-up cost plus operating costs for 5 years) owed to ITFC is expected to be paid off by each individual farmer at the end of the fourteenth year. After this period, individual farmers are expected to earn annual profits of approximately US$2,000 each. This revenue stream from the mango farm after debt repayment represents a substantial increase in income over that gained from subsistence farming. The average farm income in the Tamale area is about US$300 per year for most smallholder farmers who are not outgrowers. This suggests that, after year 14, outgrowers expected income of US$2,000 per annum would more likely put them in a better off position than other farmers or labourers. But this reward is acquired in full only after 14 years in the scheme, a rather very long-term wait with all the associated risks of production and general economic uncertainties.
Table 2. The ITFC outgrower cash flow plan

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>…</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expenditures</td>
<td>$223.6</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>$944</td>
<td>…</td>
<td>$944</td>
</tr>
<tr>
<td>Direct exports</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$85</td>
<td>$283</td>
<td>$453</td>
<td>$623</td>
<td>$907</td>
<td>$1190</td>
<td>$1417</td>
<td>$1700</td>
<td>…</td>
<td>$1700</td>
</tr>
<tr>
<td>Sales to local processor</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$55</td>
<td>$182</td>
<td>$291</td>
<td>$401</td>
<td>$583</td>
<td>$765</td>
<td>$911</td>
<td>$1093</td>
<td>…</td>
<td>$1093</td>
</tr>
<tr>
<td>Sales to local market</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$12</td>
<td>$40</td>
<td>$65</td>
<td>$89</td>
<td>$130</td>
<td>$170</td>
<td>$202</td>
<td>$243</td>
<td>…</td>
<td>$243</td>
</tr>
<tr>
<td>Total sales</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$152</td>
<td>$506</td>
<td>$810</td>
<td>$1113</td>
<td>$1619</td>
<td>$2126</td>
<td>$2530</td>
<td>$3036</td>
<td>…</td>
<td>$3036</td>
</tr>
<tr>
<td>Total debt</td>
<td>$223.6</td>
<td>$316.5</td>
<td>$411.0</td>
<td>$505.4</td>
<td>$599.8</td>
<td>$679.1</td>
<td>$6548</td>
<td>$621.4</td>
<td>$572.8</td>
<td>$509.0</td>
<td>$433.1</td>
<td>…</td>
<td>$433.1</td>
</tr>
<tr>
<td>Servicing of debt</td>
<td>$15</td>
<td>$152</td>
<td>$243</td>
<td>$334</td>
<td>$486</td>
<td>$638</td>
<td>$759</td>
<td>$911</td>
<td>$118</td>
<td>$2092</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flow</td>
<td>$(15)</td>
<td>$ -</td>
<td>$ -</td>
<td>$152</td>
<td>$354</td>
<td>$567</td>
<td>$(165)</td>
<td>$189</td>
<td>$544</td>
<td>$827</td>
<td>$118</td>
<td>…</td>
<td>$2092</td>
</tr>
</tbody>
</table>

Source: Adapted from ITFC and Osei (2008).

The assistant general manager disclosed that, generally, outgrowers are meeting their debt obligations to ITFC and that some outgrowers are even willing to pay more than 30% of their mango sales to ITFC with the view to redeeming their indebtedness earlier than scheduled. This is hardly surprising, since only 50% of expected yield was used in the estimation of cash flows. However, the contractual arrangement of 30% of sales as annual repayment of loan was said to be strictly enforced.

A 66-year old outgrower made the following comments, which reflect the general mood expressed by the outgrowers interviewed for this study:

IFTC came into the community to help us in the cultivation of mangoes. Their aim is to improve and better our yields as well as provide ready market for our produce. The company’s operations are very beneficial to us. Teachers’ bungalows have been built and health education is provided. We work in groups and use pipes to water the mango seedlings. We have also been promised of electricity and we are yet to receive that.
However, concerns were also expressed by outgrowers in terms of delays in payments for the mangoes sold to the company. One farmer said that “produce sold to the company can take 3 to 4 weeks before payment is effected and this does not help with emergency situations where cash is needed by farmers”.

A main risk that threatens the sustainability of the outgrower scheme is produce diversion to other market sources (sideselling), especially given complaints of delay in payments. There is, in other words, the possibility that an exporter could come and offer ready cash for the outgrowers’ mangoes. This could potentially threaten ITFC’s export volumes and, accordingly, its command over the market. The diversion of produce to other buyers after the loan repayment of an outgrower can also affect the sustainability of the business model. ITFC believes this will be a real challenge, because they pay the farmers 20 percent when they collect the fruit from them, and it is only after ITFC has sold the produce that they pay the remaining 80 percent.

Another threat to sustainability is low production capacity among outgrower farmers. The study found that ITFC had to buy mangoes from Burkina Faso to augment local supplies. Even though the agreement between ITFC and the outgrower allows ITFC to deduct 30 percent of the proceeds from sales, outgrowers have to produce mangoes before these can be sold and the debt repaid. Therefore, low productivity would negatively affect the repayment of the loans. For example, a 39-year old male outgrower complained that production has suffered because the company has not yet honoured all its responsibilities under the OMOA contract, and another 43 year old female outgrower lamented that: our group has not been provided with water under the terms of the contracts and as a result the growth of our mango trees is negatively affected. These concerns are indicative of low outgrower production locally as a result of ITFC not honouring all its contractual obligations to outgrowers, and hence the inability of some outgrowers to pay off their indebtedness, at least on schedule.

3.5 The pack house

ITFC has built a pack house facility in Gushie, approximately 9 kilometers from the nucleus farm. Like the nucleus farm and the outgrower scheme, the facility is also GLOBALGAP and Soil Association certified. With a staff strength of 175, the facility is the first of its kind in the Northern Region of Ghana, equipped with a refrigeration unit, a dump bath, a brush washer, a hot water bath, a brush dryer, a sorting table and a sizing machine. Solidaridad, a Dutch organization dedicated to a fair economy for all in conjunction with AgroFair Assistance and Development for CTM Bolzano of Italy, provided funding for the packaging equipment.

The facility has the capacity to pack 5 tons of produce per hour or two 40-feet containers per day. The facility employs approximately 90 workers in the peak of the packaging season. These are mostly recruited from the local communities and Tamale. The water used in the facility is pumped from an underground borehole. ITFC has expanded the facility to include a drying unit whereby non-exportable fruit can be processed and also sold for bulk export.
3.6 Corporate social responsibility (CSR) activities

In addition to the support that ITFC has given the outgrowers, the company has also teamed up with Mondiaal Platvorm Venlo (MPV) Solidaridad to start the Children to School Project (CTSP). The project’s objectives are to improve the infrastructure of primary schools in the project area. CTSP has since become an NGO with donor support from ITFC and from Roemond of Holland (funding), from Nordox Norway (teacher’s quarters and kitchens) and from Mang-go Project of Holland (text books). Mang-go project also participates in an exchange programme in which university students spend time in the project area volunteering their services. A food programme is in place to ensure that all the students get one nutritionally balanced meal per day at school. The meals consist mainly of local dishes, and one chocolate drink. Clean drinking water is also provided to each school.

As an incentive for teachers to move to the rural areas to teach, housing facilities have been built for the teachers. At the same time, the school environment was renovated to create friendlier educational surroundings for the students.

ITFC also has a programme to support its staff in fighting the HIV/AIDS pandemic. In addition, the company has a biodiversity programme that provides participating communities in the project area with education on the protection and propagation of indigenous tree species and responsible medicinal herb harvesting. ITFC is a strong advocate of bush fire prevention and trains its staff and the outgrowers in methods of protecting their lands.

Table 3. Key features of IFTC’s business model

<table>
<thead>
<tr>
<th>Ownership</th>
<th>ITFC is a partnership between local and foreign companies. While ITFC nucleus farm documents could not be traced at the Regional Lands Commission, the nucleus farm is in the hands of the company. The outgrowers operate on their own lands, which are held under customary tenure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice</td>
<td>The establishment of Organic Mango Outgrowers Association (OMOA) has given collective voice to the outgrowers. It is unclear what formal procedures are available for an outgrower to bring grievances to the company’s attention.</td>
</tr>
<tr>
<td>Risk</td>
<td>Both the company and the outgrowers bear the risks associated with weather and the lack of sustainable water supply, with complaints from OMOA about high water charges. ITFC bears the risk of loss of market share in case of sideselling. Prices are largely determined by the company, which implies that outgrowers suffer the risk of lower prices.</td>
</tr>
<tr>
<td>Reward</td>
<td>Based on the cash flow pattern of the outgrower as shown in Table 2, the outgrowers scheme of ITFC provides major financial rewards to outgrowers, especially when compared with annual incomes of other smallholder farmers in the area (US$2,000 as against US$300). But this reward is acquired in full only after 14 years on the scheme, which is a long-term timeframe and subject to economic uncertainties. Yet, outgrowers were generally of the view that they are better off even when they are still indebted to ITFC than when they were ordinary farmers or labourers. Most of the OMOA members interviewed also indicated that they...</td>
</tr>
</tbody>
</table>
periodically receive training on how to improve their farming practices. ITFC has a total of 330 employees comprising 70 outgrower staff, 175 for the pack house and 85 for the nucleus farm.

4. SOLAR HARVEST LIMITED

4.1 Overview

Solar Harvest Ltd, originally Biofuel Africa Ltd. (Ghana), is a private company with Norwegian capital, which was incorporated in Ghana in 2007. In 2009, the Ghana operation went into liquidation following the global economic downturn (Tsikata and Yaro, 2011) and was directly acquired by two of the original founders of the Norwegian company. It is at that stage that the company was renamed Solar Harvest Ltd.

The company has acquired large tracts of land in the Northern Region for the cultivation of jatropha. The acquisitions include 4,844.20 acres of land at Kpachaa, 13,156 acres at Jimle and 8,803.10 acres at Kpalikori, all in the Yendi District of the Northern Region, for a total of 26,803.2 acres (10,847 hectares). The Regional Lands Officer described the transaction as:

a lease agreement drawn and executed between the lessor- the chief of Tijo (Tijo-Na) and the lessee Biofuel Africa Ltd. The lease is for 25 years with option to renew for another 25 years. The rent is 2 Ghana cedis [USD 1.20] per acre of land and a two year rent advance is to be paid after execution of a statutory declaration. Rent review is every 7 years and any upward review of rent shall not exceed 2% of current rent.

Thus, Solar Harvest Ltd has leased the land for a term of 25 years, renewable for additional 25 years. Documentation from the Regional Lands Commission in Tamale, which was reviewed by this study (see Annex 2), suggests that, at least part of the lease agreements have not been formalised due to disputes between competing customary authorities on the one hand, and between customary authorities and community members on the other (for details see section 4.2).

The duration of the leases is consistent with the restrictions placed on land access by foreigners under Ghana’s 1992 Constitution. According to article 266 of the Constitution, foreigners cannot acquire interests in or rights over land for a term of more than 50 years.

The company’s jatropha cultivation started in the last three years and there is yet to be a harvest. While jatropha remains central to the business plan for these plantations, since 2010, following the global economic downturn, the company has been increasingly diversifying into food crop cultivation, with an emphasis on maize production. It is understood that 400 hectares of land are under jatropha cultivation and 220 hectares of land has been used to cultivate maize at Kpachaa, and a further 25 hectares of land have been acquired in the Dipale area for vegetable cultivation (Tsikata and Yaro, 2011). The target markets for the produce is both local and international but it is unclear how processing is going to take place since there is no evidence of processing plants
being built and the plans of management in this direction have not been disclosed. The jatropha plantation at Kpachaa was recently ravaged by bush fire, adding to the uncertainty over when there will be a harvest and the future of Solar Harvest Ltd operations.

Bush fires are common in the area during the dry season and are mostly caused by locals burning bushes in search of game. Lamenting the burned plantation, the negotiator for the Solar land acquisition and assistant manager of the company bemoaned the lack of funds which prevented the company from creating a fire belt around the plantation. However, though the burning of the jatropha plantation could have been through the spread of a common bush fire and therefore accidental, it is hard to rule out sabotage given the recent lack of cordial relations between the community members and Solar Harvest Ltd.

Also, in addition to the plantations, the company has developed plans to expand and upgrade irrigation facilities for the cultivation of food crops on land belonging to local farmers. These plans are embodied in a Memorandum of Understanding (MoU) that the company signed in September 2011 with Ghana’s Millennium Development Authority (MiDA). MiDA is the national entity responsible for implementing activities funded by the US Millennium Challenge Corporation and included in the Millennium Challenge Compact between the US and the government of Ghana. Under the MoU, Solar Harvest Ltd will become a partner on the Bontanga and Golinga irrigation sites in the Tolon-Kumbungu District of the Northern Region. These farmers are smallholders in control and use of their own customary land rights but in need of assistance to improve their production capacities. Solar Harvest Ltd will assist farmers with inputs like seeds, fertilisers, tractors and harvester services, on a credit basis, on some 1,321 acres (535 hectares) of existing irrigated land and water ponds for the cultivation of cotton, sugarcane, vegetables, fish and pasture for local and export markets. Should this proposal take off, it would entail the company adding to its plantation portfolio activities that involve collaborating with local farmers through a contract farming arrangement. Under the same MoU, in addition to the land already under irrigation, 1,161 acres (470 hectares) of irrigable land are currently planned for expansion works to be led by Solar Harvest Ltd. An additional land area of 12,844 acres (5,200 hectares) is planned for future expansion in the hope that water would be pumped from the White Volta river. The company will manage irrigation infrastructure, provide the above support services to farmers and buy the produce of farmers and in turn sell to both local and external markets.

With the first phase of the above developments involving Solar Harvest Ltd and MiDA, the company is to invest approximately USD 2,000,000 and this will be scaled up to more than USD 30,000,000 when fully developed. According to company sources,2 these investments are expected to bring about an increase in cereal production from some 18,000 metric tons per annum to 110,000 metric tons per annum at full potential and thereby increase cereal production 8-12 times the yields of

---

traditional rain-dependent farming practices. These measures if successful will improve on the state of food insecurity in Northern Ghana. However, the focus in this study is on the jatropha operations of the company.

4.2. The land acquisition, stakeholders’ roles and responses

Having taken place within the institutional context discussed in chapter 2, the company’s land acquisition remains contentious. Tsikata and Yaro (2011) explain the land acquisition process following the investor’s placement of an advertisement in the media for land to cultivate jatropha as follows. First, visits were made by the investor’s negotiator to the local chiefs to ask for the land. But as sub-chiefs who only act as caretakers of the land on behalf of the divisional chief, Tijo-Na, these requests were referred to the Tijo-Na. The company’s negotiator and assistant manager, who also happens to be the grandson of Tijo-Na, organised a *durbar* (community meeting) of stakeholders, including chiefs, land users, NGOs, the District Assembly and other interested ordinary citizens at the Tamale Cultural Centre. At this *durbar* the benefits of Solar Harvest’s operations were explained to participants. Two public hearings involving stakeholders were also organised in Yendi where the paramount chief and overlord of the Dagbon traditional area the Ya-Na resides and Tijo where the divisional chief overseeing the communities where the lands to be acquired are located. The Tijo-Na is answerable to the Ya-Na and therefore also required his permission to release the lands. The regent of Dagbon granted that permission in the absence of a substantive Ya-Na (the Ya-Na was murdered in a communal conflict in 2001). At the public hearings the environmental and social implications of the undertaking were explained by consultants to the stakeholders.

The Tijo-Na then hired the services of the lawyer of the regent of Dagbon to prepare contractual documents after the land was surveyed. An initial payment of 13,800 Ghana cedis was paid by the investor and 40% of which went to the regent of Dagbon and the remainder shared between 500 to 1000 Ghana cedis among sub-chiefs and divisional chiefs irrespective of whose land was part of the transaction (Tsikata and Yaro, 2011).

During this study, however, responses from local community members pointed to the lack of a consultative process that preceded the acquisition of the land from the local chiefs in 2008 and the displacement of a number of families from their source of livelihood, the land. Examples of these responses from three community chiefs are given in the box blow.

---

**Box Local perceptions on land acquisition**

“Biofuel [Africa Ltd] approached me for land through one of my elders. The amount of land asked for was huge. Later, I was taken to a hotel in Tamale called...”
Picorna Hotel. At the hotel were other chiefs and some educated people. We were made to thumbprint some documents to show that we had agreed to the deal for further action by the Tijo-Na. Those whose lands were taken were neither consulted nor paid compensation and naturally this led to disputes. I can count up to ten families that have left this village because their lands were taken by Biofuel. We the sub-chiefs were asked to speak to these people and calm them down, drawing their attention to promises of jobs, schools, water, corn mill and other forms of development to be provided. I was encouraged because as a white man making promises their delivery was assured. However, as I speak, only two small dams have been provided and a corn mill. The corn mill is even a Biofuel business because we pay for its services.” [Interview with the chief of Kpachaa]

“The Tijo-Na gave out the land to Biofuel. As caretaker chief under his jurisdiction I was only told about his action at a gathering in which we were informed that a development project was to take place in our land and we should embrace it for our own good. Jobs, dams, schools and other benefits were promised us. Of these, a small dam has been provided in Jimle but I am told those who had jobs have lost them. The loss of jobs and land on which one once farmed has brought misery to us in Jimle. I am unaware of any compensation that was paid to any farmer who lost his land, though monies were shared among we the chiefs. Ironically, when some farmers who lost their land to Biofuel returned to these lands to cultivate them because they were not used by the company, the manager reported the matter to Tijo-Na and imposed four conditions on such farmers to select one for compliance. The first condition was for such farmers to discontinue the use of the land and be employed by the company; second was to continue to use such land but be enveloped by company farmlands such that they cannot expand their farms; third condition was to be given some money as compensation and then the land is vacated; and finally, resettlement on alternative land elsewhere that is not acquired by Biofuel. People are cultivating their lands without complying with these conditions and there are regrets for having the company here but we lack the power to do anything about it since the Tijo-Na is regarded as our father and he brought the company to us.” [Interview with the chief of Jimle]

“It was one morning that we woke up to find earth moving vehicles on our lands. When the operators of the vehicles were contacted, the community members were told by a white man that it was Tijo-Na who gave them permission to work the land. A large amount of our land was taken and this led to disputes between our people and Biofuel. Subsequently, when the Tijo-Na was contacted he confirmed that as true and apologised to me as the sub-chief of Jashee for not
notifying me earlier and further explained that it was a development project which promised benefits of schools, electricity, roads, corn mill and water and jobs for communities that embraced its activities. Of all these, however, only a small dam has been constructed and ten (10) members from this community were initially employed. The Tijo-Na is revered and therefore no collective action can be taken to argue the injustice done to local farmers whose lands were taken.”

[Interview with the chief of Jashee]

The above local accounts suggest that land acquisition by Solar Harvest Ltd lacked wide stakeholder consultation. This has generated tension in the communities, and potential for conflict. In the case of Jimle, for example, community members have returned to occupy and use company lands that are currently uncultivated and this corroborates the assessment by Tsikata and Yaro (2011) that only 400 hectares of the total of 10,847 hectares acquired by the company are currently used for jatropha cultivation. There arises, therefore, the question of security of tenure as community members and the company both now contest ownership and use rights over the land. CICOL (2008) also noted tenure insecurity in the case of the Solar Harvest Ltd land acquisition. The likely consequence of this is rising tensions and ultimately conflict in the area. Perhaps, the reverence for the chiefs in the area, particularly the Tijo-Na, is what has prevented the tensions escalating into conflict between community members and the company. The inability of the company to keep to its promise of job creation has further strained relations between the company and the locals. Under the above circumstances, the lack of compensation to farmers who lost their land has negatively affected their livelihoods. This analysis points to the need for Solar Harvest Ltd to improve on implementing the principles of responsible agricultural investment, especially in respect of land acquisition and the current guidelines being developed by the Lands Commission are therefore critical.

For example, a 45-year old widow of Kpachaa told her story as follows:

“They [Solar Harvest] came to grow jatropha for fuel and as result I have lost my 3 acres of farmland which I depended on for a living. There was no proper acquisition of my farmland. It was just taken away from me under the instruction of the chief. At the beginning, the company employed me as a casual worker, but I am now laid off and suffering because I cannot get alternative land to farm and I was not given compensation. What to eat now is even a problem but I am powerless to fight the company.”

The above highlights the implications of Solar Harvest operations for secondary land rights holders such as women. The situation is made worse when the environmental resource base on which they rely for alternative sources of income e.g. fruits from trees is cleared for large scale plantation farming.
While it is estimated that hundreds of farmers lost their farm lands to the company, Table 4 below provides evidence of loss of land for resident farmers in Kpachaa and for farmers who reside in a different community and commute to Kpachaa for farming (“non-resident farmers”). The table provides evidence of loss of just above 400 acres of land for the two categories of farmers.
### Table 4 Farmers and land area size lost to Solar Harvest Ltd in Kpachaa

<table>
<thead>
<tr>
<th>Name of non-resident farmer</th>
<th>Acres of land lost</th>
<th>Name of resident farmer</th>
<th>Acres of land lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Imoro Sule</td>
<td>8</td>
<td>3. Alhassan Adam</td>
<td>4</td>
</tr>
<tr>
<td>4. Seidu Amadu</td>
<td>9</td>
<td>4. Alhassan Abukari</td>
<td>4</td>
</tr>
<tr>
<td>5. Inusah Mesuna</td>
<td>3</td>
<td>5. Abdulai Tahiru</td>
<td>5</td>
</tr>
<tr>
<td>7. Munkaila Sule</td>
<td>3</td>
<td>7. Alhassan abdulai</td>
<td>5</td>
</tr>
<tr>
<td>8. Issah Iddrisu</td>
<td>4</td>
<td>8. Baba Abdulrahman</td>
<td>4</td>
</tr>
<tr>
<td>10. Abukari Iddrisu</td>
<td>4</td>
<td>10. Alhassan Zakaria</td>
<td>4</td>
</tr>
<tr>
<td>11. Abukari Ibrahim</td>
<td>8</td>
<td>11. Mumuni Haruna</td>
<td>7</td>
</tr>
<tr>
<td>13. Fuseini Mohammed</td>
<td>8</td>
<td>13. Asima Baako</td>
<td>6</td>
</tr>
<tr>
<td>15. Abdalla Alidu</td>
<td>28</td>
<td>15. Yakubu Amadu</td>
<td>3</td>
</tr>
<tr>
<td>17. Yahaya Abdalla</td>
<td>4</td>
<td>17. Abdulai Issaka</td>
<td>2</td>
</tr>
<tr>
<td>18. AlhassanAbdurahaman</td>
<td>5</td>
<td>18. Fuseini Dookasheli</td>
<td>4</td>
</tr>
<tr>
<td>22. Abdulrahman Neindo</td>
<td>7</td>
<td>22. Ndaa Bukari</td>
<td>2</td>
</tr>
<tr>
<td>23. Zakari Abukari</td>
<td>4</td>
<td>23. Munkaila Sule</td>
<td>3</td>
</tr>
<tr>
<td>25. Mr Nat</td>
<td>30</td>
<td>25. Mohammed Wanzam</td>
<td>4</td>
</tr>
</tbody>
</table>
It can be deduced from Table 4 that the average size of farmers’ land lost was 9.5 acres and 4.1 acres for non-resident farmers and resident farmers respectively. The non-resident farmers were mostly from Tamale, while resident farmers lived in the communities where the land was acquired by Solar Harvest Ltd. The difference in land size can be explained by the fact that most non-resident farmers from towns have commercial motives and better resources to acquire and cultivate larger sizes of land than resident farmers in the villages, who lack these resources and cultivate small holdings on subsistence basis. So the non-resident farmers lost more land because they had more to lose.

It is also important to note that Table 4 has no single woman’s name as a farmer who lost land. This conforms to the customary practice in Dagbon traditional area and northern Ghana as a whole that land inheritance is patrilineal, but women generally have access to use of land and in some cases, widows can lay ownership claims to land as the example of the 45 year old widow of Kpachaa above illustrates.

The Assemblyman of Jimle, a locally elected position for community development purposes, spoke of Solar Harvest Ltd operations as follows:

“There was lack of consultation in the process of acquiring the land for Biofuel. The Tijo-Na controlled the process and suppressed all forms of opposition. I was personally warned by the Tijo-Na for opposing the lack of consultation. Yes, I was warned by him to desist or face the consequences.”

The position of a chief in the Ghanaian society has been described by Brobbey (2008) in the following words:

“The people of this country cherish chieftaincy as an institution of such significance that it is inconceivable to think of a situation where the subjects of a chief will refuse his order. Ghanaians have such great respect, in some cases bordering on reverence, for chiefs that what the chief tells his people is in many cases instinctively obeyed.”

The above observation underpins article 270 of the 1992 Constitution of Ghana which guarantees chieftaincy and traditional institutions which were in existence

<table>
<thead>
<tr>
<th>27. Alhassan Abdulai</th>
<th>5</th>
<th>27. Inusa Dawuni</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>28. Alhassan Wumbei</td>
<td>16</td>
<td>28. Amadu Samani</td>
<td>4</td>
</tr>
<tr>
<td>29. Issah Alhassan</td>
<td>3</td>
<td>29. Fuseini Abul</td>
<td>6</td>
</tr>
<tr>
<td>30. Ziblim Alhassan</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Asimao Alhassan</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>297</td>
<td>Total</td>
<td>119</td>
</tr>
</tbody>
</table>

Compiled from records of a former worker of Solar Harvest Ltd

<table>
<thead>
<tr>
<th>27. Alhassan Abdulai</th>
<th>5</th>
<th>27. Inusa Dawuni</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>28. Alhassan Wumbei</td>
<td>16</td>
<td>28. Amadu Samani</td>
<td>4</td>
</tr>
<tr>
<td>29. Issah Alhassan</td>
<td>3</td>
<td>29. Fuseini Abul</td>
<td>6</td>
</tr>
<tr>
<td>30. Ziblim Alhassan</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Asimao Alhassan</td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>297</td>
<td>Total</td>
<td>119</td>
</tr>
</tbody>
</table>

Compiled from records of a former worker of Solar Harvest Ltd
before the promulgation of the Constitution. This heightens the need for a regulatory framework for land acquisitions that will respect and protect the land rights of community members and provide also for economic, social and environmental outcomes that are equitably distributed to all stakeholders.

In the focus group discussions with community members at Kpachaa, Jimle, Jashee and Cheegu communities, the findings on the consultation process of the land acquisition was consistently described in phrases such as: ‘the chiefs brought the company without consultation with land users’. On payment of compensation to farmers who lost their lands the typical response was: ‘there was no compensation to farmers for the loss of their land’. Regarding promises made by the company to the communities it was mostly observed that initially jobs were created especially casual labour for land clearance and general land husbandry activities. A former company employee, who recorded names of the recruited workers, produced a notebook in which 64 employees of the company comprising 37 men and 27 women were documented as casual labourers. They earned 75 Ghana cedis each (about USD50) per month as of 2010. By February 2012, when these focus group discussions were conducted, it was estimated that the only workers of the company were three (3) watchmen and the Manager and his assistant; totaling five (5). The relations between the company and locals were no longer cordial and a typical opinion expressed was that: ‘Biofuel Ltd should leave our lands and allow us to do our farming as its presence has made us worse off’.

4.3. Socio-economic outcomes

The company’s operations have been negatively affected by the global economic downturn. This has led to difficulty in accessing international sources of finance and heightened environmental concerns of jatropha cultivation. While at some point the company employed some 400 workers, as of February 2012 the company’s workforce has been reduced to five people, namely the Managing Director, the assistant manager and three watchmen. At the peak of operations when some 400 workers were employed, these were mainly casual labourers from local communities and Tamale on comparable wages (75 Ghana cedis each per month) to other staff of similar grades in the localities. The company’s manager explained that he had to invest about one million USD of his own resources to assist in operations and to diversity into food crop production. This raises real questions as to where the resources necessary to scale up the investment will be coming from, especially given limited local sources of finance for jatropha cultivation (see TechnoServe, 2007). According to the assistant manager, the Manager of Solar Harvest Ltd is currently in Norway to mobilise an amount of USD500, 000 for the company to revitalise its activities. Given the scale of the financial difficulties faced by the company and the fact that such a large scale agricultural investment business has huge inherent risks, one wonders if the business plans of Solar Harvest Ltd were carefully evaluated before the start of operations.
As part of its biofuel operations, Solar Harvest Ltd plans to produce jatropha through plantations – there is currently no outgrower scheme. While jatropha cultivation on plantation basis has food security risks, the fact that currently only a small amount of the land acquired by Solar Harvest Ltd has been put to cultivation and some community members are returning to unused land for farming, the risk to food security is minimal in the short term. However, in the long term when more land is put to jatropha cultivation this will negatively affect food security in the area.

The company has developed a CSR programme. This includes providing two small dams and a corn mill to the Kpachaa community; and a small dam each at Jimle and Jashee. At the time of this study in February 2012, however, the corn mill at Kpachaa was out of order and community members had to travel several kilometers to the nearest towns to access the service of a corn mill. It was also indicated that the services of the corn mill are paid for by community members and it is therefore seen as a business of Solar Harvest Ltd. The four dams were inspected by the author of this study and seen to serve as important sources of water for drinking and other domestic purposes including watering of animals. It was impossible to access contractual documentation to assess the extent to which these benefits are part of clear and enforceable commitments for the company, or to assess these benefits in the broader context of the economic deal embodied in the contract (for example, comparing these benefits to benefits promised to customary authorities or other groups).

The company liaises with the community through a central committee made of two members selected by each community to represent it and that serves as a link with the management of the company. The son of Tijo-Na is the chairman of the central committee. However, this committee appears to behave more like a mouthpiece of the company. This is illustrated by the committee’s reaction to efforts by Action Aid International to draw the company’s attention to challenges that the project poses to the local community. In the attempts of Action Aid to expose the negative consequences of the company’s operations, the committee came to the defence of Solar Harvest Ltd in spite of existing evidence of the suffering of many community members whose lands were taken away. Given the fact that the company’s assistant manager is a grandson of the Tijo-Na (the customary chief), that the chairman of the central committee is a son of the Tijo-Na, and that the Tijo-Na was instrumental in having the company established in his traditional area, the behaviour of the central committee is hardly surprising.

Of course, the above analysis does not imply any bad faith on the part of the company. Had it not been for the effects of the global economic crisis, the outlook might have looked different. Until it was deeply affected by that crisis, the company had created a reasonably good number of jobs and provided some important social amenities in the communities. Had it sustained the job creation and improved on its CSR given to date, its relations with the communities might have continued to be cordial. The MoU between Solar Harvest and MiDA also appears to be pro-smallholder farmers and the diversification into food crop production are measures that if well planned and managed could restore the good image of the company in local communities. The capital required by the company is however a key determinant of how successful these measures would be.

Table 5. Key features of the Solar Harvest Ltd business model

| Ownership | The company is owned by Norwegian nationals. It has leased land for 25 years on the basis of a lease renewable for another 25-year term. As part of a separate, more |
recent development, the company will upgrade and expand irrigation facilities on land belonging to local farmers under an MoU with MiDA.

<table>
<thead>
<tr>
<th>Voice</th>
<th>Decision making lies in the hands of the management of Solar Harvest Ltd. The chain of command appears to be top-down. The land acquisition process was characterised by lack of consultation with local people – the deal was struck directly with customary authorities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk</td>
<td>The company bears business risks, and so do workers – the workforce has shrunk from 400 to 5 as a result of the global economic downturn. Community members who lost land now face livelihood challenges and risk destitution.</td>
</tr>
<tr>
<td>Reward</td>
<td>Jobs have been created – 400 at peak, currently 5 and earning some 75 Ghana cedis (less than USD50) per month as watchmen. The salaries of the manager and his assistant were not disclosed. Two small dams and a corn mill have been provided by the company at Kpachaa and one small dam each for the communities of Jimle and Jashee. The corn mill facility was not in working order at the time of the research in February 2012. The company’s expectation of rewards from jatropha production has also suffered due to financial constraints, and the company has revised its business model towards greater diversification. The bulk of rental sum for the first lease period of 25 years appeared to have been taken by the chiefs; community members who lost their land use rights got little if at all as compensation as indicated by interviewed community members.</td>
</tr>
</tbody>
</table>
5. CONCLUSION

The current wave of agricultural investment in Ghana is taking place in a context where legal and institutional frameworks at local and national levels are very weak. In this context, there is a real risk that deals concluded with customary authorities benefit a minority. This could have negative implications for the livelihoods of most smallholder farmers who are the poorest of the poor. The nature of the impact of an agricultural investment seems to depend on the framing of the business model, as well as on factors affecting commercial viability. If the manner in which the business entity is structured in wealth creation takes into account the needs of communities and provides room for partnerships and equitable sharing of benefits and risks, the impacts on people’s livelihoods are likely to be positive. Thus, a business model’s degree of inclusiveness will be high or low depending on how much control over ownership, voice, risk and reward is exercised by a single entity.

Within the context of the data limitations faced, the results of this study suggest that the business model developed by ITFC presents a high degree of inclusiveness. The company management undertakes operational decisions, but given its outgrower scheme control over much of the land is in the hands of outgrowers. The existence of an outgrowers’ association enables farmers to exercise voice vis-à-vis the company management. Community perceptions of the initiative are overwhelmingly positive, and the study documented amenities and services provided by the company. The food security risks posed by ITFC are minimal given that outgrowers are encouraged to intercrop with groundnuts and the company has not undertaken large-scale land acquisition for its operations. However, the study also highlighted concerns that aspects of the contractual arrangements appear to favour ITFC, especially in terms of price fixing and marketing of produce.

Both outgrowers and company face and share risks unique to their roles and the terms of their contractual relations. While outgrowers’ risks are largely production related (for example, the vagaries of the weather), management bears the bulk of financial and marketing risks. In the case of benefits, employment as well as CSR activities particularly in the areas of health and education have resulted in cordial relations between ITFC and the local communities. The outgrowers expect an annual income of $2000 after 14 years, when debts are fully repaid. This promises better incomes for outgrowers than alternative livelihood sources in the area. There are however risks that this expectation might not be realised given the long time frame involved. Yet, outgrowers regard themselves as better off even now, compared to other farmers or labourers.

It must be noted that ITFC has received extensive development aid support, particularly with regard to its outgrower scheme. This raises issues about the extent to which the experience can be replicated and scaled since the need for development aid support was a possible motivation for ITFC embarking on the outgrower scheme in addition to the cost of large scale land acquisition.

The case of Solar Harvest Ltd is the story of a private company that acquired land on a large scale in several communities for jatropha cultivation. While ITFC has been around since 1999, Solar Harvest is a more recent project, launched in 2008 as part of the global increased interest in
land investments in the global South. Its business model concentrates control of land and other key assets of the company in the hands of management. The process of land acquisition resulted in tension in the communities and still remains contentious, due to imbalance in power of stakeholders in the negotiation process, and the lack of compensation for those who lost land to the company. The company’s promises of jobs and other CSR activities were seriously affected by the global economic downturn. This has left the company in financial crisis and thus nearly all of its 400 jobs at peak of operations have been lost. These developments have led to significant deterioration in relations between Solar Harvest Ltd and local communities. This is a serious risk to the investor. The burning of the jatropha plantation at Kpachaa may well have been accidental – but the possibility of an act of sabotage cannot be ruled out. The experience is a dire warning to the many companies developing similar projects in many parts of Africa. Of course, outcomes and community relations might have been different had it not been for the global economic downturn. But the model itself (acquisition of large areas of land, dependence on lending) made the investment vulnerable to these outcomes.

The two case studies analysed by this report are very different in nature – not only in focus areas of crop cultivation, but also as business models. While ITFC focuses on organic mango cultivation through an outgrower scheme and has been in operation for long, and received extensive development aid support; Solar Harvest Ltd focuses on jatropha as feedstock for biofuel and is fairly recent, yet to make a harvest and has been hit by a financial crisis. ITFC can be seen as an example of best practice in agricultural investment. Solar Harvest Ltd offers useful insights for the future of agricultural investments that require large-scale land acquisition in areas prone to tenure insecurity.

Agriculture is the engine of growth for the Ghanaian economy. The country currently aims to become a middle income country by 2015 under the Food and Agriculture Sector Development Policy II (FASDEP II) and the Medium Term Agriculture Improvement Plan (2009-2015). Evidence from this study suggests that achieving this would require measures that promote serious private agricultural investments. However, given the high risk of food insecurity of some agricultural investments, the way forward lies in a balance between value chain approach to agricultural development and food security concerns.

This would require developing country-level operational tools to implement the principles of responsible agricultural investments (RAI) developed by the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the United Nations Conference on Trade and Development (UNCTAD) and the World Bank. To achieve this requires political will and commitment to strengthening the legal and institutional capacities and frameworks for effective land governance and agricultural development from local to national level. In the case of Ghana, the following specific recommendations are made:

1. There Lands Commission in consultation with traditional authorities and other stakeholders should urgently speed up the process of finalising the draft guidelines for large-scale land acquisitions for agricultural and other purposes for these to serve as a tool for operationalising the principles for responsible agricultural investment (RAI);

2. The capacity of traditional authorities and local communities need to be strengthened to enable them undertake productive negotiations with investors through the development of local land governance structures such as the Customary Lands Secretariats;
3. The Civil Society Coalition on Land (CICOL), the District Assemblies and Customary Land Secretariats can play an important role by undertaking periodic public education and sensitisation of communities on their land rights and how these can be protected;

4. The Ghana Investment Promotion Centre (GIPC) and the Environmental Protection Agency (EPA) need to collaborate more in enforcing compliance with standards and conditions and periodically monitoring compliance by investors;

5. The Constitutional provision that government should not interfere with the chieftaincy institution must be reviewed to enable some level of interference, especially where the land rights of communities are usurped by a chief for personal gain;

6. The Lands Commission should disclose and publicise the contracts involving land acquisitions for the public to evaluate how transparent, accountable and equitable these transactions are to both present and future generations; and

7. Government ought to balance efforts to promote agricultural investments with the need to promote national food security.
REFERENCES


GUIDELINES FOR CONSIDERING LARGE-SCALE LAND TRANSACTIONS FOR AGRICULTURAL AND OTHER PURPOSES

PREAMBLE

In recent times there has been a spate of acquisitions of lands in Ghana involving large tracts of lands primarily for various agricultural ventures. The magnitude and frequency of these demands for land have been unprecedented. Apart from a few acquisitions that have been witnessed in the past for palm and rubber cultivation, most
traditional authorities have never witnessed acquisitions of this magnitude. It is worth-noting that even past acquisitions that have engulfed large areas have been undertaken by government for such projects. In the case of mining concessions, the traditional authorities have not been directly involved in the negotiation processes and often get involved only in matters pertaining to surface rights after the concessions have been granted. In that most acquisitions in this regard have been fait accompli and therefore have not called into play the appropriate technical and traditional know how. Recent acquisition have been by private business entities often foreign but with local counterparts, private indigenes of these or other communities and in rare cases state institutions. This clearly is a new phenomenon that needs to be tackled with tact since it has several ramifications when analysed in the context of global changes in foreign investments. More importantly also is the clamour for access to land and water resources by these investors.

The import of these events can be better understood when it is appreciated that

a. Most lands in Ghana are held by traditional leaders (family heads, clan heads, chiefs, priests etc). These institutions do not have the experience and indeed the tradition of managing grants of lands of that magnitude. Their skills are therefore overwhelmed by the mere size of such lands.

b. Majority of land users in our rural areas where the demand for such lands is most in demand are smallholder farmers. Most of these farmers do not have registered interests in those lands they are using. Most of them also have only use rights either as natives or settlers. They are therefore vulnerable in several respects when a higher interest holder is negotiating for the release of such lands.

c. Although customary processes exist in most of these communities for ensuring consultation between the leadership and the occupiers and users (usually the subordinate members of the landowning groups), these customary practices are being breached on the face of high monetary considerations. In conformity with good governance practices, it would be appropriate to prescribe standard procedures that would ensure effective grassroots consultation with persons who would be directly affected by such acquisitions.

d. In some cases the rights of subordinate and other subsidiary rights holders are flagrantly violated and abused and therefore would require the intervention of the state in furtherance of Article 36(8) of the Constitution of Ghana to ensure social justice.

e. In some cases too, projects that are proposed to be executed on such lands would require appropriate safeguards to ensure the protection of the environment. Measures would therefore be required to be put in place to ensure the State’s fulfilment of the responsibility on Government under Article 36 (9) of the Constitution.

f. Most acquisitions are being undertaken without due regard to land use planning considerations. It is important to note that land use can achieve the maximum results only when it is put to its highest and best use. This can only be realised if the development is done within the framework of an appropriate land use plan.

This brief guideline therefore seeks to provide measures that should be put in place in handling large land acquisitions.
OBJECTIVES OF THE GUIDELINES

The objectives of the guidelines are:

1. To minimise speculative acquisitions and any practices that would jeopardise state policy on land development with due regard to the National Land Policy of 1999.

2. To protect the interest of local communities by avoiding elite capture in order to fulfil the provisions contained Article 36 (8) of the Constitution with regard to the Directive Principles of State Policy.

3. Safeguard the interest of genuine investors by ensuring that their acquisition lead to secured rights in the atmosphere of mutual trust so as to promote the principles in international law relating to foreign direct investments (FDIs).

4. Promote better land use and ensure that all acquisitions are made for uses that would conform to the land use plan of the areas involved.

5. Promote government development policy objectives by facilitating development initiatives that would foster job creation and income generation, equity in resource distribution and balanced development in line with the Ghana Shared Growth and Development Agenda (GSGDA).

6. Ensure that the acquisition of large tracts of land conform to international best practices as enshrined in the FAO/World Bank guidelines on Responsible Agricultural Investment (RAI).
THE LAND ACQUISITION PROCESS

STAGE ONE: PRE-REGISTRATION STAGE

Local Hearing/Forum
A local hearing/forum should be done before any lease is prepared although a preliminary agreement would have been reached between the GRANTOR and the GRANTEE spelling out the essential aspects of the grant such as the location of the land, size of the land, the term of the grant and the proposed use.

i) Purpose:
To ensure effective consultation at the grassroots level

A local hearing (public forum) within the area where the land is to be acquired must be organised. The purpose is to provide an opportunity for all persons likely to be affected by the proposed acquisition of the land to have first hand information on how much land will be involved, where the land is, its limits, what use it is proposed to be put and what possible impacts the proposal will have on the local community. It will also be an opportunity to identify the concerns of the local community with regard to the acquisition and to find ways of addressing such concerns.

ii) Financing of the Forum
Financing of the public hearing/forum shall be by the acquiring body.

iii) Facilitation
This process can be facilitated by a local NGO or CSO operating in the area in liaison with the Regional Lands Commission. The Regional Lands Officer in close liaison with the Representative of the particular District Assembly on the Regional Lands Commission will organise this forum. The Regional Lands Officer will upon consultation with the traditional leaders notify all persons required to attend the session at the time and place of the meeting, preferably within the locality. The purpose of the forum should be made known to all the parties including the acquiring body.

iv) Presiding over the Forum
The District Chief Executive of the area should preside at the meeting. The Regional Lands Commission should ensure that the proceedings are well captured using every available form of medium. The minutes of the forum must be certified by the representatives of all groups present and participating at the form as well by all the technocrats.

Each technocrat at the session should provide his/her informed preliminary opinion on the proposed acquisition and its conformity or otherwise with their plan in the District.

v) Participants
Participants must include but are not limited to the following:

i. The Traditional Ruler/grantor or his representatives and his elders involved in land matters;
ii. persons occupying and using any land within and contiguous to the land that is the subject matter of the acquisition;

iii. The Officer in the District responsible for the following Government establishments:

   a. The District Planning Officer of the Assembly
   b. Ministry of Food and Agriculture,
   c. Environment Protection Agency,
   d. Lands Commission,
   e. Department of Town and Country Planning;

Each of these agencies will be required to provide a briefing on the proposal from the perspective of their establishment. This will enlighten the participants on the issues at stake and to enable the local community appreciate the import of the proposal in its wider context.

iv. The investor(s) or their accredited representative(s) with informed knowledge of the proposed project;

vi. Issues for consideration

Key facts to be made known before and during the forum will include the following

   a. The extent of the land must clearly brought to the knowledge of all participants;
   b. The plan for the proposed use must be displayed and the intended use must be adequately explained including any phased development and known impacts of the activity disclosed;
   c. Proceedings at the session must be recorded (in writing and possibly on video) and attested by representatives of the key participating groups;
   d. The record of the proceedings must be endorsed by the parties present including the traditional ruler or grantor.

vii) Dissemination of the outcome of the Forum

The Outcome of the Forum will be fed to

   a. The District Chief Executive of the area
   b. The Regional Lands Commission
   c. The Traditional Ruler
   d. The Traditional Council and
   e. All those who affirmed the proceedings

STAGE TWO – CERTIFICATION (CONCURRENCE) AND OR REGISTRATION

Upon receipt of the formal application for concurrence (stool/skin lands) or for registration (family lands) which must include a copy of the Feasibility Report on the proposal with justification for that extent of land, the Regional Lands Officer
a. Must satisfy himself/herself that Stage One has been complied with and that there is majority agreement on the acceptability of the proposal and the grant of the land

b. Must cause an inspection of the land to apprise the Regional Lands Commission of the key elements about the land and to ascertain the veracity of the report of the local hearing.

c. If the land is 1000 acres or less, the Regional Lands Officer will make a recommendation to the Regional Lands Commission for its deliberation. The Grantor will then be appropriately advised in writing by the Regional Lands Commission on its opinion. In placing the matter before the Regional Lands Commission, the Regional Lands Officer must provide a summary report which must capture the essentials on the fact sheet attached.

ENVIRONMENTAL IMPACT ASSESSMENT

The grantee will also be advised to cause an Environmental Impact Assessment to be undertaken and a permit obtained from EPA after the grant has received the certification by the Lands Commission.

RECOMMENDATION TO THE LANDS COMMISSION

Where the land exceeds 1000 acres (approximately 400 hectares) a recommendation is made to the National Lands Commission for its consideration. This referral must be accompanied by

a. The report of the local forum/hearing

b. A brief report from the Regional Lands Officer with his recommendation, including the fact sheet.

TERM OF YEARS AND SIZE OF LAND TO BE GRANTED

In considering applications the provisions of the Administration of Lands Act, 1962 (Act 123) section 12, produced here in extenso:

12 (1) Except as provided in subsection (4), a grant of mining or timber rights in a land subject to this Act shall not, subject to articles 266 and 267 of the Constitution, exceed a term of thirty years for mining and thirty years for timber despite anything to the contrary contained in any other enactment.

12 (2) Except as provided in subsection (4), and despite anything to the contrary in any other enactment, a grant of a farming right to a land subject to this Act shall not exceed

(a) In the case of land for poultry rearing or the cultivation of cereals, a term of ten years; or

(b) In the case of ranching or the cultivation of mixed or permanent crops, a term of fifty years.

12 (3) Except as provided in subsection (4), a grant of a stool land to any one person and the aggregate of the grants shall not exceed as regards

(a) mining rights, 51.80 square kilometres for a grant or, in the aggregate 155.40 square kilometres,

(b) timber rights, 103.40 square kilometres for a grant or, in the aggregate 621.60 square kilometres, and
(c) the right to collect rubber, to cultivated products of the soil, other than timber, or relating to the pursuit of animal husbandry,

i.) for an individual, 2.59 square kilometres or in the aggregate 7.77 square kilometres;

ii.) for a body corporate or unincorporated body of persons established or registered in Ghana 12.95 square kilometres or in the aggregate 25.90 square kilometres.

12 (4) The President may, in the case of a particular land where the President is satisfied that special circumstances exist that render compliance with the limits prescribed by this section prejudicial to the national interest or to the interest of a stool, direct that the grant of that land or any other interest in that land shall exceed the areas specified in subsection (3) and the land or an interest in that land may be granted although the limits are exceeded.

COMPLIANCE WITH PROVISIONS OF ADMINISTRATION OF LANDS REGULATIONS, 1962 (L.I. 232)

All grants and processing of documents for stool/skin lands should also comply with all the provisions of the Administration of Lands Regulations, 1962 (L.I. 232).
### A. FACT SHEET FOR CONSIDERATION BY THE LANDS COMMISSION

<table>
<thead>
<tr>
<th>S/N</th>
<th>FACTOR</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is the company registered in Ghana?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Is the company</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i) wholly Ghanaian owned?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii) wholly foreign owned?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii) Mixed holding: Ghanaian –Foreign holding?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Does company have any tract record of the type of project or do they have a partner who has track record? If yes, give details as attachment.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>What are the sources of funds for the investor or does the investor provide evidence of having the funds for the investment?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Has the company provided a feasibility study report or a project proposal? Attach a copy if yes.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>What is the size of the land?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>What crops are intended to be grown?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>If land is not for agricultural purposes, what use the land is intended to be put.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Will the produce be for</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>i.) Domestic market only or</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ii.) for Export only</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>iii.) For both export and domestic market?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>What is the primary economic activity of the community in which the land is situated</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Does the proposal seek to integrate the local communities in the implementation process? If yes, and how? (Attach details)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Does the proposed use conform with the planning framework of the area?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>What is the nature of the land holding system in the area?(provide an outline)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>How will the grant of the land affect the rights of the members of the community (to be obtained from the report of the local hearing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Are there settlements within the land? How are these</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>settlements likely to be affected by the grant (to be obtained from the local hearing)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Are measures proposed to address the concerns of persons adequate?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annex 2

IN THE HIGH COURT OF JUSTICE – TAMALE

IN THE MATTER OF STATUTORY DECLARATION OF BIO FUEL AFRICA LIMITED

IN RESPECT OF FARM LAND ACQUIRED ON THE SAID COMPANY AT JIMLE IN THE YENDI DISTRICT OF THE NORTHERN REGION OF THE REPUBLIC OF GHANA

I, MR. STEINAR KOLNES, a Director of BIOFUEL AFRICA LIMITED of P. O. Box KIA 9237, Airport, Accra Limited Liability Company Registered under the Laws of the Republic of Ghana with its principal place of business located at No. 75 Manet Cottage, Spintex Road, Accra, Ghana solemnly and sincerely declare as follows:-

That I am the declarant herein.

That I have the authority and consent of Bio Fuel Africa Limited to make this declaration, the facts and matters that are within my personal knowledge.

That BIOFUEL AFRICA LIMITED is a Company interested in the production of jatropha a plant used in the production of Biofuel.

That in pursuance of the Company’s interest in the production of jatropha, the Company acquired a large tract of land at Jimle in the Yendi District in the Northern Region of the Republic of Ghana from TIJO NAA alias Iddrisu Ibrahim, the Chief of Jimle with the approval of Kampakuya-Na Yakubu Abudulai Andani the Regent of Dagbon.

That the Company has already started the production of Jatropha on the said acquired land.

That due to the prolonged Chieftaincy dispute within Dagbon, a formal lease could not be granted to the Company in order for the Company to hold a legal title to land it had acquired for its Jatropha production.

That the Company by three different publications in the Daily Graphic, the Company has informed the whole world of its ownership and possession of the said land upon which it is carrying on its operations.

That copies of the said publications are attached hereto.

That the said acquisition is subject to a lease of Twenty-Five (25) years from 9th June, 2008.

That in the absence of a formal lease the company makes this Statutory Declaration as evidence of its occupation of the said land described in the schedule attached hereto.

That I make this solemn declaration conscientiously believing the same to be true and correct in accordance with the Statutory Declaration Act of 1971 (Act 289).

SCHEDULE REFERRED TO HEREIN
ALL THAT piece or parcel of and containing an approximate area of 13156 Acres known as Site For BIOFUEL AFRICA LIMITED situate and lying at Jimle in the Yendi District Assembly of the Northern Region of the Republic of Ghana bounded on the South West by the Yendi-Cheegu Road measuring on that side a total distance of 36,655.5 feet more or less on the North West by Granter’s land measuring on that side a total distance of 23,054.5 feet more or less on that side on the North East by Granter’s land measuring a total distance of 21,490 feet more or less on that side on the South East by a Granter’s land measuring on that side a total distance of 47,140 feet more or less on that side which piece or parcel of land is more particularly delineated on the Plan attached hereto and thereon shown edged pink.