



UNIVERSITÄT HOHENHEIM

Institute of Agricultural Economics and Social Sciences in the Tropics and Subtropics

**Factors Influencing the Effect of Foreign Direct Investment in Land on
Smallholders in Ghana; a Case Study Approach**

By

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Declaration

I Josephine Maria Goretti Montford, declare that this thesis is my original work accomplished independently without outside help. All sources of consulted materials are duly acknowledged in this thesis. This work has not been submitted for evaluation to any other assessment institution for an award or any academic qualification.

Furthermore, I agree with displaying the document in the library of the Institute of Agricultural Economics and Social Sciences in the Tropics and Sub-Tropics of the University of Hohenheim, implying the possibility of exploration and borrowing by others.

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Table of Contents

Declaration	i
Acknowledgement.....	ii
List of Tables.....	vii
List of Figures	viii
Acronyms and Abbreviations	ix
Abstract	xi
1.0 Introduction.....	1
1.1 Background to Research.....	2
1.2 Problem Statement	2
1.3 Objective	3
1.4 Research Questions	3
1.5 Significance of study	3
1.6 Organisation of the study	4
2.0 Literature Review	5
2.1 Definition of terms	5
2.2 Types of literature	6
2.2.1 FDI in land vs Land Grabbing.....	8
2.3 History of large land scale acquisitions.....	9
2.4 Present evolution and attention to FDI in land.....	9
2.5 Trend	10
2.6 Large scale land acquisitions in Africa	11
2.7 Effect of FDI on the country and community.....	14
2.7.1 Economic outcome	14
2.7.2 Social outcomes.....	14
2.7.3 Environmental outcomes	15
2.8 FDI in land in Ghana	15
2.8.1 Land tenure system in Ghana	16
2.8.2 Literature on FDI in Land in Ghana	17
2.8.3 Data on FDI in land cases in Ghana	19
3.0 Conceptual Framework	20
3.1 Introduction	20
3.2 Context	21
3.2.1 National Policy and Regulatory framework (A).....	21
3.2.2 Investor Characteristics (B).....	21

3.2.3 Land tenure (C)	21
3.2.4 Community characteristics (D).....	22
3.3 Influencing factors.....	23
3.3.1 Process of Acquisition (E).....	23
3.3.2. Business model (F)	23
3.3.3 Contracts (G)	24
3.3.4 Compensation (H)	25
3.4 Outcome	26
3.4.1 Economic outcomes.....	26
3.4.2 Social outcome	28
3.4.3 Environmental outcome.....	28
4.0 Methodology	29
4.1 Research Design	29
4.2 Research area.....	29
4.3 Choice of cases.....	30
4.4 Sampling and Data collection.....	32
4.5 Analytical programs	33
5.0 Research Findings	34
5.1 Ghana’s Policy and Institutional framework on FDI in Land	34
5.2 Role of actors.....	35
5.3 Process Net Mapping.....	37
5.4 Investors’ characteristics	38
5.5 Socio cultural and socio economic characteristics of the respondents	39
5.6 Process.....	40
5.6.1 Description of Cases.....	40
5.6.2 Contractual terms	43
5.6.3 Stakeholder participation in the process	43
5.6.4 Implementation of contracts	44
5.6.5 Compensation.....	46
5.7 Effect of FDI on the small scale farmers.....	48
5.7.1 Financial/Economic changes	48
5.7.2 Social Effects.....	51
5.7.3 Environmental Effects.....	52
5.8 Alternatives to farming.....	54

6.0 Discussion	55
6.1 Institutional Challenges	55
6.1.1 Policy.....	55
6.1.2 Involvement of Organisations and Stakeholders	56
6.1.3 Capacity challenges	57
6.1.4 Rent Seeking.....	57
6.1.5 Social exclusion.....	58
6.2 Effect of factors on outcome for smallholders	59
6.2.1 Availability of jobs	59
6.2.2 Business models	60
6.2.3 Access to land – land rights.....	61
6.2.4 Compensation.....	61
6.3 Alternative options	62
6.4 Conclusion.....	63
7.0 Policy Recommendations	66
7.1 Policy.....	66
7.2 Acquisition process	66
7.3 Capacity and roles of organisations	67
7.4 Involvement of civil society and media.....	67
7.5 The contractual terms	68
7.6 Land rights.....	69
7.7 Socio economic factors	69
7.8 Study limitations and areas for further research.....	69
Footnotes	71
References	72
Appendices	78
Appendix 1: Origin of investors	78
Appendix 2: Activity of investors	79
Appendix 3: Investment per region of Ghana	79
Appendix 4a: Summary timeline of acquisition procedures (Case A)	80
Appendix 4b: Summary timeline of acquisition procedures (Case B)	83
Appendix 5: Effect of FDI in land on smallholders	85
Appendix 6a: Semi structured questionnaire for primary respondents	86
Appendix 6b: Interview guideline for Investors.....	93

Appendix 6c: Interview guideline for Traditional Authorities	98
Appendix 6d: Interview guideline for Organisations	102

List of Tables

Table 1: Large Scale Land Acquisitions (LSLA) in the world as at March 2012.....	11
Table 2: Interrelations of the land tenure systems in Ghana.....	17
Table 3: Some characteristics of the study area.....	30
Table 4: List of key informants.....	33
Table 5: List of main and primary respondents.....	33
Table 6: Degree centrality of actors in the FDI network.....	38
Table 7: Demographics of respondents.....	39
Table 8: Breakdown of the land right system among the respondents.....	40
Table 9: Contract features.....	43
Table 10: Knowledge about some contract terms.....	44
Table 11: Percentage change in farm size after the investment.....	48
Table12: Change in income after expropriation with and without compensation payments.....	50
Table 13: Respondents' views to alternative livelihood options.....	54

List of Figures

Figure 1: Types of land ownership in Ghana.....	16
Figure 2: Conceptual Framework.....	20
Figure 3: Map of Ghana showing the Ashanti and Brong Ahafo regions.....	31
Figure 4: Process net map of actors involved in FDI in land in Ghana.....	37
Figure 5: Medium of information to farmers concerning investment.....	44
Figure 6: Respondents view on adequacy of compensation.....	47
Figure 7a: Composition of income (Case A).....	49
Figure 7b: Composition of income (Case B).....	49
Figure 8: Vegetation cover before and after land clearing.....	53
Figure 9: A section of the farm in Case B.....	53

Acronyms and Abbreviations

ACHPR: African Charter on Human and People's Rights

CBO: Community Based Organisation

CSO: Civil Society Organisation

DA/MA: District Assembly/ Municipal Assembly

EIA: Environmental Impact Assessment

EPA: Environmental Protection Agency

FAO: Food and Agriculture Organisation

FBO: Farmer Based Organisation

FDI: Foreign Direct Investment

FIAS: Foreign Investment Advisory Service

GDP: Gross Domestic Product

GFZB: Ghana Free Zones Board

GIPC: Ghana Investment Promotion Centre

GRAIN: Genetic Resources Action International

IFAD: International Fund for Agricultural Development

IFC: International Finance Corporation

IFPRI: International Food Policy Research Institute

ILC: International Lands Coalition

LC: Lands Commission

LRD: Land Registration Division

LVB: Land Valuation Board

MDG: Millennium Development Goal

MoFA: Ministry of Food and Agriculture

MoFEP: Ministry of Finance and Economic Planning

NGO: Non-Governmental Organisation

OASL: Office of the Administrator of Stool Lands

PPME: Policy, Planning, Monitoring and Evaluation

PVLMD: Public and Vested Land Management Division

PRAI: Principles on Responsible Agricultural Investment

RAINS: Regional Advisory and Information Network Systems

SAP: Structural Adjustment Programme

SPSS: Statistical Package for Social Sciences

TCPD: Town and Country Planning Department

TNC: TransNational Corporation

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

WRC: Water Resources Commission

Abstract

Foreign Direct Investment in land has gained ascendancy owing to recent occurrences in the world. The main target is developing countries including Ghana where land is suggested to be abundant and agricultural productivities are relatively low. International development partners laud the phenomenon as a worthy investment into the agricultural sector to meet the world's need of food and biofuels. State government advocate it as a development agenda while the civil society are opposed to it due to the detrimental effects that it has had on the communities and especially smallholders. This research seeks to find out the reason for the divide why undesirable effects are occurring instead of the expected benefits. The study has identified the main policy and regulatory framework within which FDI in land operates in Ghana, the process through which the transactions and operations take place and the outcome and its distribution on smallholders. The Grounded Theory approach was used for two case studies in the middle belt of Ghana where most of such investments have taken place. Ongoing cases covering an area of at least 1000 hectares with reported expropriations were selected. Both primary and secondary data were used. Primary data was collected through interviews with the use of semi structures questionnaires and the net map process. The respondents included eleven key informants from eight organisations and six main respondents namely the investors, traditional council and district and municipal assembly representatives. Primary respondents were the smallholders made up of fifty one respondents in the first case referred to as Case A and ten respondents in the second case referred to as Case B. The research found that the outcome was mostly negative in both cases. Smallholders suffered a loss in income which was not adequately compensated. Other social effects like conflicts and environmental pollution were also recorded. These mainly occurred because of policy loopholes, poor regulatory mechanisms, low organisational involvement in the whole process, organisational capacity challenges and scope for rent seeking, collusion and social exclusion. Added to these are the low socio economic status and the weak land right systems. Strengthening of the policy and regulatory frameworks, enhancing the capacities of the organisations to monitor effectively and a better involvement of all necessary stakeholders will help to make the contracts more comprehensive and ensure their implementation, the business model more integrative and improve the adequacy of compensation thus reducing the negative outcome of the investment for smallholders.

Key words: Ghana, Foreign Direct Investment in land, investors, smallholder

1.0 Introduction

“Access to land is a fundamental basis for human shelter, food production and other economic activity, including by businesses and natural resource users of all kinds.” (UN HABITAT, 2008)

The world experienced a series of developments that left its mark on the agricultural sector in recent years. The food price hike of 2007/2008 was one such major development which is held to have been caused by a number of factors, some of which were borne from national and international policy such as; open market and trade protection policies. At the same time a growth in strength and magnitude of TransNational Corporations (TNCs) promoted an increasingly stringent food selection criteria caused by change in consumer preferences and food habits. Other factors include fuel shortage, the global economic crunch and depreciation of the major trading currency – the dollar. Added to these were environmental concerns, climate change, depleting soil fertility and the need to feed a growing population (Görge et al., 2009; Kugelman and Levenstein, 2009; Deininger and Byerlee, 2011). These combined factors awakened interest in the agricultural sector thus Foreign Direct Investment (FDI) in land experienced a surge within the same period.

With less resource endowments and depleting soil fertility, richer and more populated nations started acquiring lands in more resource abundant and often poorer countries mainly in Africa, Latin America and Asia for the purpose of agriculture and sometimes for speculative reasons (Görge et al., 2009). However, local investors also play a significant role in large scale land acquisitions (Deininger and Byerlee, 2011). Coincidentally, these recipient regions with the exception of South and Central America host the world's poorest people.

Due to rapid urbanization in most developing and under developed countries, arable land suitable for agriculture are found mostly in rural areas, which are less developed. Rural areas house 50 percent of the of the world's population out of which about 70 percent are dependent on agriculture for their livelihoods (World Development Report, 2008). The same report indicates that the rural areas in developing countries in particular host 75 percent of the poor and assesses that smallholders make up the majority of the nearly 880million people who subsist on a dollar per day or less. Meanwhile, these rural areas of developing countries are experiencing an increasing acquisition of their land occurring at the same time with land

degradation and a growing land scarcity attributable to increase in population and other environmental factors like climate change (Haralambous et al., 2009). These statistics point to the fact that those affected directly by FDI in land are mainly the poor and smallholders who eke out a living from the land.

1.1 Background to Research

Agriculture in Ghana has consistently experienced slow growth of 2.8 percent growth according to Ministry of Finance and Economic Planning (MoFEP, 2012) and is producing at less than 60 percent of potential productivity (MoFA, 2010). This is due to relatively low private and public investment and support. Budget share to support agriculture in Ghana is yet to hit 10 percent (MoFA, 2010). According to Deininger (2011) the sub Saharan African countries receiving more FDI in land are all producing at less than 25 percent of their potential productivity. FDI in agriculture has therefore been patronized by the government and international development partners as the means to boost the productivity of the sector not only for providing food but also bio energy crops (Görge et al., 2009; Kugelman and Levenstein, 2009; Ahwoi, 2010; Hilhorst and Zoomers, 2011). The potential benefits of FDI in land outlined by proponents include the opportunity to utilize under productive resources for the production of food to feed the world's growing population and also reducing carbon emissions by using alternative fuels sources such as bio fuels. It may also help investing nations to achieve food self-sufficiency. To the host country, financial inflows, foreign exchange earnings and increasing Gross Domestic Products (GDP) are benefits to be expected. Local communities in project areas, stand to benefit from socio economic developments like social infrastructure developments, technology and knowledge transfer, employment opportunities and integration of local farmers into the value chain as well as opening up market access for smallholders.

1.2 Problem Statement

In the light of the above, Ghana has attracted FDI due to its friendly investment climate; fairly stable political situation, location and resource availability (Barthel et al., 2008). Large scale land acquisitions as part of agricultural investment in Ghana has increased significantly in the last few years. While its benefits could not as yet be sufficiently evaluated, it has widely recorded human right abuses, loss in farmers' income and in some examples, environmental degradation (see Nyari, 2008; German et al., 2011). This trend implies that smallholders in

investment areas may face the risk of loss in their livelihoods and be further plunged into poverty. This research aims to study the reason for the gap that exists between the expected benefits and the detrimental effects observed.

1.3 Objective

This study seeks to investigate the factors that affect the outcome of FDI in land and its distribution with particular reference to smallholders and the local community in Ghana by using a multi-case study approach.

Sub objectives

Taking two case studies as examples, this research aims to accomplish the following:

- To examine the institutional framework surrounding such FDI transactions
- To analyse the process by which FDI transactions take place
- To analyse the effect of FDI in land on the smallholders and local community and
- To identify factors that influence that effect.

1.4 Research Questions

In order to achieve the above objectives, the study will attempt to answer the following questions.

1. How is FDI in land developing in Ghana?
2. How prepared has the country been for it in terms of existing and evolving policies?
3. What is the influence of the actors on the process and implementation of FDI in land?
4. In what ways are the observed effects influenced by the institutional context and the actors?
5. To what extent are the effects distributed and who is mostly affected?

1.5 Significance of study

Ghana has recently been a high recipient of FDI in land. The ability for such investments to benefit the country and the community in which they operate and to avoid the trampling of human rights of the smallholders requires strong national policies and interventions, a legitimate and transparent acquisition process and favourable contracts. Though the investments are young at this stage and thus early to conclude on their economic outcome for

the country, their micro outcome on the community and the smallholders is evident and measurable. It is at this stage that the right interventions are required to avoid future irreversible and regrettable situations. As a developing country and given the fact that majority of the poor are smallholders, it should definitely be a development priority to explore the factors that may hinder or promote the welfare of the poor in the face of a looming phenomenon that may leave an indelible mark on society.

This research is expected to provide concrete recommendation to guide policy analysis and formation on the best way to bridge the divide between the expected benefits and the observed detriments. The outcome of this study is also supposed to provide and contribute to a valuable database of information that may promote further research on the subject matter in future.

1.6 Organisation of the study

The study is organized in seven chapters. Chapter One introduces the topic and gives a background to the study. It also includes the objectives, the research questions and the significance of the study. Chapter Two reviews and discusses existing literature on the subject, defines terms and elaborates on the topic. A conceptual framework is developed in Chapter Three. Chapter Four describes the methodology of the research. It gives a description of the study area, the mode of data collection and analysis. Analysis of the data and the results are presented in Chapter Five while Chapter Six discusses the results and gives a conclusion. Policy recommendations are given in Chapter Seven.

2.0 Literature Review

“Die Naturist der Reichtum der Armen - Nature is the wealth of the poor”. Klaus Töpfer, former Minister of Environment of Germany and former Director of UNEP in Nairobi.

Foreign Direct Investment in land is generally understood as land acquisition by a foreign investor in a host country. This acquisition could involve large tracts of land spanning between a thousand and over a million hectares. The investor could be the government of a state which is a public investment or could be a private investor such as an agri-business or an individual. The purpose of such large scale land acquisitions are usually for agriculture, either for food crop production or for biofuels feedstock.

2.1 Definition of terms

2.1.1 Foreign Direct Investment (FDI)

FDI in land is characterized as when a “foreign company or state is based on a lasting interest in taking control over land use rights. The transaction includes either rights of land-use or land-ownership. The land-use rights are generally valid for a limited period and can possibly be extended” (Görge et al., 2009, pg. 9). The transaction stated by Görge et al. refers to land acquisition, a key element of FDI in land, which is defined by Cotula et al. (2009) to include short or long-term purchase of ownership rights, acquisition of use rights through leases or concessions. Though the term FDI in land is often used to describe the phenomenon, it is important to note that such acquisitions by locals also play an important role (Cotula et al., 2009). A list of large-scale land transfers exceeding 2000 hectares in the Gambella state of Ethiopia provided by Dessalegn (2011) shows that 9 out of 15 of such acquisitions are by Ethiopians, however these account for 5 percent of the total area involved. The term “foreign” may qualify if it implies acquisitions by persons or entities that are not native of the local area. For purposes of this study, FDI in land will apply to all such acquisitions of land by investors who are not native land users of the local area. And in alignment with Cotula et al. (2009) ‘large scale’ refers to 1,000 hectares and above.

2.1.2 Investors

The term “Investors” is loosely used to mean acquirers of large tracts of land for agricultural purposes. Cotula (2010,) defines an investor as “an entity that provides contributions (capital and technology, for example) and carries the commercial risks of an economic activity.” It is noted that investors in agriculture also include the millions of smallholder farmers who invest their resources into it and is not only limited to wealthy external investors (Anseeuw et al, 2012). The author therefore makes the distinctions between an investor and an acquirer, whereby the term acquirer will refer to entities who acquire land for all purposes including speculations. This thesis will however, for the sake of simplifying the terms, refer to entities that have acquired land of above 1000 hectares and started some operation on it as investors.

2.1.3 Smallholders

Alongside most discussions on FDI in land is that of those who are most directly affected by the phenomenon; the smallholders and the local communities. The terms smallholder, small scale farmers and family farmers are often used interchangeably probably owing to their very dynamic nature. The terms may have very different meanings in different contexts. Dixon et al. (2004) defines smallholders with respect to the extent of resources available to them, which means that the term will have different symbolism in different contexts. It has been reported that the average smallholder in Ghana occupies an average of 2 hectares of land and in some cases up to 5 or 6 hectares and operates largely without mechanization with a high family labour input (Chamberlin, 2007). Since the survey did not find vast differences to this description, the term smallholder will hold generally for local farmers in this study. The local community will also refer to all the people living within the area of the investment and who are involved or affected directly or indirectly by the investment, while affected persons refer specifically to those persons who are affected directly by the investment whether they are smallholders or not.

2.2 Types of literature

A high number of media reports, research work and literature publications were associated with the growing interest in large scale land acquisitions. The attention was mainly on the number of cases, extent and amounts involved in the deals as well as their effects on local populations. One of such forerunners who publicized on the issue and raised considerable

awareness to it was The Genetic Resources Action International (GRAIN) in 2008 (see GRAIN, 2008). The lack of transparency, poor record keeping by host countries and low involvement of state organisations restrict access to adequate information concerning the extent and scale of the land deals. Thus data published in the media and in blogs, though not entirely precise, was the main source that initially guided discourse. It appeared that the deals were initiated by individuals and governments of wealthy and more developed countries and involved huge tracts of land spanning between a thousand and over a million hectares in poorer developing countries. Other issues were the implications for the host countries' food security as well as its effect on rural populations and on the communities within which they took place. One of the main messages that stood out was that there was the need for caution in the face of the fast growing phenomenon.

The International Land Coalition (ILC), in April 2012 published a comprehensive continent and country based data set of land deals. However, soon after this publication, a sharp criticism was issued by the *Rural Modernity group*¹ stating that the ILC publication had flaws such as repetition of cases and wrong figures on the extent of land involved in some of the cases. It also stated that the inclusion of some cases that were reported but that did not materialize created a false impression by bloating the figures in the ILC database. According to the group therefore, the database is not concrete. This points to the fact that a couple of years after attention was drawn to this phenomenon, access to reliable data is still challenging.

International development partners like the World Bank, Food and Agriculture Organisation (FAO) and International Food Policy Research Institute (IFPRI) have also supported the release of research publications to expound the situation. Responding to the negative outcry concerning the effects of the land deals on the local communities, the international development partners developed principles, codes of conduct and guidelines to regulate the phenomenon and ensure that there is a positive outcome for both parties. These are the 'Voluntary Guidelines on Responsible Governance of Tenure of Land and other Natural Resources' developed by the FAO (FAO, 2012) and 'Framework and Guidelines for Land Policies in Africa' developed under the leadership of the African Union, with the United Nations Economic Commission for Africa and the African Development Bank. These propose steps towards an international governance of large scale land acquisitions. Others are the seven Principles on Responsible Agricultural Investment (PRAI) developed by World Bank in consultation with FAO, International Fund for Agricultural Development (IFAD) and United Nations Conference on Trade and Development (UNCTAD) and the Code of Conduct for

Foreign Land Acquisition proposed by IFPRI (von Braun & Meinzen-Dick, 2009). These advocate steps to adopt to regulate the procedure of investment in-country. The United Nations (UN) special Rapporteur on the Right to Food; Mr. Olivier de Schutter has outlined eleven minimum human rights principles applicable to large scale land acquisitions or leases (de Schutter, 2009). These principles are based on human right mechanisms and appeals to states to protect the right of locals.

Some of such measures have come under criticism by human right advocacy groups and some scientist who decry that when such guidelines are put in place, it will rather serve to promote large scale land acquisitions in a more legitimate way instead of putting a stop to it. (see Borrás & Franco, 2010). International development agencies have also been blamed for being in support of such large scale acquisitions in developing countries by first of all propagating policies in host countries that create a conducive environment for such investments through the Foreign Investment Advisory Service (FIAS) and for funding such acquisitions through the International Financial Corporation (IFC) arm of the World Bank (see Borrás and Franco, 2010; Daniel, 2011; Daniel and Mittal, 2009). In Mozambique for instance, the World Bank facilitated the development of new policy and strategy for biofuels which was set up in May 2009 and which facilitates the acquisition of land by international companies (Wily, 2011). FDI in land opponents such as Civil Society Organisations (CSOs) and human rights advocates such as Action Aid, Oxfam and La Via Campesina advocate for a stop to the large scale land acquisitions as they maintain that it has largely negative consequences for the livelihoods and welfare of affected individuals and communities amidst food security concerns (see: La Via Campesina, 2012, BBC news 5th August, 2009). Owing to these, the term 'land grabbing' has been widely used to describe the occurrence.

2.2.1 FDI in land vs Land Grabbing

The phenomenon gained this term 'land grabbing' mainly because of the negative effects it has had so far on the communities within which they are taking place. Horne (2011) gives examples of such effects from the Oakland Institute study in Ethiopia. A popular example of such cases that gained international attention is the Daewoo case of Madagascar, where the South Korean company acquired 1.3 million hectares half of all the arable land in Madagascar, for the cultivation of maize for export, a case which raised public outcry and even contributed to the government being ousted and the deal cancelled (Hong, 2011). Granted that there are some positive records for example where employment creation as a

result of FDI in land helped to curb social vices in Liberia (Deininger and Byerlee, 2011), however, a general scan of available literature seems to suggest that the negative outcomes far outweigh the positives.

The ILC tried to define and categorize cases that fit with the description of land grabbing during the Tirana Declaration of May 2011 which involved over 150 representatives of civil society organisations and some members of the ILC (Anseeuw et al., 2012). It defined Land Grabbing as when the process of such large scale land acquisitions and investment involves human right abuses, gender inequalities, lack of transparency and when the free, prior and informed consent of the locals have not been sought in the process. It also uses the term to describe the process where environmental, social and economic impact assessments have not been duly performed and where the investment has not been well planned and implemented. Anseeuw et al (2012) by summarizing and interpreting existing evidence on large scale land acquisitions concluded that the term 'land grabbing' was well deserved due to the process through which it was taking place and the effects observed.

2.3 History of large land scale acquisitions

Plantation style farming was introduced during the colonial era and is still being used to produce cash crops and other crops which present economies of scale. This necessitated for large scale agricultural land acquisitions in the colonies. Typical examples are the cotton plantations established in the colonial era by the English in Eastern Africa particularly Kenya and Uganda (Cliffe, 1997). Other such large acquisition also took place in Africa and Latin America in the late 1800s and in some cases post-independence (Hilhorst and Zoomers, 2011). Large scale cultivation of farm land has continued thenceforth. Deininger and Byerlee (2011) records that between 1990 and 2007, almost 2 million hectares of land was cropped annually, thereby expanding area cultivated to a total of about 1.5 billion hectares worldwide. Recently, this expansion has increased exponentially due to several reasons.

2.4 Present evolution and attention to FDI in land

Large scale land acquisition and cultivation began to gain prominence again in 2007/2008. Several large scale land acquisitions were recorded at the time and over the subsequent years.

The reason for the trend is attributed to the food price hikes which happened around the same time of 2007/2008. The price hikes raised concerns of food security for countries with low agricultural resources who were net- food importers. Thus resource poor, rich, highly populated, water stressed countries acquired lands in resource rich and poorer countries as a means of securing their source of food. During this period the FAO declared that world food production will have to be increased 100% in order to be able to feed the world's growing population by 2050 (FAO, 2008a).

Other factors such as the rise in fuel prices and concerns of climate change caused individuals and governments to consider alternative sources of crude oil. Policies by the European Union and other countries to incorporate a percentage of biofuel into their fuel created a market for bioenergy crops and elicited the large scale cultivation of biofuels plants such as jatropha and sugarcane, oil palm and maize (Borras and Franco, 2010; Graham et al., 2011; Hilhorst and Zoomers, 2011). The financial crises in 2009 also contributed to the erosion of investor's trust in stocks and other financial instruments. Thus as a means to diversify the investment portfolios and evade inflation, investors acquired land both for production and for speculative purposes (Görge et al., 2009). These developments awakened the interest in agriculture and agricultural investments and for the first time in twenty five years, the World Development Report 2008 had a focus on agriculture.

2.5 Trend

Accurate data on large scale land acquisitions are not easily accessible. Cotula (2011), who did an analysis of twelve contracts covering large scale land acquisitions in some sub Saharan African countries showed that many contracts are not publicly available and the negotiation process takes place in a manner as good as secrecy with the exception of few examples such as Liberia who have their parliament ratify the contracts and make them publicly available on the internet. This situation coupled with many inaccurate national inventories makes access to concrete data on such land deals challenging. The data that is available shows an increasing trend. Deininger and Byerlee (2011) and Anseeuw et al. (2012) predict the phenomenon will not see a decline anytime soon.

Generally, the sharp increase in large scale acquisitions since 2007/2008 has had a focus on developing countries. Deininger and Byerlee (2011) reports that prior to 2008, not more than 4 million hectares of land was cultivated annually, but between 2008 and 2009, roughly 56

million hectares of large scale land transactions had taken place. As at 2012 Taylor (2012) under the ILC reported that confirmed and reported large scale land acquisitions were 1217 involving 83.2 million hectares worldwide.

Table 1: Global Large Scale Land Acquisitions (LSLA) as at March 2012

	Total LSLA for agriculture		LSLA with contracts signed		LSLAs where production started	
	Number of deals	Million hectares	Number of deals	Million hectares	Number of deals	Million hectares
Total	1217	83.2	403	26.2	330	21
Only reported	592	50.5	180	14.9	128	8.2
Reliable	625	32.7	223	11.3	202	12.8

Source: ILC, 2012

Investors are mainly from the populated countries such as India and China, rich areas such as Europe and the Americas and water stressed regions like the Gulf States (Taylor, 2012). However, as stated earlier, this does not exclude the significant part made up of local investors and joint ventures. Africa, Australia and Latin America and some parts of Asia have been the target of investors as most of the abundant land and water resources are located there.

The main crops cultivated are food crops, bio energy crops and other flex crops (that can be used for both food and biofuel) (ILC 2012). According to Anseeuw et al. (2012), 78 percent of land acquired are used for agricultural purposes and out of these, 75 percent are for bio energy crops.

2.6 Large scale land acquisitions in Africa

Africa has been a high recipient of recent large scale land acquisitions. Deininger and Byerlee (2011) appropriate 70 percent of large scale land acquisitions to Africa while Cotula et al. (2009) estimates that since 2004, land approved for allocation amounts to approximately 2.5 million hectares in five African countries. Within three years, large scale acquisitions in the continent had amounted to 20 million hectares (FAO, 2009). The interest in the continent stems from the perceived and actual resource abundance and investment opportunity that the continent presents. Some of the factors that have attracted such investments to Africa are discussed in the paragraphs below.

2.6.1 Availability of land

According to Deininger and Byerlee (2011) more than 50 percent of potentially cultivable land worldwide is found in ten African countries. Also, Fischer et al (2002) used satellite imagery to derive figures that show that Africa and South America have about 80 percent of the world's agricultural reserve land. However the notion that this might still be the case needs to be treated with caution as large land cultivation has changed between that period till now (Deininger and Byerlee, 2011). Additionally some land use types such as shifting cultivation reduces the total available area considerably (Cotula et al., 2009). Nonetheless, the fact still remains that comparatively lower percentages of arable land in sub-Saharan Africa are cultivated. Songwe and Deininger (2009) states that Mozambique, Tanzania and Zambia have only about 12 percent of their agricultural land actually cultivated. This availability of land is also characterized by very low land prices. While a hectare of land per year cost \$22,000 in Germany and between \$5,000-6,000 in Brazil and Argentina, the same cost between \$350-800 on the average for Africa and this figure can go as low as \$3.0 in some countries in Africa namely Sudan in this case (Horne, 2011).

2.6.2 Water resources

Africa is also a preferred investment destination because of the availability of water. About two thirds of all freshwater designated for human consumption is used for agriculture, however, water stressed regions like the Gulf States use 80 percent of their water supply for agriculture while on the other hand sub Saharan Africa uses just about 2 percent of her freshwater available for agriculture (Mann, 2010). This presents an investment opportunity for agribusinesses as water stress has become an important concern for most countries. Yet, this perceived water availability for large scale agricultural investment has its own challenges for the local populations. For example, water used by Saudi star in the Gambella state of Ethiopia will deprive the local people of access to water and the economic benefits derived from it, and may lead to water shortage in the future (Dessalegn, 2011).

2.6.3 Low investment and productivity in African agriculture

Despite its natural resource endowments as stated above, agricultural productivity in Africa has been characteristically low. These low productivities are pegged by Deininger (2011) at below 25 percent of the potential yields and are attributed to low investment in the sector. Government expenditure in developing countries according to FAO (2009) had reduced to around 7 percent of the budget share. The same report states that Official Development

Assistance into agriculture as at 2006 had reduced to as low as 3.8 percent in some cases. The declaration of FAO (2008a) that food production will have to increase by 100% to feed an increased world population by 2050 was followed up by the need for about USD 209 billion worth of investment into the sector in developing countries (FAO,2009). This investment is not expected to be provided by developing countries themselves which then seems to be an open invitation for external investments into Africa's agricultural sector (Cotula et al., 2009). Besides international development partners, African state governments have also made conscious efforts through policy and enabling environments to attract FDI in land as a development agenda (Kugelman and Levenstein, 2009; Hilhorst and Zoomers, 2011). In Ethiopia for example, the government actively promotes FDI in agriculture to boost the sector (Lavers, 2012; Dessalagn 2011).

2.6.4 Low entry or investment barriers

Lack of adequate and efficient policies, fragile legal systems and less stringent procedures on land acquisitions and investments makes Africa an easy investment target for investors from more developed countries since negotiations and contracts are easy to manage. According to Deininger, (2011) FDI in land are more in countries which have loosely protected land rights. Coupled with these are attractive incentives like tax holidays and duty free importation of farm machinery put in place by governments who are eager to boost FDI's for development. In Ghana for instance, investors registered under the Ghana Free Zones Board (GFZB) are allowed to import agricultural machinery duty free. In Mozambique, laws that govern land acquisition by foreign investors have been simplified leading to an increase in such acquisitions in the last two years (Wily, 2011).

2.6.5 Ecological advantage

According to Fischer et al. (2009), Africa is ecologically suitable for biofuel feedstock cultivation and also possesses the comparative advantage to do so

2.7 Effect of FDI on the country and community

The effect that FDI in land has on local communities and small holders has been vastly discussed. As in any investment ventures, both negative and positive effects are possible. The main areas of effects are considered to be economic/financial, social and environmental.

2.7.1 Economic outcome

Positive effects to the country are increase in country's GDP, access to international markets, income in the form of tax and economic gain from direct monetary transfers. For small holders, benefits could be introduction to additional knowledge and technologies, access to inputs in the case of inclusive business models, upward integration into the value chain, enhanced market access and possible improvement in agricultural productivity. Creation of employment opportunities is one of the main ways of distributing benefits of investments to locals (Deininger and Byerlee, 2011). On the other hand, when farmers are dispossessed of their land, this could lead to loss of income from farming and other economic benefits obtained from the land, increased competition for factors of production such as land and eventually poverty.

Some examples of economic benefits of FDI in land are observed in Ukraine where roughly 5000 local people were employed by one company and paid about 50 percent higher than the country's minimum wage (Deininger and Byerlee, 2011). On the other hand in Mozambique, people acquiesced their land to investors with the promise of jobs but ended up landless with the promised jobs never being fulfilled (Deininger 2011).

2.7.2 Social outcomes

Social developments in the form of improved infrastructure, human capital enhancement through additional acquired knowledge are expected to improve the standard of living. Dispossession and displacement of local people from their land, breakdown of social structure due to forced migrations, disruption of social safety nets in the process, loss in livelihood, food security concerns, and deteriorating socio economic conditions are negative social effects. Added to these is the danger of social conflicts which are often triggered when people are denied their access to land (Wily, 2011). Evictions of over 200 households have been recorded in Zambia for example (Wily, 2011) whereas in Liberia, social vices like prostitution

and crime were reduced due to job availability created by investors (Deininger and Byerlee, 2011).

2.7.3 Environmental outcomes

Environmental concerns have been degradation, loss of biodiversity, water pollution, dust pollution, deforestation and climate change. In contrast there is the possibility of environmental conservation through the right agronomic practices.

(See: Cotula et al., 2009; Daniel and Mittal 2009; Diallo and Mushinzimana, 2009; Deininger and Byerlee, 2011; FAO, 1998; Haralambous et al., 2009; Ingwe et al., 2010; von Braun and Meinzen-Dick, 2009)

2.8 FDI in land in Ghana

Agriculture is the main backbone of Ghana's economy contributing 27 percent of her GDP (World Bank, 2011) and employing 41.3 percent of the active work force. (GSS, 2010). Over the past years, about 80 percent of Ghana's agricultural output has been contributed by smallholders (MoFA, 2010). The country possesses 13.63 million hectares of arable land of which 7.36 million hectares are under cultivation (Ahwoi, 2010), however the statistics does not indicate how farming methods such as shifting cultivation has been catered for.

Though large scale farming was a policy objective in Ghana in the 1960s (Akoto, 1987) just about five of such farms were actually established and maintained with farm sizes ranging between 2,500 and 13,000 hectares (Schoneveld et al., 2011). Large scale farming gained prominence again in the 2000s, especially for horticultural crops such as pineapples, when sanitary, taste and trade conditions imposed by several food importers favoured large scale operations (Jaeger, 2008).

Like other countries in sub Saharan Africa, Ghana has attracted large scale land acquisitions in recent times which have taken place mainly in its rural and peri-urban areas. Barthel et al. (2008) attributes this to the rich natural resources that the country possess, its political stability as well as the ports that facilitates access to external markets. Added to these, the government actively attracts investors into the sector as part of its agricultural development policy which has a vision of modernizing the sector (Ahwoi, 2010; MoFA, 2010). Under the Structural Adjustment Program (SAP) in the 1980s, investment promotion agencies namely the Ghana

Investment Promotion Centre (GIPC) and the Ghana Free Zones Board were set up and mandated with the facilitation and monitoring of investments including those agricultural. Data obtained from national and international inventories indicate that there are forty three (43) registered FDI in land, however the lack of transparency that typically surround these deals plus information asymmetry that may exist between the investment promotion organisations and the Lands Commission (LC) indicate that the data may not be comprehensive. The situation is aggravated by the peculiar land tenure system in Ghana.

2.8.1 Land tenure system in Ghana

About 80 percent of lands in Ghana are under customary tenure (Sarpong, 2006). Article 267 (1) of the 1992 Constitution places fiduciary responsibility of Stool lands in the appropriate Traditional Authorities, who have to approve alienation of land. Due to this, many transactions are able to take place directly between the customary land owners (traditional authorities and family heads) and the investors outside the purview of the state organisations (Ahwoi, 2010). Figure 1 gives a breakdown of the land tenure system of Ghana.

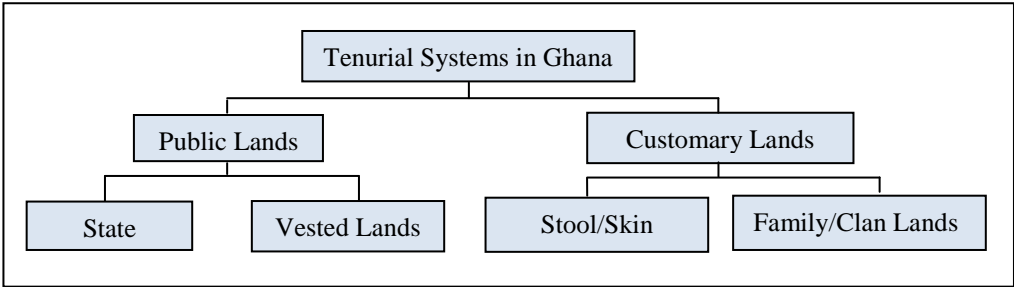


Figure 1: Types of land ownership in Ghana

Source: Appiah, 2011

The table below summarises the characteristics and interest/rights inherent in the different land ownership systems in Ghana

Table 2: Interrelations of the land tenure systems in Ghana

Type of Ownership System		Characteristics	Type of interest/rights
Public Lands	State Lands	-Lands acquired by government for public purpose or public interest -All previous interests are extinguished. -Previous interest holders are entitled to compensation. -Legal and beneficial interests are vested in the President. - Comprises 18% of total land in Ghana	-Leasehold interest -Share cropping agreements
	Vested Lands	-Split ownership between state and customary owners -State takes control of all legal incidence: right to sell, lease, manage -Land owners retain unbiased interest and enjoys benefits from the land - Comprises 2% of total lands in Ghana	-Leasehold interest -Share cropping agreements
Customary Lands	Stool/Skin Lands	-Held and managed by stools/skins on behalf of entire subject of the stool - Comprises 45% of land in Ghana	-Allodial interest -Freehold interest -Leasehold -Share-cropping agreements
	Family/Clan Lands	Owned and controlled by a family head on behalf of entire members of the clan / family. - Comprises 35% of land in Ghana	- Allodial interest -Freehold interest -Share-cropping agreements

Source: Appiah, 2011

2.8.2 Literature on FDI in Land in Ghana

The magnitude of such deals in Ghana came to light when the media set the pace by publishing information on such acquisitions. The general picture was one of land grabbing with largely negative effects for locals. Though scientific research findings later conflicted with some of the figures and scale that the media published earlier, the latter played the important role of attracting attention to the phenomenon in Ghana. One of the first publications on large scale land acquisitions and especially for biofuel cultivation was by Mr. Bakari Nyari, the Vice Chairman of Regional Advisory and Information Network Systems (RAINS) in 2008 who reported on a Norwegian biofuel company that acquired 38,000 hectares of land in Northern Ghana for bio fuel production. He highlighted the ominous process of acquisition which was tantamount to tricking the chiefs and which sidelined the necessary regulations and local participation. The main concern of the Non-Governmental Organisation (NGO) was the negative effect that the investment had already started to have on the livelihoods of the poor and on the environment. Through consultations with the local authorities, the community and the investors, the project was stopped. Nonetheless, 2600

hectares of land had been cleared and many people had lost their livelihoods and faced a dreary future (Nyari, 2008).

Subsequently, the media took up an active role in reporting the human right abuses that had occurred in various instances of large scale land acquisitions. The editor of Ghana's first online business news portal; Ghana business news, published a number of articles on large scale land acquisitions and the possible dangers that were inherent by citing different examples from different reports of acquisitions which he investigated (Ghana Business News, 19th May, 2009). One of the country's main dailies, the Daily Graphic also had publications on the subject and in a similar vein underscored the human right challenges by pointing out the bad examples of land acquisitions in the country (Daily Graphic 2nd November 2010).

However, there appears to be governmental favour for such investments. This was evident in the conclusion to a paper submitted by the Minister of Food and Agriculture; Honourable Kwesi Ahwoi in 2010 to the annual World Bank conference on land policy and administration. The paper was on the role of the Ghanaian government in attracting viable agricultural investment. In this paper, he saw such acquisitions as an opportunity for the country to make economic gains and boost the agricultural sector once the right business models, local participation and regulations are in place. According to the minister, large scale land acquisitions (land grabbing) are not new and had been a part of the Green Revolutions in other continents and therefore did not see the need for the negative publications and attention that it had received. However, he did note that a further step will be to do a benefit cost analysis of such investments, where the cost will include costs to affected communities and expropriated land owners and users.

Progressing further, other scientific research were conducted on the subject in Ghana. Schoneveld et al. (2011) advances the discourse on the impacts of large scale acquisitions with a focus on bioenergy feedstock plantations in Ghana. With the case study approach, Schoneveld et al. explained the process by which the investments have taken place, highlighting their non-participatory nature and the fact that regulations have been weak. The authors further explained the negative impact that the developments have had on the communities in which they operate and cautions for measures to be taken to prevent future disaster. Besides this, Ghana has been part of case studies in various literature to investigate the general trend, characteristics and impact of large scale land acquisitions (Cotula et al., 2009) the process of acquisition and the legalities involved in the process (Vermeulen and Cotula, 2010; German et al, 2011) and a revelation of the what some of the contracts

contained (Cotula, 2011). Most of these studies provided some empirical evidence and analysis to the situation that otherwise lacks transparency and scientifically investigated facts. In a bid to finding workable solutions, Vermeulen and Cotula (2010) also involved Ghana in a case study approach to understudy the possibilities of using different business models in order to make the best out of the investments.

2.8.3 Data on FDI in land cases in Ghana

Data on large scale acquisitions in Ghana was obtained from the GIPC, the GFZB and the LC as well as from publications by GRAIN and the ILC. The data available from different sources shows that thousands of hectares of land have been acquired mostly by foreign companies for jatropha cultivation. However, this data is not held to be free of any form of error because of the lack of transparency in the process. It is observed that there are minor inconsistencies with data from the two investment promotion centers and also between national inventories and that from international sources.

Number and activity of investors: Forty three (43) agricultural FDIs in land have been identified engaged in twelve (12) main activities with some investors engaging in more than one farming activity. The main activity is cultivation of jatropha followed by vegetables, oil palm and fruits.

Land size involved: Total area covered by 15 investments amount to 683,791 hectares (GRAIN, 2012 and Nyari B. (LC) 2011)

Ownership of investments: A greater percentage (63%) of the investments are joint ventures (with local partnership), while 37% are purely foreign owned. One Ghanaian owned investment for jatropha covering 14,000 hectares was registered under the Land matrix of the International Land Coalition.

Origin of investors: Registered investments originate from 25 countries, including joint ventures. Europe has the largest number of investments which represents 39.5% of all FDIs in land in Ghana. This is followed by investments from Asia which represents 30%, followed by Middle East with 12%, America with 11% and Africa with 6%. Britain and India are leading country investors with 7 and 6 investments respectively. Appendix 1 contains further details.

Location of Investments: Investments are distributed over 8 regions in Ghana. Greater Accra has the highest number of cases. Appendix 3 contains further details.

3.0 Conceptual Framework

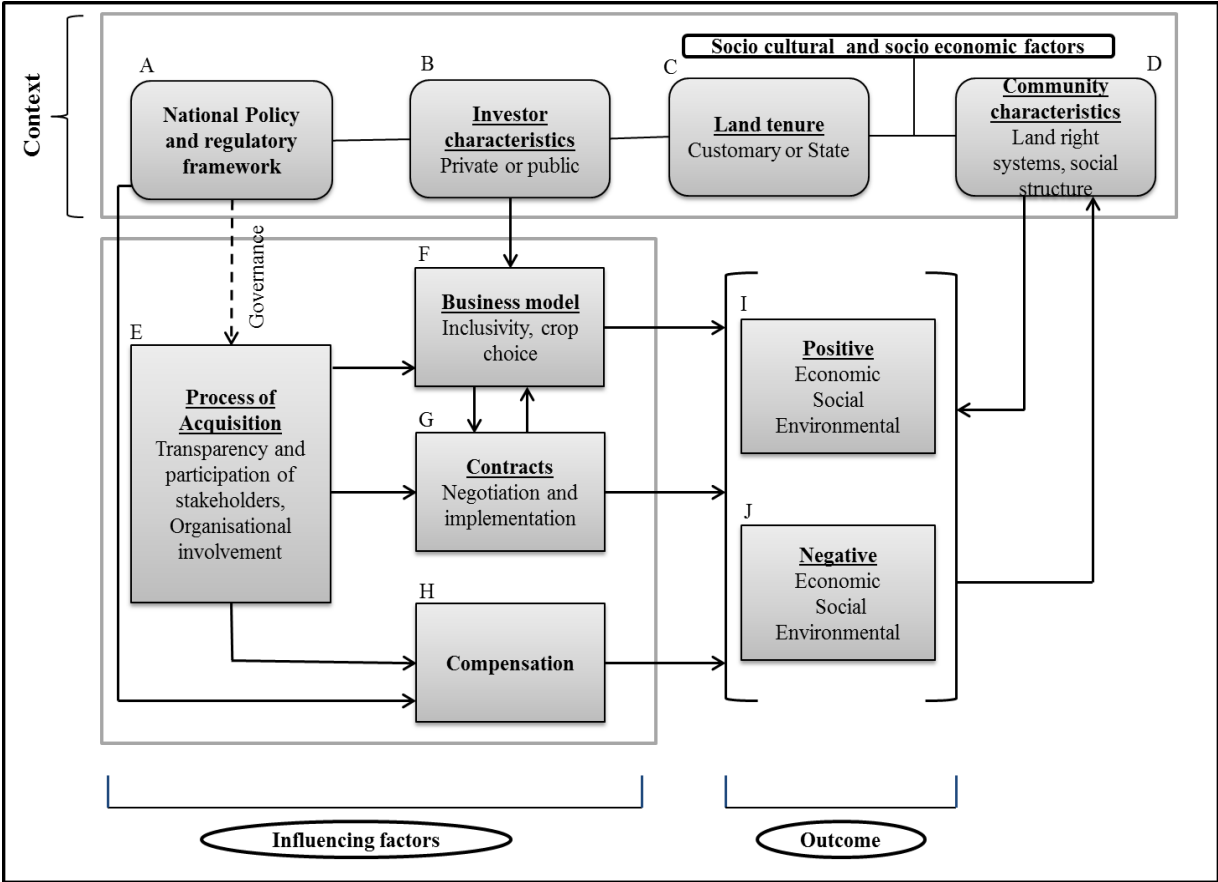


Figure 2: Conceptual Framework

Source: Author, 2012

3.1 Introduction

The context describes the environment within which the investment takes place. These are the national policies, regulatory frameworks and governing organisations (A), the investors profile (B) and the socio cultural and socio economic indicators (C &D) within the communities where the investment takes place. The influencing factors represent the operations of the investment within and affected by the context. These are the process of acquisition (E), the business model (F), the contracts and their implementation (G) and the compensation of affected people (H). The interplay of these produces the economic, social and or environmental outcomes which may be positive (I) or negative (J).

Categories in the context were selected based on the main categories that were prominent in relevant literature and after some key informant interviews. It was realized that international codes and principles did not as yet play a role in FDI in land in Ghana. The influencing factors were selected to answer the objectives and were also based on factors outlined in literature that had a bearing on the outcome of FDI and the distribution of the outcome for smallholders and the local communities.

3.2 Context

3.2.1 National Policy and Regulatory framework (A)

The national policy and regulatory framework refers to laws, policies and regulations in the country concerning large scale land acquisitions and agricultural investments. It also refers to the role of organisations in managing, regulating and controlling the process. This may not only involve state organisations but civil society and the media as well. It is a strong indicator that may determine the behavior of other actors in the context. Besides this, Box A influences the process of acquisition directly through existing governance structures and thus consequently affects other influencing factors. The regulatory framework within the country affects the extent of investor operations within the country (Deininger, 2011).

3.2.2 Investor Characteristics (B)

Investors may be other state governments or private business people acting independently or in joint ventures and collaborations with the host state government or local business people. They may be funded by international development partners, NGOs or shareholders. Investors may therefore have different motives and objectives. The operation of the investor in terms of process of acquisition, contracting, business model, environmental sustainability and human right concerns may be determined by these motives as well as the context within which the investment will be operating.

3.2.3 Land tenure (C)

Hilhorst and Zoomers (2011) defines land tenure broadly as who has the right to use and control land. In Ghana, 80 percent of the land is held under Customary tenure (stool or skin

lands and family lands), 18 percent under the State and 2 percent held as Vested lands. Land tenure determines the 'owner' of the land and thus who negotiates and contracts with the investors directly, under the purview of the national land policy and regulatory mechanisms. This also influences the extent to which other state organisations may be involved in the whole acquisition process. Acquisition of state land is normally expected to directly involve the Lands Commission (Kasanga and Kotei 2001). On the contrary, it is possible for customary land acquisitions to skip the involvement of the state organisations (Ahwoi, 2010). Box C also affects the extent to which there is local participation in the acquisition process. Acquisition of family lands is naturally expected to have higher transparency and participation of locals compared to state lands for example.

3.2.4 Community characteristics (D)

This refers to the land right system, extent of homogeneity or heterogeneity within the society based socio economic and socio cultural indicators. Rights observed within the Ghanaian context are family land ownership and allodial freehold rights obtained from the chief for use of the land. Land rights open up avenues for other rights to be exercised and give the right holder the tool with which to negotiate. Rights in themselves may not be sufficient when there are weak legal enforcements or where the socio economic environment compels the right holder to acquiesce the right for money. Vermeulen and Cotula (2010) argues that in poverty prevalent areas, owners of formalised land rights will exchange land; their abundant resource, for money; the scarce resource. In addition to the land right system, other socio- cultural and socio economic factors may impact on the ability of the right holder to exercise the rights. Such factors include submissiveness to local authorities and access and perceptions about the legal redress seeking systems. Others are the level of exposure, education and income of the affected persons.

Socially excluded and marginalized groups may have a lower possibility of protecting their rights over land and also have less ability to acquire land in more developed land markets. In effect, where the socio economic situations are not favourable and in a more heterogeneous society, formalizing land rights alone will not ensure an equitable solution. Thus formalization of rights should be done alongside socio economic development and social equity. Formalised land rights are more relevant in a land scarce but more egalitarian community as a leverage to protect each individual and to fight for other rights. Whereas in cases of abundant land, formalised land rights may not be a necessity.

The social structure of the community also has an effect on the distribution of the outcome of the investment within the community. A homogeneous society can have collective action to influence outcomes in their favour. Heterogeneous societies may have segregated effects and lack the cohesion for collective action. In such societies, the marginalized may bear the brunt of the detriments while social elites gain benefits. Again, human welfare indicators affect the extent to which a community may be able to take advantage of other opportunities that may arise out of the investments (Borenzstein et al., 1995).

3.3 Influencing factors

While the contextual categories are given, influencing factors may alter to affect the outcome based on the context.

3.3.1 Process of Acquisition (E)

International organisations guidelines, principles and codes of conduct refer to transparency, participation and consideration of local rights as key to a mutually beneficial investment. United Nations Declaration on the rights of indigenous peoples, Article 32 (2) stresses on consultation and cooperation with local people in issues that involve and affect their use of resources such as land and water. A transparent and participatory process that involves and incorporates stakeholders view is likely to create a mutually beneficial outcome than otherwise. Stakeholders will mean right holders and users of the land and individuals who will be affected by the acquisition. Other stakeholders are the relevant monitoring and regulatory organisations. Transactions in land are seldom simplistic. FDI in land is expected to go through levels and stages of authority and negotiations prior to the commencement of the project. A participatory and transparent system involves an adherence to all national laws and procedures concerning such large scale investment and the acquisition of all necessary permits, certificates and licenses.

3.3.2. Business model (F)

A business model may be inclusive, where it integrates smallholders or the community in the business such as management contracts, joint ventures or out grower schemes. Exclusive business models involve outright acquisition of the land by the investors. The expected

benefit of knowledge and technology transfers as well as integration into the value chain and access to external markets may be achieved through inclusive business models while exclusive business models may provide jobs for locals as hired workers or not at all. It is expected that inclusive business models have better outcomes for the community. Msuya (2007) observed in Tanzania that FDI in land has impacted positively on the productivity of smallholders who participated in integrated product schemes.

The choice of the business model is affected by the choice of crop. A crop which supports mechanization is not expected to support inclusivity and vice versa (Vermeulen and Cotula, 2010). Crops that are easily sold on the local market do not provide incentives for farmers to depend on the investors market and thus is not favourable for out grower schemes (Rottger, 2004). Choice of crop and business objectives determines whether the investor will engage in processing or not. Processing is also a means of job creation. These business decisions are influenced by the investor's motivations and characteristics (F) and the also by the kind of contracts (G). The opportunity costs that the investor is faced with will also influence the business model. The host nation may accept low ground rents with expectations of development and social infrastructure resulting from the investment, however, with such low land prices, investors have little motivation to consider inclusive business models because such low land prices present little opportunity costs should the project fail (Cotula, 2011).

3.3.3 Contracts (G)

Investment contracts are important in outlining the terms and conditions of the investment project and its outcome (Cotula, 2010). It forms a crucial part of the regulatory framework for the project. FDI contracts have largely been criticized as they often do not to reflect the complexity and scale of the land acquisitions and are often lacking specificity and completeness (Cotula et al, 2009). Though most of the contracts do mention the amount to be paid outright or as rent for the land, the description of the area and the duration of lease, other important factors such as feasibility studies of the business plan, environmental issues, how the project will cater for previous land users, and social development and consequences for a breach of the contract are often left out or touched on scantily (see Cotula, 2011).

The ability to draw up a comprehensive contract that benefits not only the nation but the community and its members as well as previous land users will depend on the negotiation position of the host; the host being the state government, traditional rulers or family heads. Where the government capacity in the host country has been questioned concerning capacity

to negotiate and ability to form comprehensive contracts, the same of traditional rulers needs to be questioned further. The ability to negotiate also depends on one's fall-back position and that of the other party. Information of this equips the negotiator to form a beneficial contract.

3.3.4 Compensation (H)

The notion of completely free vast lands existing even in Africa is quite unrealistic. Large scale land acquisitions have a very high probability of displacing other right holders and users of the land. When expropriation takes place, the bridge for the smallholder to move from his previous livelihood to another without dire consequence is adequate compensation. However, land does not constitute only a means of livelihood but also has other social, cultural, historical and spiritual importance for the previous land user, therefore compensation should not only be an mechanical economic calculation of amount to be paid, but should have the sole aim of ensuring a similar if not same livelihood for the claimant (Cotula et al., 2009). It should also consider other external effects for the solution to be socially optimal (Deininger and Byerlee, 2011).

Article 10 of the United Nations Declaration on the rights of indigenous peoples recommends that expropriations may only take place after the consent of people has been obtained and in such cases, the people should be adequately compensated. The practicability of this declaration depends on the host country laws and institutional regulations concerning compensation, the process of acquisition, contracts between the two parties as well as the socio economic conditions of the affected people. The African Charter on Human and People's Rights (ACHPR) in Article 14 states that property rights should be secured. However in the case of the general public or the community's benefit, the rights may be infringed while "provisions of appropriate laws" are applied. This points directly to the need for strong state or national laws on the issue of compensation since the act does not directly make room for it. When compensations have not been paid or are not fair and adequate, the affected persons should have an avenue for exercising their right to seek redress. It should also be realized that stated and practicable rights are different and thus extra measures to ensure the practicability of these rights and regulations should be available.

3.4 Outcome

The outcome is affected by the interplay of the contextual and influencing factors. The outcome may be positive or negative and are generally placed under economic, social or environmental effects.

3.4.1 Economic outcomes

FDI in land may have economic impacts on smallholders through their income generating factors of production such as capital and land. Access to land, availability of jobs, integration into the investment or otherwise and access to compensations in the case of expropriation directly affect the economic power of smallholders.

3.4.1.1 Access to land

Access to land is affected by the land tenure system and compensations. Stool lands compared to family lands are easier to acquire for both investors and smallholders because of the initial small financial commitments. In case where lands which may be available to the investor are uncultivated, it may be economically cheaper from the investor's perspective to compensate expropriated farmers than to clear uncultivated lands (Cotula et al., 2009). For the smallholder, stool lands are especially more profitable due to the ability to practice shifting cultivation on the land (though not on all stool lands), thereby naturally increasing yields. Annual payments may be a fixed amount or a token which the smallholder gives of his own benevolence to the traditional council. In the case of natural disaster, disease or conflicts on one part of the land, the smallholder can move to another portion, with the cost of clearing new areas as the main cost of the movement. The motivation for the chief to release land may be social welfare and or financial gains. Therefore driven by the expectations of social development and even financial gains, all things being equal, chiefs may be more willing to relinquish land to investors than to smallholders thus affecting their access to land.

For the family land owner, the motivation to give the land is based on the financial benefits and the ease with which those payments are received. Benefits derived from the share cropper are in the form of seasonal rents which could be share cropping arrangement or in terms of cash. The area for farming is defined and share cropper is not at liberty to trespass their boundaries. The family land owner has the cost of supervision and enforcement of the agreement; transaction cost. This is because share croppers could often cite bad weather, crop

failure or some other difficulty as the reason for not being able to honour their part of the agreement. In the event of high supervision costs, the family land owner may not renew the agreement at the end of the farming season. Benefit derived from the investor is in terms of annual compensations (rents) paid in cash and sometimes promises of employment. The family land owner will be willing to rent out land to the investor when the rent exceeds that of the share cropper and when the transaction cost is lower. However, the inherent cost is the difficulty to seek redress or cancel the contract when there has been a breach of the terms – because contracts ran for years. Also, this will make access to land more difficult for share croppers. This is crucial because share cropping land arrangements is the means by which the landless gain access to their main productive resource; land. (Vermeulen and Cotula, 2010)

3.4.1.2 Availability of jobs

This is achieved when smallholders have the secured right to continue to farm on their lands without eviction, when the investment engages them as out growers or when it employs them as labourers. Evictions are facilitated in areas where policies are weak, where involvement of organisations in the acquisition process is low and where land rights are also insecure. It is also affected by the contract which may negotiate for a strong position on previous land users or not. An inclusive and integrative business model has little incentive to dispossess smallholders from their land compared to a more exclusive model. Added to these is the community cohesion and ability to form and operate farmer or community based organisations. The possibility of engaging smallholders into an inclusive model also depends on the land tenure system that exists. Smallholders on stool lands and family lands with allodial interest have more flexibility to enter into business contracts.

3.4.1.3 Compensation

Mode of compensation payment and access to it is affected by the national regulatory framework, the land right system, and the contracts and their implementation. In cases where the policy of the state stipulates how compensation should be paid, it still needs enforcement in the investment contract. Affected persons are left to the mercy of the investor in cases where there is no specific regulation on compensation or where the regulation is not monitored. An investor is expected to be less compelled to pay a higher compensation in the case of poor or no formal land title – probably due to uncertainty of the agreement and the knowledge that the probability of prosecution is low. This lack of documentation and land

titles open avenues for unlawful dispossession and expropriation of previous land owners and users without much consequence (Cotula et al., 2009). Formalised titles provide the possibility to make right holders automatic stake holders in the acquisition process. Generally, smallholders are in a disadvantaged position with regards to bargaining and negotiating (Vermeulen and Cotula, 2010), and this is aggravated when there are no rights for negotiations.

3.4.2 Social outcome

The social outcome is often experienced in the change in livelihoods systems which could either be social developments or on the contrary, a breakdown in the societal welfare and structure, accentuated gender and minority roles and social conflicts. Social developments, knowledge and technology transfer, job creation and inclusivity of the business model are affected by the business model, the nature of the contracts and their implementation. Social conflicts may also be caused and escalated by non-participatory processes, forceful evictions and loss in livelihoods (Nhantumbo and Salomão, 2010).

3.4.3 Environmental outcome

Besides strong national law and policy on environmental standards, the background of the investor has a bearing on their concern for environmental issues and adherence to state regulations. An interview with the environmental lawyer of the Water Resources Commission (WRC) (May, 2012) revealed that development agency donors often pressurized their project managers to obtain the necessary permits even when the supervision of the state agency was weak. Private business men with profit objectives will be expected to be more inclined to avoid bureaucratic processes of environmental feasibility controls and cut corners in order to reap possible benefits.

4.0 Methodology

This chapter discusses the methodological approach adopted in this research. It includes the sources of data, the sampling method and the techniques used in gathering and analyzing the data.

4.1 Research Design

The choice of a research strategy largely depends on the kind of data to be analyzed and the type of research problem and question at hand. The Grounded Theory method was used for this research. This choice was based on the fact that the factors affecting the distribution of the effects of FDI inland is a fairly new phenomenon and theorizing it will best be based on concepts that arise out of data collected using a deductive approach. The case study approach was used.

4.2 Research area

The study was based in the Ashanti Akyem North district of the Ashanti region and the Pru District of the Brong Ahafo region of Ghana. The two districts surveyed are situated in the middle belt of Ghana in the forest-savanna transition zone. The middle belt is a desired location for investors because they have fertile soils and two cropping seasons, apparent land availability, low population densities and are in close proximity with major markets. Thus many of the large scale land acquisitions are located within this area (Schoneveld et al., 2011).

The Asante Akyem North District has Agogo as its district capital. Agogo is close to a major market in Ghana. The district capital also boasts of a famous hospital and a major nursing training school. The main economic activity apart from farming is petty trading and transportation business. The hospital also creates employment opportunities for some of the youth in the town.

The Pru District has Yeji as its District capital. The main economic activities are fishing from the vast Volta Lake in the District and also farming. The District is an important contributor

to yam and maize production in the country. Animal husbandry is also an important economic activity in the district besides petty trading.

Table 3: Some characteristics of the study area

	Ashanti Akyem North District	Pru District
Regional population	4.8 million	2.3 million
District population	140,694	129,248
Area covered by District	24.3km ²	39.6km ²
Population Density (region)	148/sq km	46/ sq km
Work force involved in agriculture		61%

Source: Ghana Statistical Service 2010 census; Ahwoi, 2010

4.3 Choice of cases

The two cases were selected from a list obtained from national inventories from the GIPC and GFZB as well as data available from the Lands Commission (see section 2.8.3). Other information was also obtained from key informant interviews. Following this, the cases were chosen based on the criteria below:

- Area acquired and cultivated exceeding 1,000 hectares
- Ongoing cultivation
- Reported cases of expropriation
- Availability of investors or their representatives for interview
- Logistical feasibility

The two cases were further selected on the criteria to represent a variation in the influencing factors (Box E, F, G and H) while having similar contextual factors (Box A, B, C and D) in order to answer the research questions.

For the sake of anonymity, the respondents are not named in this thesis and the cases are referred to as Case A for the Case in the Ashanti Region and Case B for the Case in the Brong Ahafo region

Below are the maps showing the districts of the Ashanti and Brong Ahafo regions of Ghana.

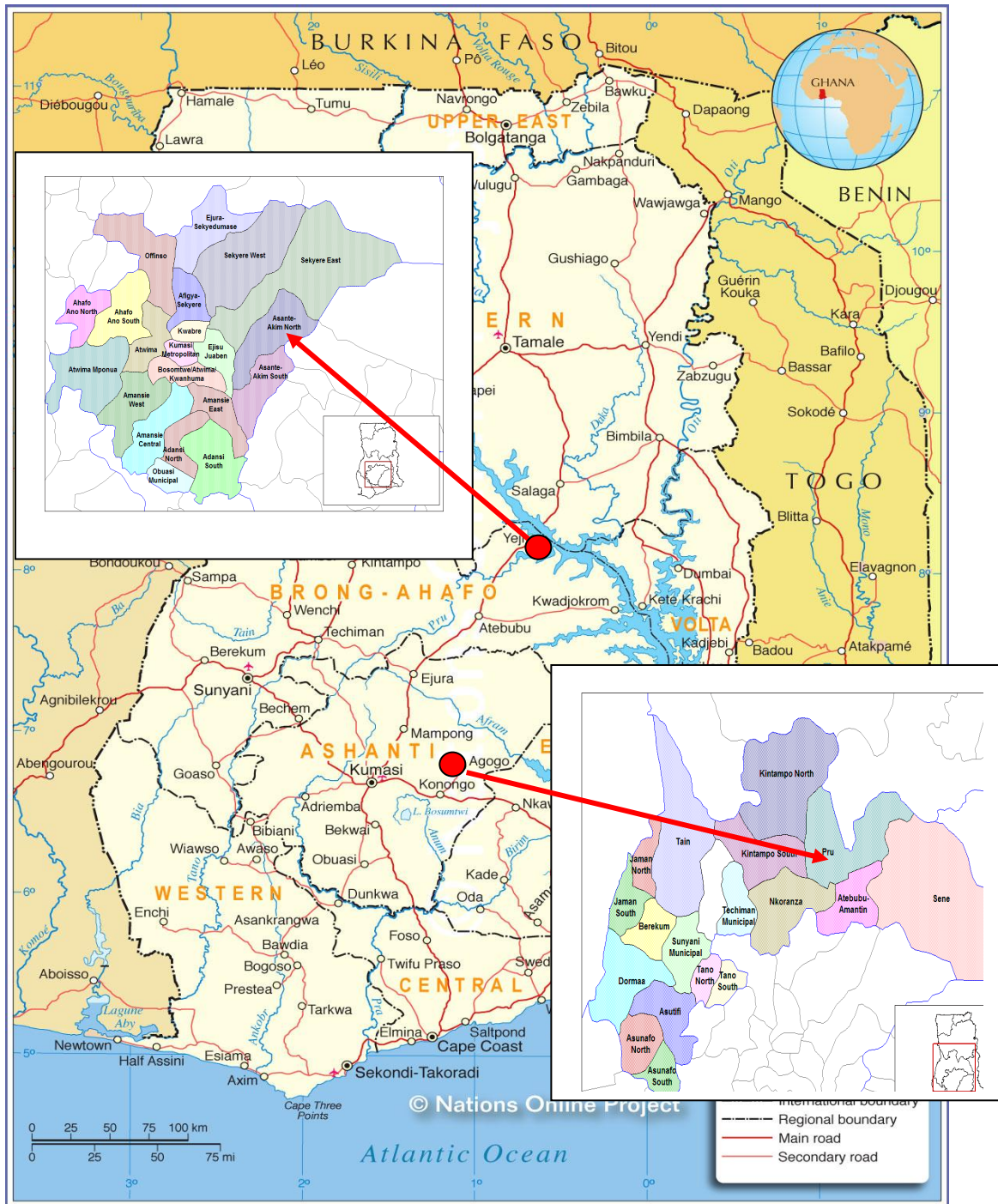


Figure 3: Map of Ghana showing the Ashanti and Brong Ahafo regions

Source: Nations Online

Project: http://www.nationsonline.org/oneworld/map/ghana_map.htm; <http://mapsof.net/Ghana> and CIA.gov

4.4 Sampling and Data collection

Data was collected from primary and secondary sources. Secondary data was from country inventories of the GIPC, GFZB, EPA and LC as well as other sources from literature. Primary data was obtained from key informants, main respondents and primary respondents. Key informants consisted of 11 representatives from 8 organisations which are involved in regulating large scale land acquisitions and agriculture as well as institutions concerned with chieftaincy in Ghana. The main respondents are the traditional councils of the investment area, the investors or their representatives and the Municipal or District Assembly representatives. The primary respondents are the smallholders who are directly affected by the large scale land acquisitions.

In Case A, an initial list of 75 displaced family land owners was obtained from the investor and confirmed with one of the sub chiefs of the area. Out of this, 36 family land owners were reached. Fifteen immigrants who were not named on the list were also reached with the help of the sub chief and other opinion leaders. The respondents were reached through the snow balling procedure and it stopped when no new respondent was reached. About 50 smallholders were affected in Case B. Out of these, ten respondents made up of eight immigrants and two natives were reached through the snow balling procedure. Most of the affected people had relocated since the expropriation and thus were not available to be interviewed.

Data from informants and respondents was collected with the help of semi structured questionnaires and the net map process. The use of the semi structured questionnaires gave room for the respondents to tell their experience and give their perceptions. The net map process involved key informants who participated in the acquisition and implementation process at some point or the other, namely, the chiefs, investors, Ministry of Agriculture officials and District and Municipal Assemblies. The respondents identified the actors involved in the process and the role each actor played as well as their relative levels of influence. As all of the participants could not be available together at the same time for the process (as would have been the ideal case), the process was first drawn out with the investors and confirmed with the other actors. This was later consolidated into one piece. In Case B, the process was conducted with the traditional council and the investor representatives together.

Below is a list of the respondents involved in the data collection process.

Table 4: List of key informants

Organisation	Number of respondents
MoFA representative	2
GIPC representative	1
GFZB representative	1
Lands Commission	2
National House of Chiefs	2
Action Aid	1
Journalist	1
Water Resources Commission (WRC)	1
Total	11

Source: Author, 2012

Table 5: List of main and primary respondents

Case A specific		Case B specific	
Institution	Number of representatives	Institution	Number of representatives
Investor representative	1	Investor representative	3
Sub Chief and elders		Traditional Council	
Municipal Assembly representative	1	District Assembly representative	1
Smallholders	51	Smallholders	10

Source: Author, 2012

4.5 Analytical programs

The process net map was developed and analysed with the VisuaLyzer (2.0) software. The Statistical Package for Social Sciences (SPSS) version 15 was used to derive descriptive statistics and analysis while Microsoft Excel 2010 version was used to generate graphs.

5.0 Research Findings

5.1 Ghana's Policy and Institutional framework on FDI in Land

A guideline to serve as a policy framework for large scale land acquisitions has been developed by the Lands Commission in consultation with the Ministries of Food and Agriculture; Energy, Lands and Resources; Environment Science and Technology; Chieftaincy Affairs, Local Government and Rural Development; and Finance and Economic Development and operationalized in 2012. This serves as the main policy document so far on large scale land acquisition.

The objective of the document is to minimize speculative buying, protect the interest of local communities and land rights of genuine investors, promote better land use, foster job creation and income generation. It also aims to conform to international best practices of Responsible Agricultural Investments. The objectives are to be achieved in a two stage process. First is the pre-registration stage where a local hearing is to take place financed by the investor and facilitated by CSOs, NGOs, Regional Lands Commission and the Districts Assemblies. Representatives from the traditional council, MoFA, the Environmental Protection Agency (EPA), Town and Country Planning Department (TCPD) as well as smallholders and affected communities should be in attendance. The second stage is the land certification stage where the LC should ensure that the first stage was well completed, inspect the land and verify all reports of stage one. The next stage after the certification is for the investors to perform an Environmental Impact Assessment (EIA).

Other provisions are made in different instruments to guide land transaction with respect to smallholders. Acquisition of land under customary tenure is governed by Administration of Lands Act 196 under the 1992 Constitution. The rights of a land owner or occupier is protected under the National Lands Policy 1999 which states that the owner or occupier's consent needs to be sought before any expropriation can take place, (Act 4.3c). Article 20 Act 2 and 3 of the 1992 Constitution makes provision for the payment of compensation in the case of government forced evictions and also states the right of affected persons to seek legal redress where compensation has not been paid. Similar provisions are made in the Minerals and Mining Act (Act 2006) which accords derived right holders an entitlement to some compensation for being deprived of the use of the land.

Besides these general provisions, FDI in land in Ghana is guided by regulations of organisations that are responsible for land issues and agricultural production namely the GIPC, GFZB, EPA, MoFA, LC and the District and Municipal Assemblies(DA/MA).

5.2 Role of actors

The FDI in land process in Ghana involves initiators who are the investors and traditional authorities, the intermediaries who are the state organisations, civil society and media and the affected who are the smallholders and the communities at large. This section describes the mandates of the various state organisations.

Ministry of Agriculture (MoFA): The ministry through its regional offices directs investors to the suitable areas for investment and registers them as agricultural entities. Investors registered with MoFA are able to enjoy incentives such as tax holidays, duty free importation of agricultural machinery, technical assistance and extension services. MoFA offices in the municipality may assist the investor in recruitment of technically skilled staff and may conduct soil suitability test. The ministry is not involved in the negotiation and contracting process but district officers are privy to the agreements.

Ghana Investment Promotion Centre (GIPC): The government of Ghana set up the GIPC as part of the Structural Adjustment Programme to serve as a statutory agency under Parliamentary Act 478(1994). It is a legal requirement for foreign investors to register with the GIPC. Their responsibility is to promote and assist investments in various economic sectors apart from the mining and petroleum sector (Ahwoi, 2010). On the other hand, the center is supposed to monitor the investment and coordinate the activities of the investor in obtaining all necessary permits, certificates and licenses. GIPC may facilitate contact between the traditional councils and investors but are not included in the negotiating and contracting process.

Ghana Free Zones Board (GFZB): An act of parliament established the GFZB to promote economic development and regulate free zone activities and other associated purposes. Set up under the SAP, its mandate as an investment promotion agency is to facilitate the development of export-oriented investments; exporting 70 percent or more of their produce and principally foreign direct investments. The board operates under the GFZB Act of 1995. GFZB may monitor FDI performance and facilitate links between FDIs and other institutions. Investors registered under the GFZB enjoy privileges like duty-free importation of

machineries. Like the GIPC, the board is not involved in the negotiating or contracting process.

Lands Commission (LC): The LC is established by the Lands Commission Act 2008 (Act 767). State and vested lands are managed by the Public and Vested Land Management Division of the Lands Commission (PVLMD). Stool/skin lands transactions must by law receive the concurrence of the Lands Commission to make the grant valid. After receiving the concurrence from the PVLMD, an applicant is subsequently expected to proceed to the Land Registration Division (LRD) to acquire a land title certificate on the subject land. Procedures for registration of Family lands are however handled by the LRD of the Lands Commission. The LC has ten (10) regional offices which oversees the management of lands at the regional level. Acquisitions involving land size of 1000 acres and above are forwarded to the PVLMD head office in Accra for approval.

District and Municipal Assembly (DA/MA): The Assembly operates under Local Government Act 1993 Act 462. 49. (I). A written permit needs to be obtained from the district planning authority before any physical development may take place on the land. The Assembly therefore serves a permitting and monitoring role. Per the 'new' Guidelines on Large Scale Land Acquisitions, the District Assembly is expected to participate in community sensitization and should be privy to the terms of the contract. The Town and Country Planning Department is attached to the Local Government Assemblies in the area of planning and managing the development of villages, towns and cities.

Environmental Protection Agency (EPA): Operates under the Environmental Protection Agency Act, 1994, Act 490. The agency supervises performance of Environmental Impact Assessment and certifies the project. It engages in intermittent supervision to ensure compliance in conformity with the Environmental Assessment Regulations, 1999, and also requires investors to provide a yearly environmental report. The Act obliges the investor to state terms of compensation for people affected under the project and places a mandate on the agency to punish offenders of the Act by fine or term of imprisonment.

Traditional Authorities or Council (TC): The chiefs are the custodians of lands. They act in accordance with Administration of Lands Act 196; of the 1992 Constitution. The traditional council must approve the alienation of all customary land before it is registered with the Lands Commission and is also involved in land dispute resolution.

5.3 Process Net Mapping

The interlinkages between the various actors and their relative importance in the process is presented in the process net map analysis.

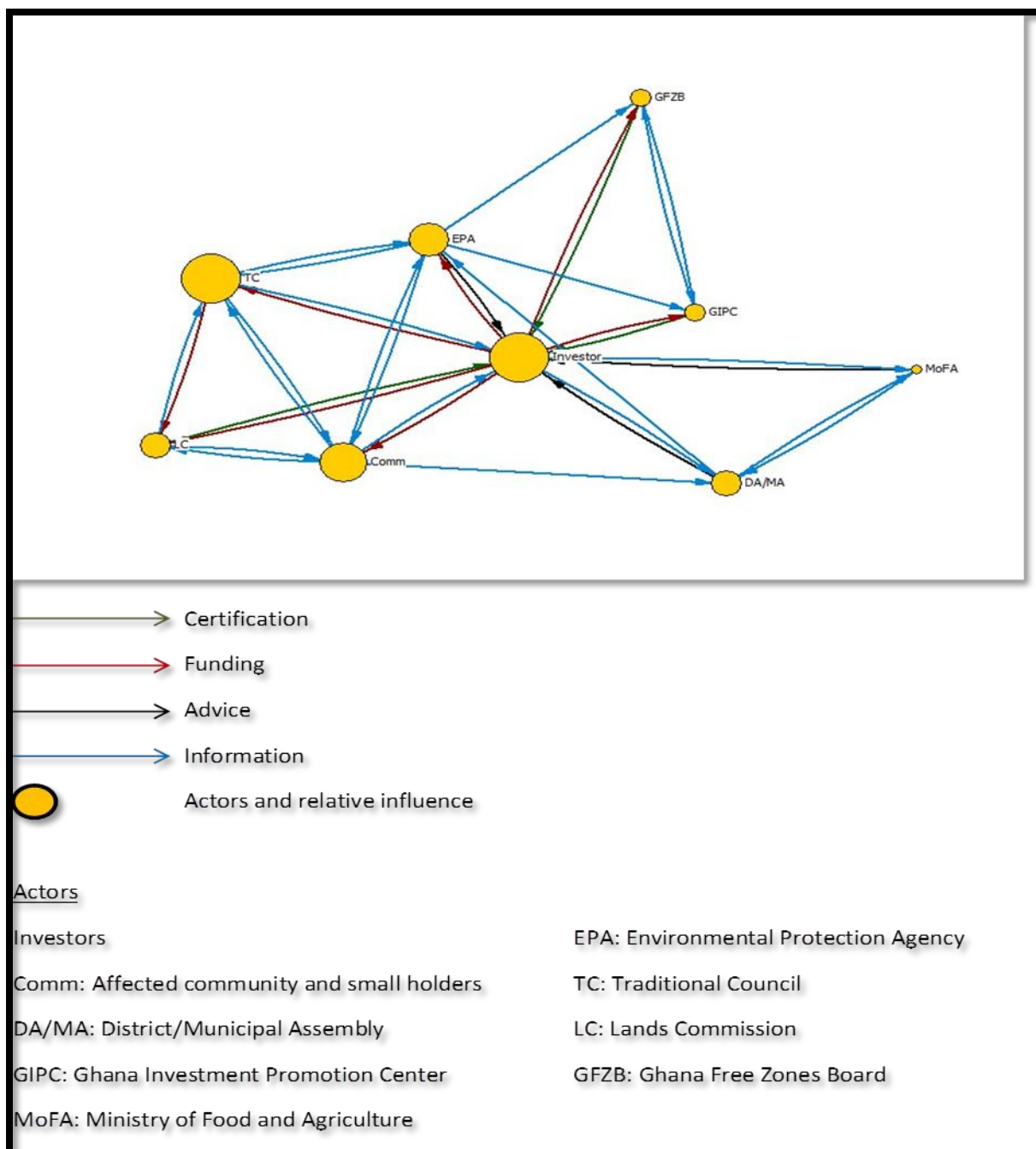


Figure 4: Process net map of actors involved in FDI in land in Ghana

Source: Own data, 2012

In this analysis four types of linkages are identified. The first is certification of the project in the form of permits, licenses, certificates and authorization. The second is the flow of funds; payments for the land, services and compensation. The third is advice, technical advice and general supervisory roles which does not involve certification to the investor and the affected people. The fourth is information flow between the actors. The sizes of the nodes depict the actors influence in the process.

Table 6: Degree centrality of actors in the FDI network

Actor	Indegree Normalized	Outdegree Normalized	Normalized closeness	Normalized betweenness
Investor	100	100	100	40
EPA	50	63	80	12
Comm	50	63	73	4
TC	50	50	67	1
DA/MA	38	38	67	4
LC	38	38	62	0
GIPC	38	25	62	0
GFZB	38	25	62	0
MoFA	25	25	57	0

Source: Generated from VisuaLyzer analysis of own data

An analysis of the net map shows that the investor is highly connected to all other actors in the network and is the main facilitator of operations. The EPA also holds an important role as a state organisation because it connects with the investor and the highest number of actors within the network. This is through the process of supervising the EIA. Normalised betweenness of 0% for most of the other state organisations implies a low coordination between them and other actors in the network.

5.4 Investors’ characteristics

Case A is a Norwegian private owned company with the aim of establishing thousands of hectares of jatropha plantations and export its seed for processing into biodiesel. The company was established in Ghana in 2007 and specifically in the Asante Akyem North district of the Ashanti Region. According to the investors, the district was chosen because of the apparent availability of land and also because the owner of the company is acquainted with a native of that area.

The owner of Company ‘B’ is a Ghanaian born Canadian citizen who worked with a bio fuel company in Canada. With the increasing interest in biofuel, he purposed to invest in jatropha plantations in Ghana. As part of Ghana’s National Biofuel Policy, the country selected parts of the Brong Ahafo region for jatropha cultivation. The plan was to create farmer based organisations and establish an out grower scheme. The strategy was discussed in a workshop which the investor happened to be part of and where he met with one of the MoFA officials from the Brong Ahafo region. This influenced the choice of location of the Pru District in the Brong Ahafo Region for the company’s investment.

5.5 Socio cultural and socio economic characteristics of the respondents

Table 7: Demographics of respondents

	Case A	Case B
Sex: Male	57%	100%
Female	43%	0%
Average age	47 years	45 years
Education: Illiterate	49%	80%
Primary education	39%	20%
Secondary education	10%	0%
Tertiary education	2%	0%
Nativity: Native	71%	20%
Immigrant	29%	80%
Years as immigrant (majority)	Above 20 years	Average of 15 years
Marital status: Married	86%	90%
Divorced/widowed/single	14%	10%
Wealth indicator: Low	51%	80%
Medium	47%	20%
High	2%	0%
Average family size	7	6
Existing land tenure	Customary(Stool and family lands)	Customary(Stool and family lands)
Land rights: Family	32	0
Share cropping	18	0
Allodial free hold	1	10
Registered title	2	0

Source: Own data, 2012

Table 8: Break down of the land right system among the respondents

Land right	Case A		Case B	
	Natives	Immigrants	Natives	Immigrants
Family ownership	32	0	0	0
Share cropping	4	14	0	0
Allodial freehold	0	1	2	8
Total	36	15	2	8

Source: Own data, 2012

Comparatively, respondents in Case A have a higher socio economic status than respondents in Case B based on the education and wealth indicators. Also respondents in Case A seemed to be more homogeneous than in Case B based on their nativity status.

Crops cultivated: The main crops cultivated in Case A are maize, plantain, cassava, yam and groundnut. The main crops cultivated in Case B are yam, maize, cassava, vegetables and rice.

5.6 Process

5.6.1 Description of Cases

Case A: The Company entered into agreement with the paramount chief of the area to acquire an initial 19,000 hectares of land. Per the agreement, the area will expand gradually to 750,000 hectares by the year 2017. The lease was initially for 50 years with possibilities of renewing it for another 49 years. A lump sum amount of \$37,500 was paid as ‘drink money’² plus a rent of \$1 per acre per year which is expected to be adjusted for inflation up to \$3.5 per acre per year. A verbal agreement for community improvements in the form of a contribution towards an ongoing construction of a school building in one village, road and drinking water improvements were also made.

The area acquired covered land under family and stool tenure. Most of the land in district A was used for cocoa cultivation but in the early 1980s bush fires burnt down the farms. The area has experienced annual bush fires since. Most of the family land owners migrated to the cities and left the land bare. Some used it to cultivate arable crops while others rented it out on share cropping basis. Smallholders farming on stool lands had allodial freehold rights which allow them to farm on any part of the land with an obligation to pay an initial sum

(drink money) to the traditional council and yearly tokens, mostly in the form of a bottle of schnapps and some farm produce. Smallholders farming on family land are either family land owners or farming on share cropping basis. As part of the share cropping arrangements, renters of the land are supposed to pay in cash approximately GHS40 (\$20) per acre per season or a third of the farm produce to the family land owner. The area of investment has a high number of immigrants who have use rights both as allodial freeholders and more commonly as share croppers.

Investor A initially cultivated jatropha but later cultivated maize, abandoning the jatropha farm of 400 hectares. According to the investor, the main aim of cultivating jatropha was to serve the growing demand on the world market, however, as fuel prices dropped again later in 2008/2009, the motivation to grow jatropha dwindled. Also, because the soil has a stony bed, it was not suited for the penetration of the jatropha roots. According to them, they realized that the soil was better suited for maize production which is one of the main crops cultivated by the people of the area. With the shift in cultivated crop, the company's marketing focus shifted as well from export to local sale. Presently, 800 hectares of maize has been cultivated with occasional soya bean intercrop. The company now markets most of its produce to a local seed company.

The investment attracted media attention from 2010 when it was reported to have displaced hundreds of people from their farm and settlements. According to the company, they had obtained a letter from the paramount chief to clear through the land and report any resistance that they encountered back to him for settlement. Seventy five (75) family land owning households and several immigrants were dispossessed of their lands as a result of this. The land clearing was done before the EPA certificate was obtained and before community sensitization meetings were organized. It created social resistance which opened up the issue of compensation. The families negotiated with the investors and agreed on GHS15 (\$7.5) per acre per year and a reduction of the lease term on the family lands to 15 years instead of the 50 years initially agreed with the traditional council. The then Municipal Chief Executive reopened the negotiation for the compensation to be increased to GHS 30(\$15) per acre per year.

The company is registered under the GIPC and the GFZB, however due to the change in marketing focus from export to local; the company changed its name and did not re-register with the GFZB. As at the time of the visit, the company was registered with the EPA and the Regional MoFA office.

Case B: In 2007, the investor went into agreement with the traditional council of the local areas for 33,000 hectares of land on management contract³ basis for 50 years for the cultivation of jatropha. Lands in the area are mainly under stool and family tenure. Smallholders on stool lands have allodial freehold interests regardless of their nativity status while smallholders on family land are either land owners or share croppers. Pru District has a comparatively high proportion of immigrants and these mostly hold allodial freehold rights. Per the terms of the contract, the community will own 25 percent of the investment which is represented by the land, while the investor contributes the remaining 75 percent in the form of machinery, equipment and other costs. The agreement further states that the 25 percent dividends will be paid to the community one year after the construction of the factory which will be constructed between three to five years of the onset of cultivation. The factory is meant to process the jatropha seeds into biodiesel for export.

A verbal agreement between the investor and the chief is that the investor will source labour from within the village/district first, and this will be done through the chief. It also states that the investor will help construct a dam as well as a community library. As an environmental conservation practice, the policy of the company is to leave three to four trees per hectare. The company also allows farms which are one acre and less to continue to farm on the acquired premises. Besides the Pru District, the company has acquired lands in four other villages in the Brong Ahafo District, all for jatropha cultivation.

As at the time of the survey, 2000 hectares of jatropha had been cultivated. The land clearing process displaced about 50 smallholders. The community resisted and the investors held community sensitization meetings which resulted in greater community resistance. Subsequently, the community involved the traditional council which proved to have better results. The EIA process was initiated after the land had been cleared. A majority (number not certain) of the displaced were immigrants. Due to the kind of land right structure, they migrated to other parts to find other lands to farm on. Compensations for expropriation were based on the values given by the farm manager who was a previous officer of MoFA; Brong Ahafo region. The company is registered with the GIPC, GFZB and the regional MoFA office.

See Appendix 4a and 4b for the timeline on the acquisition procedure.

5.6.2 Contractual terms

Below is a summary of the contractual terms for both Case A and Case B

Table 9: Contract features

Parameter	Case A	Case B
Origin of investors	Norway	Canada
Ownership of investment	Foreign	Foreign(Ghanaian born)
Size acquired (hectares)	19,000	33,000
Future concession (hectares)	750,000 by 2017	-
Area cultivated (hectares)	1200	2000
Amount paid upfront	\$37,500 (GHS56,250)	\$4,000 (GHS 6,000)
Amount per acre per year	\$1 – \$3.5(GHS 1.5 – 5.25)	-
Form of compensation	Annual	One-time payment
Duration of lease	50 years renewable	50 years renewable

Source: Own data, 2012

5.6.3 Stakeholder participation in the process

A low stakeholder participation in the process was informed by the how stake holders got information about the investments and the extent of information they received.

Involvement of organisations in the acquisition process: In both cases, the negotiation, drafting and signing of contractual agreement on the lease of land were between the traditional council and the prospective investor with their legal representatives. The DA/MA were however privy to this information. MoFA representatives, DA/MA representatives, members of the police service, fire service division, were part of the community sensitization meetings. The sensitization was done as part of the EIA.

Involvement of smallholders in the acquisition process: In both cases, notices about the investment had been posted at vantage points in the towns to give information about the investment. In Case A, there were subsequent radio announcements. Later, community sensitization was done with the involvement of the traditional council. In Case B, community sensitization was initiated by the investor and it yielded community resistance against the project. The involvement of the Traditional council later yielded better results.

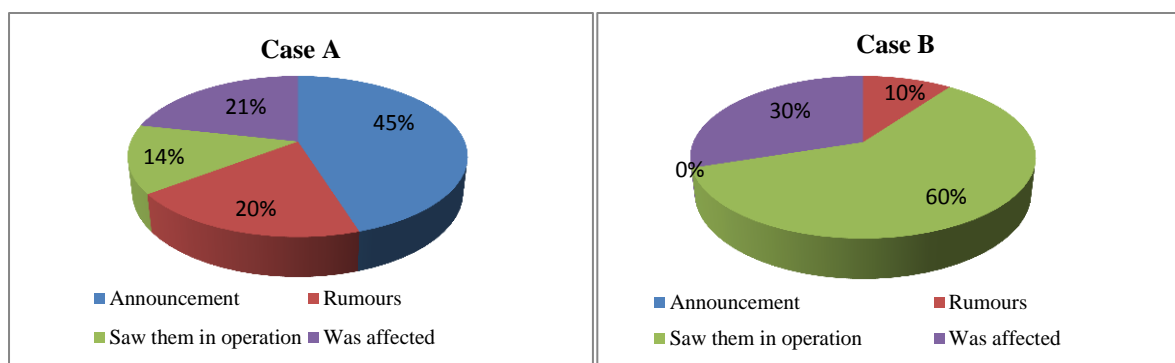


Figure 5: Medium of information to farmers concerning investment

Source: Own data; 2012

Knowledge about contractual terms: None of the respondents knew the details of the land size and financial involvements. Knowledge about the investment was mainly about the ownership of the investment, number of years granted to the investors and the promised social responsibilities.

Table 10: Knowledge about some contract terms

	Case A	Case B
Some level of knowledge	73%	20%
No Knowledge	27%	80%
	100%	100%

Source: Own data; 2012

An unstructured interview with other farmers in the locality revealed that they were not aware that their farms were on the lands that have been allocated to the investors.

5.6.4 Implementation of contracts

Means of dispossession and expropriation

Case A: Though about 65 percent of the respondents were informed about the investment before expropriation took place, only 10 percent of them had given their consent for their lands to be cleared and thus had notice of the eviction. The remaining was unaware that their lands were leased out to the investors. About 35 percent of the respondents had resisted but no heed was paid them. The remainder only found out after the process that their lands had been cleared.

Case B: None of the affected persons had given consent for their land to be cleared.

“We found out about the investments when we heard the sound of their machines. Those of us who were in the village at the time approached them at once and asked them to stop which they did. But deep in the night, we heard their machines operating and they operated throughout the night and cleared all our lands. We complained to the Odikro (sub chief) and later went to the investors to demand compensation. They gave us a small amount of money but we had to accept it because the harm had already been done. People from this village were not employed by the company probably because we resisted them. Now, we have to go further to cultivate other family lands.” Respondent – Ashanti Region,

Job creation and social responsibility

“What I can say is that it is good especially for the women because they were employed to harvest the jatropha and that gave them some income which they would otherwise not have had”. Male respondent – Brong Ahafo Region, Ghana (May, 2012)

“The only problem I see is the seasonality. Some of the evicted farmers were working for them, in fact even I was working for them as a security man but I thought it wise to stop and attend to my own farm. Now, for the past 3 months, there has not been any farming activity on the company’s farm. All those people who were working with them are now just borrowing money, waiting to be called to work again”. Respondent – Brong Ahafo Region, Ghana. (May, 2012)

Case A: There has been a contribution for the school building in one village which is yet to be completed. None of the other conditions have been fulfilled.

The project initially employed about one hundred and fifty (150) farm workers during the jatropha cultivation period. Currently; about 70 percent of the farm operations are mechanized. It presently has forty eight (48) permanent and casual workers for the maize farms. Staff salary for permanent workers is GHS5.5 per day plus social security payments and medical bills. Wage for temporary workers on contractual basis is GHS10 per day for eight hours of work. Women form about 15 percent of the work force.

Case B: Almost a 100% of the workers are recruited from the District through the chief. As at September 2011, staff strength was three hundred and eighty one (381). The investor plans to implement a new staffing policy of 3 workers per 100 acres. Therefore for every 1000 acres, the investor will need 30 farm workers. Wage for a non-skilled worker is GHS 5.5 per day and degree holders as skilled workers earn GHS 700.00 (\$467) per month. Women form the majority of the farm working force during harvesting. As at the time of the visit, farming activities had been on hold for about two months and there were no workers on the farm. The dam and the library are yet to be constructed.

Monitoring: Though some level of monitoring has been carried out by the MoFA, GFZB and EPA, it had not been effective. The MoFA district office in case A for example had carried out monitoring and had confiscated over a thousand bags of unlabeled fertilizer but according to the officer, they were later released to the investor when the latter continued to plead for leniency. The organisations admitted to having capacity challenges.

The editor of Ghana business news, an online news portal had published news concerning human right abuses in the community caused by the investment. This raised a response from Action Aid who mounted pressure on the investors to ‘correct’ human right abuses. Otherwise, the media and Civil Society Organisation (CSO) have not been active in the project. FBOs were non- functional in both cases.

5.6.5 Compensation

Who was compensated?

Case A: The amount was decided by negotiation between the affected people and the investors. All compensations were made in cash by the investors. Thirty two (32) respondents with family ownership interest and the one (1) allodial freeholder were compensated. None of the eighteen (18) share croppers was compensated. Of those who were not compensated, three (3) had demanded for compensation from the company and land owner, fifteen (15) did not demand for compensation. The share croppers were of the view that they could not seek redress successfully and thus resorted to searching for other lands.

Case B: All respondents received cash compensation for the loss of their crops. The amount was decided by the farm manager who once a staff of MoFA. All affected farmers reported

the issue to the chief and three (3) reported to the Assembly man with the aim of claiming compensation for the crops. They however indicated that since it was an allodial free hold, they will just have to farm on other uncultivated lands

Amount

Majority of the respondents disagreed with the amount paid as compensation. In Case A, respondents generally received 36% of their expectations while respondents in Case B received 43% of the amount they had requested. Family land owners in Case A received GHS 30 per acre per year. Respondents in Case B were compensated only for loss of crops and received on the average GHS 90 per acre as a one-time settlement.

Figure 6 shows the views of respondents on the adequacy of the amount of compensation

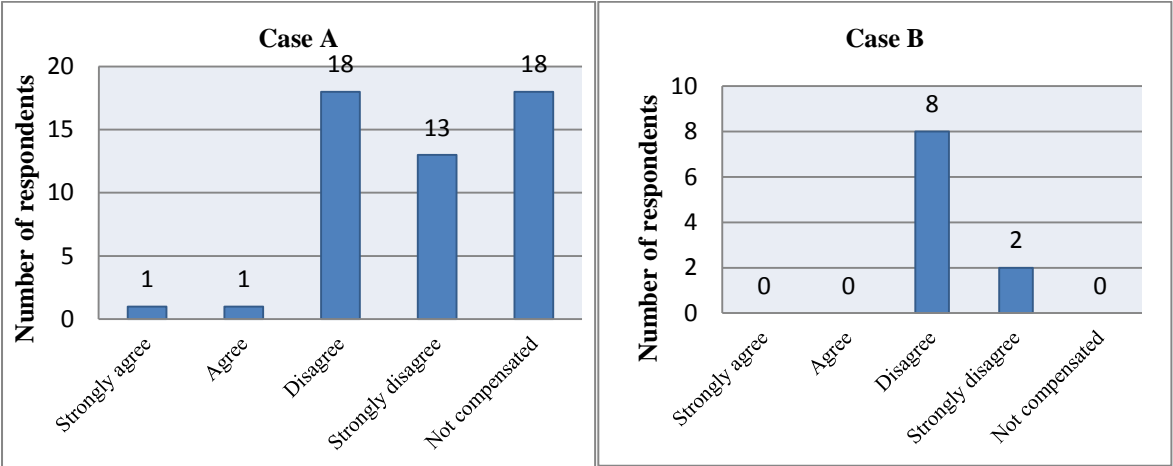


Figure 6: Respondents view on adequacy of compensation

Source: Own data, 2012

Means of seeking redress

Case A: Family land owners were willing to seek legal redress against the investor if all negotiations fail. Most of the affected farmers sought redress against the investors through their sub and divisional chief who forwarded their concerns to the paramount chief. In one instance, an affected farmer (respondent) had reported a violation to the District Police Service. However, none of the respondents was willing to seek legal redress against the chief even if they suggested that he was responsible for the expropriation.

Case B: Aggrieved persons sought redress through the chief or the Assembly man. In no case, had an affected person considered involving any other institution. The chief had

resolved problems of forced evictions by asking the farmers to accept the compensation and develop eastwards while the investors developed westwards. On the whole, some respondents were hopeful that perhaps the investment could provide positive benefits for them in the future.

“In the past, we gave away our land almost for free to the missionaries from Europe to build a hospital. Now, it is one of the biggest hospitals in the region and because of this the district got electricity and a major road linking this district to other districts was constructed. The hospital has also created employment for the youth. Even though we are well aware that the investors are cheating us, let us hope that we will stand to benefit from the project in future.” Sub chief of District A – May, 2012

5.7 Effect of FDI on the small scale farmers

5.7.1 Financial/Economic changes

Effect on farm size

There was a general reduction in farm size. Case A: Average acreage under cultivation prior to the investment was 7.1 and is 5.4 after the investment. Case B: Average acreage under cultivation prior to the investment was 5 and is 3.9 after the investment. Ten percent (10%) of the farmers in Case A acquired lands in different locations that were bigger than their original farm sizes.

Table 11: Percentage change in farm size after the investment

Change in farm size	Case A	Case B
Lost < 25%	3	0
Lost 25 to 50%	9	5
Lost 50 to 75%	5	1
Lost > 75%	8	0
Gained < 25%	2	0
Gained 25 - 50%	3	0
No change	21	4

Source: Own data, 2012

Effect of investment on composition of income

In Case A, there has been a post investment increase in off farm income generating activities from 27% to 42% though farm income still constitute the major income generating activity. In Case B, composition of income pre and post investment remains similar. Four respondents in Case A were no longer farming because of difficulty in accessing suitable land. All respondents in Case B were still farming.

Pre investment

Post investment

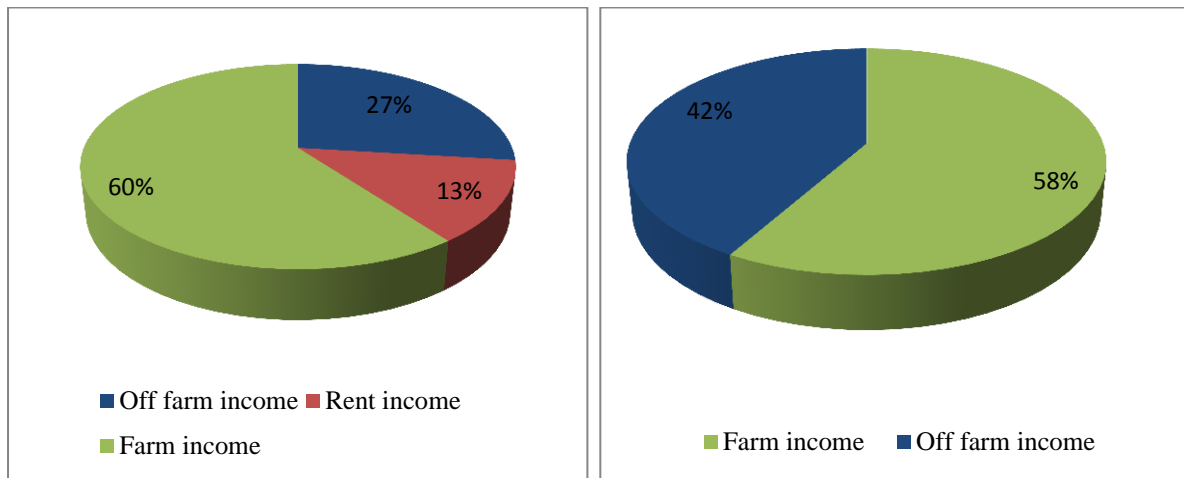


Figure 7a: Composition of income (Case A)

Pre investment

Post investment

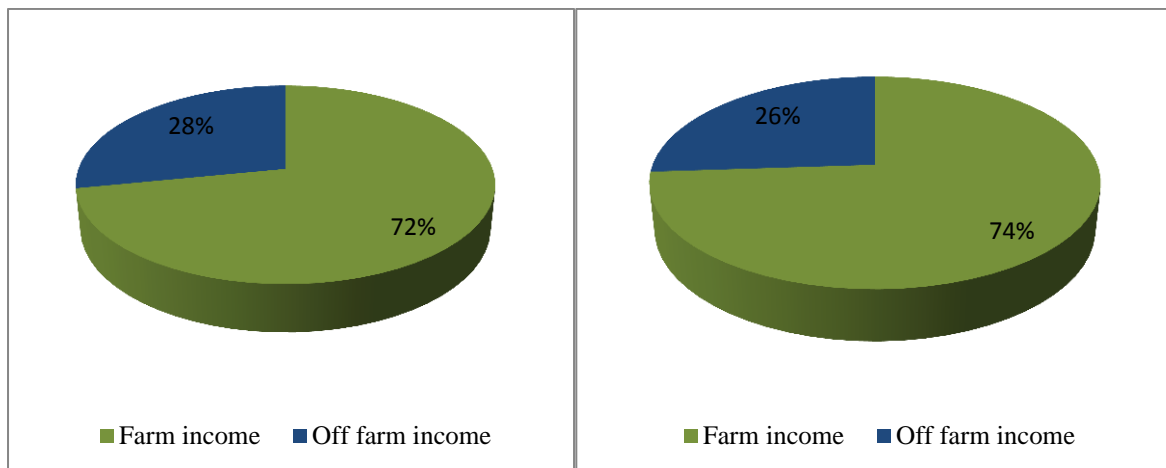


Figure 7b: Composition of income (Case B)

Source: Own data, 2012

Extra economic benefits from the land

“They put their sign board here about two years ago saying that nobody should trespass on the land but they are not cultivating it. What I don’t understand is why they do not allow us to fetch firewood and trap animals from the land. They do not need these things, we do.” Respondent’s daughter – Ashanti Region, Ghana. (June, 2012)

Seventy three percent (73%) of respondents in Case A and ninety percent (90%) of the respondents in Case B had other economic uses of the land such as trapping of animals, palm wine tapping, gathering firewood, medicinal plants and grazing for their livestock. In Case A, respondents have limited access to such economic activities after the investment while respondents in Case B they still have the opportunity to gain from such economic uses of the land

Effect on income

Information on income was taken averagely two years after the expropriation had taken place and farmers had resettled into farming again or other forms of income generating activities. Apart from the investments, the respondents had not experienced any unusual changes in their lives in the last four years thus changes could be attributed to the investment.

Table12: Change in income after expropriation with and without compensation payments

	CASE A				CASE B			
	Without compensation		After compensation		Without compensation		After compensation	
	Percentage respondents	Percentage of previous income	Percentage respondents	Percentage of previous income	Percentage respondents	Percentage of previous income	Percentage respondents	Percentage of previous income
Income loss	60%	32%	55%	27%	50%	25%	40%	15%
Same	17%	0%	8%	0%	50%	0%	0%	0%
Income gain	23%	25%	25%	34%	0%	0%	60%	22%
General	14% loss in income		2% loss in income		12% loss in income		7% gain in income	

Source: Own data, 2012

In Case A, land owners who were hitherto not farming on the land received income from the bare land in the form of compensation, which constituted some form of income gain. Values for income change without compensation income shows that the majority of respondents lost income due to the investment. In Case B, compensation had a stronger effect on income change, however this was a onetime effect. The compensation accrued to one year thus compensation income gain may not be relevant at this period. The general picture shows a loss in income. Appendix 5 compares income effect for natives and immigrants, as well as for respondents who were farming prior to the dispossession and those who were not.

“I used to farm on 4 acres of land on shifting cultivation basis. One day, I saw some people measuring the land. I approached them and they said they had the authority from the chief to clear the land. I was deeply disturbed. I could not resist them alone. The chief has given us the whole land to farm on any unoccupied portion so I cannot complain when he gives part of the land to somebody else. The company cleared through my land and destroyed all my crops. My family and I were in deep financial stress. They promised to employ me as a security man which I did for some time and that is how I managed to support my family until I started farming again. Yes, I was compensated, but it was hardly enough to return me to my previous position. Now I am farming on only 3 acres.”

Respondent – Brong Ahafo Region, Ghana (May, 2012)

5.7.2 Social Effects

Social conflicts and socio economic effects

“My fear is how we will be able to identify our specific plots after the land reverts back to us. They just graded through all the demarcation trees and land marks. Even now, they asked us to identify our land for compensation and it caused conflicts among some people. They should at least have made us aware of their operations before they started to clear the land. The way they did it is not good at all”. Respondent - Ashanti Region, Ghana (May, 2012)

“We can migrate to find land elsewhere to farm on, but the farther we go the more difficult it is for our children to go to school.” Respondent – Brong Ahafo Region. (May,

Gender roles

Case B: The cultural situation among the immigrants is that men shoulder the financial responsibility of the household while women support with farm work and engage in off farm income generating activities. However, during harvest women are employed and paid equal wages as men, thus empowering the women financially. Most of the respondents saw this as a positive development.

Access to land by immigrants

“We were called to a meeting and informed about the investment. I agreed that they should acquire the lands but not for 50 years, we settled on 15 years. The amount they are giving us is small. It is better to give the land to the immigrants to farm, then I can get something better out of it, but then, it is also difficult to get the immigrants to pay because they keep on making excuses. For me, I will agree to give my land to the investors once they increase the compensation and pay it on time. I also want them to pay in advance for a number of years and not yearly. This will help me to invest the amount into something meaningful. After the cocoa got burnt, the land has been mostly bare, so for me, this means getting some money from my land instead of nothing at all.” Respondent – Ashanti Region, Ghana. (June, 2012)

5.7.3 Environmental Effects

Case A

Clearing of vegetation: The natural forest-savanna transition zone vegetation was cleared and monocropped with maize.

Water pollution: One instance of water pollution through fertilizer in one small village had been recorded. The investors promised to provide another source of drinking water but as at the time of visit, this had not been done.

Agronomic practices: As stated earlier, over a thousand bags of unlabeled fertilizer were confiscated by MoFA in the district to test for content verification. However according to the official, the bags were later released to the investor when the continued to plead for leniency.

Road: The main roads leading to the village was shifted by the company and is now unmotorable in the rainy season. The affected villages had appealed to the investor to improve the situation to no avail. The village members themselves through communal labour tried to reconstruct the road which takes time away from other duties.

Below are pictures of the vegetation cover before and after the investment.

Before

After



Figure 8: Vegetation cover before and after land clearing

Source: Author, 2012

Case B: The Company employs a policy of leaving about three trees per hectare. Smallholders with farms of less than one acre were allowed to continue to farm on their lands within the plantation. Other effects were not visible.



Figure 9: A section of the farm in Case B

Source: Author, 2012

5.8 Alternatives to farming

Table 13: Respondents' views to alternative livelihood options

		Case A	Case B
Willingness to quit farming	Yes	37%	10%
	Undecided	31%	-
	No	32%	90%
Willingness to migrate	Yes	61%	80%
	No	39%	20%
Willingness to join producer organisations	Yes	69%	70%
	No	31%	30%
Willingness to join out grower schemes	Yes	31%	40%
	No and undecided	69%	60%

Source: Own data, 2012

6.0 Discussion

The observed effect of the investment on smallholders is basically due to the fact that expropriations were allowed to happen and the right reparations were not made to affected people, which resulted in loss of land and income, social conflicts and environmental damages caused by the investments. On the other hand, expected benefits such as jobs, knowledge and technology transfer and social infrastructure improvements were not realized. This chapter discusses the factors that contributed to the observed outcome within the context of the national policies, investor motivations and the characteristics of the affected community and how these translated into the process of acquisition. This will be termed as the institutional challenges. Secondly, it examines the influence of these factors on the operation of the investment with regards to the contractual terms and its implementation, the business model and compensation.

6.1 Institutional Challenges

6.1.1 Policy

The EIA is an important and comprehensive report which details the impact a project is expected to have on the society and the environment and mitigation strategies to be adopted. A successful completion of the EIA will lead to the attainment of the EPA certificate. According to the Lands Commission guidelines on large scale land acquisitions, the EIA can take place after land certification. As part of the GIPC requirements, the investor is supposed to register with the EPA as the last step of the process after the registration with the GIPC. The EIA is required as part of the GFZB registration process. This process stipulates that operations should start within six months of GFZB approval, however, according to an official at the Board, investors are advised that the investment project should take off before the registration process with GFZB is completed due to the financial commitment involved. Neither the GIPC nor GFZB registration processes obligates the investor to certify the land prior to registering with them. Completion of an EIA may take up a few months. Given these circumstances therefore, it is possible for an investment project to take off without a completed EIA.

Though the LC guidelines direct that impacts of the project should be discussed during the local hearings, the proper impact assessment can be done within the EIA. It is advisable that land certification is done at the onset of the investment, however, practically, it can be done at any time and neither of the two investors had registered the land as at the time of the research, though the registration process had already been initiated. An investor only has his own interest to protect by registering the land, otherwise there is no incentive or compulsion to do so given the bureaucratic process involved. Therefore by design, the policies allow for circumvention of the EIA process. Due to such loopholes, the EIA in both cases was performed after smallholders had been displaced.

6.1.2 Involvement of Organisations and Stakeholders

The main acquisition process and drafting of contracts was between the traditional council and the investor with no organisational involvement. The scale of land involved and the number of people to be affected by the investment however requires that a strong and comprehensive contract is formed and this may not be within the capacity of the traditional council alone to negotiate on behalf of all affected persons. Both cases did not involve smallholders and land owners as stakeholders in the acquisition process and it was evident in the contracts that the welfare of previous land users had not been adequately considered. Similar situations in Mozambique and Tanzania were the main contributory factors that led to negative outcomes for the local communities (German et al., 2011).

After the contract has been signed, its implementation needs to be monitored by the organisations with the relevant mandate. The regulations and system of incentives offered by MoFA, GIPC and GFZB compels the investor to require their participation in one way or the other. On the other hand, the disadvantage of the incentive system according to Kugelman and Levinstein (2009) is that these incentives also serve to undermine smallholders and promote rather the interests of investors. Albeit these challenges, there is evidence to suggest that organisational involvement may yield some positive results than in cases where there is none. For example in Case A, the involvement of the MCE contributed to a substantial increase in the compensation amount. Also farmers had organized themselves to protest against the compensation amount and had some positive results. Suffice it to say that with each system comes its own set of challenges and the involvement of organisations may create more scope for governance challenges such as collusion between organisational staff and investors and this will have to be surmounted. However, the idea is that it creates some sort of

accountability within the system instead of limiting it to only the traditional council and the investors which has not been optimum for smallholders as the two cases portray.

6.1.3 Capacity challenges

The organisations interviewed admitted to a limited capacity to perform their duties as expected of them. This was evident in the weak performance of the regulatory procedures such as community sensitization and effective monitoring of the investment project. Even in cases where offences like the use of unlabeled fertilizer and delayed performance of the necessary EIA were detected, the investors were either just advised to do the right thing or simply left unpunished. Such regulations are made for the protection and general welfare of individuals, society and the environment. Thus when they are not enforced, it is tantamount to negative outcomes.

Another capacity challenge was conflict of interest. The promotion and supervisory roles vested in the investment promotion centres constitute a conflict of interest. An interview with a GIPC official revealed that the EPA certificate requirement is often relaxed due to constant complains from the investors. Where on the one hand they are driven by the need to produce numbers for their annual reports, they are on the other hand expected to monitor and regulate the investors they promote. Without a good balance, the zeal to achieve one will put the other in jeopardy.

6.1.4 Rent Seeking

Whereas lack of experience of the TC may be a factor to the simplistic contracts in some cases, it did not seem to be so with any of the cases studied. Both chiefs will be highly ranked on their ability to negotiate and understand the terms of the contracts and the effects of the investment. The paramount chief of District A is a lawyer with international exposure. The chief in Case B has obtained his PhD in Europe. This is opposed to the usual recounts of illiterate chiefs who sign away lands without knowledge of the implications. (See Nyari, 2008) and thus does not follow the line of explanations on weak negotiating capacity by the locals chiefs. It is however noteworthy that education alone does not mean that one is knowledgeable enough in terms of negotiations and contracting for business and land transactions that involve the magnitudes at stake here.

The process of acquisition involved substantial transfer of funds from the investor to the traditional council. In both cases as well, the amounts of money that the chief received was much more than what went to affected community members and this amount was not known by the latter. In regard of these, the weak contracting and negotiating may be a product of rent seeking. However the situation is not peculiar to the chieftaincy. Governments in several countries (Madagascar, Ethiopia and Mozambique) have been strongly in support of project proponents as against the opponent smallholders and locals, mainly citing national development as the reason (Hong, 2011; Lavers, 2012). In Cambodia for example, the police were involved in restraining protests of previous land users (Kugelman and Levenstein, 2009).

Rent seeking challenges could also be on the part of the investor. A challenge to the realization of the benefits for Case B will be transaction cost. The traditional council has contributed the land as 25 percent of the investment in expectation of 25 percent of the company's profit and thus received a relatively lower lump sum payment from the investor. The traditional council will have to ensure that the right amount of dividends is received. The payment of dividends was tied to the completion of the processing factory. According to German et al. (2011), some companies with similar arrangements in Ghana have registered the processing part of the company as different entities which could be a ploy to outmaneuver from such profit sharing arrangements. Such challenges may impede the realization of potential benefits from investment.

6.1.5 Social exclusion

As citizens, affected smallholders have the right to seek redress at the law courts in case of infringement on their land rights. Traditionally, the chief has the mandate to mediate such cases which is then not possible when the chiefs are part of the cause of infringement as happened in both cases. The National House of Chiefs does not control land and land dispute issues in the various chiefdoms. In case of dispute, the disgruntled party only had to seek legal reparation. Though it is a stated right, socio cultural factors like the spiritual, cultural and social deference attached to the traditional ruler symbol, made it difficult for the affected community to pursue justice against their chief. Respondents in Case B were more reluctant to explore other means of seeking redress and this could be attributed to their relatively lower socio economic status.

Organisations like the EPA, DA/MA, LC and MoFA may assist and advise either party in terms of misunderstandings in case it reaches their office, however, this does not constitute a core part of their mandate. Besides Action Aid, all the organisations interviewed expressed regret at the current situation of expropriation and blamed it on the investors. They maintained that the smallholders had the right to seek legal redress and should use it. None of these organisations expressed the capacity to stop the human right injustices. The legal form of seeking redress results in exclusion of the poor and socially marginalized.

6.2 Effect of factors on outcome for smallholders

This section examines the influence of the challenges stated above on some factors that translate directly into the outcomes for smallholders.

6.2.1 Availability of jobs

Job opportunities as a result of the investment are an income and livelihood opportunity for smallholders. It was observed in both cases that jobs promised and provided were short lived. Both investors are private profit seeking enterprises. They are thus inclined to employ the most effective mechanisms and business models which will not necessarily translate into jobs for the people as was witnessed in these cases. Added to the fact that the contracts were not specific on the issue of employment, there was room for the decisions that the investors took and which is unfavorable for the local people. Creation of jobs served as a temporary income gap bridge for affected farmers who were employed by the investors, thus the absence of this for future cultivated areas will spell serious consequences for those farmers who will have to face even stronger competition to get new land for farming. Additionally, with some of the lands locked up in lease for up to 50 years, the farming future of the farmers' children will be threatened if their land is not available and if there are no alternative jobs in the area.

The factory being constructed in Case B does not provide a suitable solution because it will require skilled labour. Cases understudied by Graham et al. (2011) in Uganda, Mozambique and Ethiopia and cases by Diallo and Mushinzimana (2009) in Mali as well as Cotula et al (2009) in Ethiopia, Ghana, Madagascar and Mali showed that as investment projects progressed employment opportunities was not suited to the majority of affected people because unskilled labour requirement reduced as the plantation matured. In Case A, the main

crop changed from jatropha to maize which is mechanization friendly and resulted in loss of about 60 percent jobs. Thus jobs that were lost because of displacement of smallholders were not adequately catered for by employment opportunities from the employer. Cotula (2011), based on examples from Andrianirina-Ratsialonana and Teyssier (2010) states that generally, smallholder farming is more labour intensive than large commercial farms thus a shift from the former to later will indicate a loss of jobs. With these odds, job creation as an expected benefit of the investment may not be a reality.

6.2.2 Business models

To improve such situation therefore, more inclusive business model are promoted. Maize as the cultivated crop in Case A presents little possibility for the investor and smallholders to enter into out grower engagements (see section 3.3.2). Though Case B is an inclusive model in theory but in practice it is exclusive. Case B practices a management contract, however as discussed earlier, due to the possibility of collusion and rent seeking, the realization of benefits and its equitable distribution of the benefits within the community might pose a challenge. Additionally, using the financial gains to the benefit of the society is reposed in the benevolence of the chief. Even in cases where benefits are distributed within the community, there are still possibilities of elite capture while others and particularly marginalized groups do not benefit from the proceeds.

Both investors agreed that it will be more beneficial to have out grower schemes and contemplated engaging it in future, but no steps had yet been taken towards it. There seemed to be little motivation to incur the additional supervision costs involved with out-grower schemes. Another factor affecting this choice on both sides was lack of trust for performance.

In the case an out grower scheme is engaged in Case B, food security challenges will have to be addressed. Jatropha has more economic value than food crops, thus many farmers may opt to convert their land to jatropha cultivation which will affect food production and pose a danger of over dependence of the community on the investor. Both districts are important food producing districts of the country thus a reduction in their food production will have implications on national food security.

6.2.3 Access to land – land rights

The eventual involvement of family land owners in negotiations in Case A demonstrate that formalised land rights are important to enable the right holder to be an automatic stakeholder and have the ability to negotiate. In formalising land rights, equality must be carefully considered. In Case A, immigrants were in a disadvantaged position with regards to land access. The general picture in Africa has not proven to be different as marginalized groups suffer when land rights are formalised (Graham et al., 2011). In Case B for instance, the absence of more formalised land rights equalized land access for both immigrants and natives which was not so in Case A. This agrees with section 3.2.4 that in cases where there is very high inequality in society, formalised land rights may not be favourable. However as land gets scarce, family land owners with more formal land rights will be better protected than immigrants in both Case A and B. As more land transactions are predicted to take place in developing countries (Anseeuw et al. 2012; Deininger and Byerlee, 2011) of which Ghana is no exception, it may be necessary therefore that the land rights of smallholders are formalised. Given the socio cultural and socio economic characteristics of these cases, some form of organisational support as well as socio economic development will be necessary for the rights to be exercised.

6.2.4 Compensation

The mode of compensation and access of smallholders to it was influenced by the process, contracts, socio cultural and socio economic factors. The more formalised land right system in Case A coupled with the social cohesion amongst the family land owners to form a group enabled them to be able to access and negotiate for compensation. Respondents in Case B did not have the same chance due to the less formal land rights and less cohesion amongst the people to form a group. The onetime settlement for Case B was typically due to land rights and land tenure systems.

Though the country's constitution and the EPA and LC regulations stipulate that compensation should be paid to the affected persons, none of these institutions stipulate exactly how the compensation should be carried out and the means of determining the adequacy of the compensation. In Mali for example, compensation is based on loss of land (in case of ownership), developments and harvests, while in Ethiopia it is based on value of land

developments plus 10 year harvests (Cotula et al., 2009). In Ghana, compensation is for loss of land and developments depending on the country's rates. This leaves room for debate on the suitable amounts to be paid especially with large scale acquisitions for farmland or agriculture. In both cases, the affected persons were made to negotiate with the investors and given the unequal bargaining positions of the two parties involved, this did not result in an equitable solution and respondents were paid less than 50 percent the amount of compensation they requested for.

The EPA regulations place the responsibility of paying compensation on the investor. Article 20 of the 1992 constitution stipulates that all affected persons have the right to compensation. Though the Minerals and Mining Act (2006) accords all users an entitlement to some compensation for deprived usage of the land, according to Odame Larbi (2009*unpublished*) informal occupants and derived rights holders (rights derived from allodial owners or freeholders) by law are not eligible for compensation and may receive compensation only out of good will for the value of assets on land. In practice in Case A, derived land users (sharecroppers) were excluded from compensations.

The best mode of compensation should be determined by the preference of the smallholders involved. In order for a smallholder to re-establish a farm or set up a business and to recover from a sudden loss of the source of income, a one-time payment might be favourable. On the other hand, periodic payments of compensation or rent may be preferable as a source of income over a period of time. This mode of compensation also depends on the land rights system that exists. Some respondents receiving yearly compensation expressed the desire to have the amount in bulk in order to make some investments with it besides farming. The significance is to have sufficient compensation. For immigrants as in Case A, an increase in compensation will have a negative effect because in that case, natives will prefer to lease out their land to investors when the compensations increase. On the whole, the compensation paid was not enough to substitute the income loss that the smallholders suffered.

6.3 Alternative options

As discussed earlier, the introduction of the investor as an element in the community indicates increased competition in land and an unequal access to it. The smallholder may need other options in order to maintain the same livelihood as before or improve. The World Bank

(2007) asserts that smallholders could either provide farm labour or enter into business or even migrate to urban areas to work in industry as an alternative to farming (Quan, 2011). This is subject to smallholders' willingness and ability to take up such opportunities and also on the socio economic circumstances of the smallholders and the communities.

In both cases, the majority maintained that they will keep land for precautionary purposes even if they were to consider exiting farming or joining integrative business models. Off-farm income generating activities are already part of the family income. Quan (2011) states aptly that the fact that despite the daunting challenges, smallholders have not switched from farming to other options may suggest that farming may be the only option really available to them. The option to exit will have to be buttressed with a good economic situation where jobs are available. With the high rate of unemployment typical of countries which are high recipients of FDI in land including Ghana, the option of just venturing into business or finding employment in the urban areas is quite bleak and the two cases have shown that jobs provided by the investor has no guarantee of sustainability. More respondents shifted into off farm income generating activities in Case A compared to Case B which could be attributed the higher socio economic indicators Case A had as compared to Case B.

6.4 Conclusion

Ghana as typical of many sub-Saharan African countries has been grappling with low agricultural productivity and high yield gaps for many years. This is consequent of low investment into the agricultural sector. Despite different agricultural development policies by different governmental regimes, the situation has not improved to desirable levels. The many smallholders dependent on agriculture for their livelihood continue to be among the poor in the country. The country has not been left out in the recent spate of rising interest in agricultural land on the globe. The increasing number of investment has been possible also because of a favourable investment climate set up by a government which is soliciting these investments as a development agenda.

Despite the anticipated benefits, more unfavorable effects have been observed and smallholders and locals in the investment area have had to bear the greater part of this. Smallholders were dispossessed off their lands and while some received compensation that was not enough to bridge the livelihood gaps it created, others did not receive any compensation at all. Promised social developments were hardly fulfilled and jobs provided by

the investment were short-lived. Future access to lands, social conflicts and undesirable environmental effects are outcomes that the affected communities may still have to deal with. The phenomenon therefore may create a greater problem of plunging thousands of smallholders; who have the least voice and power to leverage the outcome to their benefit, into poverty and deprivation and eroding the modest benefits that have been achieved over time.

The two cases studied show that the national policy and regulatory framework, investor's characteristics as well as the local community characteristics form the environment which controls the process of acquisition, contracting, business model and implementation of the contracts to determine the outcome of the investments. An analysis of the process showed that governance challenges concerning FDI in land in Ghana is a major challenge to the realization of benefits and especially for smallholders and the local community. Challenges such as policy loopholes, low organisational involvement and organisational capacity challenges will have to be addressed. Added to these are challenges that border on rent seeking, conflict of interest and social exclusion.

The desired benefits of economic and social development will have to be realized based upon sound and enforceable contracts, more inclusive business models and an enabling socio economic and socio cultural environment that allows smallholders to take advantage of the opportunities that may exist. To this end, formalised and legally protected land rights of the smallholders will be a necessary tool to ensure their automatic inclusion as stakeholders in the process and enhance their tenure security. These may be achieved when the policy and regulatory framework is strengthened. The involvement of self-governed Farmer and Community Based Organisations (FBOs and CBOs) is necessary and NGO participation needs to be encouraged in addition to reinforcing the role of the media to serve as additional controls on the framework.

The need for investment in the agricultural sector in Ghana does not only have to be through large scale land acquisitions. Smallholders have survived in the face of almost non-existent credit and extension services, challenging market opportunities and policies that were unfavourable to them such as a cut back in input subsidies under the SAP. However, over the years, they have been responsible for about 80 percent of Ghana's agricultural output, and though under low productivities, this role needs to be recognized. With daunting challenges of low employment rates, the country's aim of reducing poverty will not be well served when these smallholders lose the land which is their main source of livelihood without the ability to

be absorbed into industry and without the capital to invest in the small scale private sector. Challenging as it may be, not all has been done to boost smallholder agriculture. As demand in this investment sector is not expected to taper in the ensuing years, it will be beneficial for the country to structure such investments in such a way as to get the best out of it.

As the country receives investors into the agricultural sector and therefore the much needed capital, this is the time to benefit from the country's agricultural resources. This will need concrete planning and firm negotiations that will ensure positive results are achieved and translated into improvement in the general farming system, knowledge, technology and capital transfer as well as infrastructural development without necessarily tapering towards large scale farming, and especially to benefit the numerous smallholders who have struggled for decades to make a living out of farming. This may be the opportunity for the country and sub Saharan Africa as a hub of natural resources and in this case 'land' to lift itself out of deprivation and poverty if the structures and institutions are made right.

7.0 Policy Recommendations

The following policy recommendations are suggested to help curb some of the challenges discussed above. It is not expected that any one of these recommendations alone will help to completely solve the challenges discussed as each system may present its own challenges, however, it is expected that a commitment to make a change by considering a combination of these factors and weighing them within their specific situations will contribute to the change that is required.

7.1 Policy

The recent policy by the Lands Commissions and other ministries is yet to be tested in effect. However, it is important that the policy is strengthened to eliminate the policy loopholes identified in section 6.1.1. The different rules and regulations that the investments have to follow at different stages should be consolidated into one strong policy document. This will ensure a sequential flow of the process and help reduce excessive bureaucracy. In this consolidated policy, it is important that the EIA process is given high priority in such a way that community sensitization which is part of the EIA is performed before the land is cleared in order to ensure that the rights and livelihoods of smallholders are protected. Additionally, where compensation might be required, the amount should not be subject only to bargain between the community and the investors, but should happen under clearly stipulated regulations.

7.2 Acquisition process

The traditional council or family heads as custodians of the land are expected to hold the land in trust for the people. Thousands of lives depend on these lands for their livelihoods. It is therefore very risky that decisions to alienate or lease out land of such colossal magnitudes are left in the hands of one or few individuals. For the sake of public welfare, it is important that such processes are institutionalized. This should start with a strong policy that involves the participation of organisations in the contracting stages of transactions involving land above a certain area. Secondly, the contracts need to be made publicly available following the

good example of Liberia. Organisations involved in the process should not only be limited to the state institutions but civil society as well.

7.3 Capacity and roles of organisations

The mere existence of the policy or involvement of state organisations in the acquisitions and contracting process is not sufficient if the contracts cannot be monitored and enforced. The net map process indicated that the EPA has a central role. It is therefore relevant that the capacity of the EPA is sufficiently boosted to ensure that there is maximum quality outcome from the EIA process. Also, a better collaboration between the institutions that are more decentralized like the DA/MA and MoFA and the EPA will be beneficial. The capacities of the other organisations also need to be improved to ensure that monitoring can be performed effectively. Organisations should have the procedure to sanction and the ability to carry it out. The capacity and effectiveness of organisations can be achieved through well-defined roles, well trained staff and room for accountability, but most important is the political will to achieve such efficiency.

Besides this, the roles of the GIPC and GFZB as both promotion and regulatory bodies create a conflict of interest; of on the one hand wanting to increase the number of investments to prove their performance and on the other hand having to regulate the activities of these same investments that they are promoting. This presents a challenge which needs to be resolved. The different roles could be played by different organisations.

7.4 Involvement of civil society and media

Even with strong policies and the involvement of the state organisations, as human institutions, there is the possibility of governance failures such as rent seeking and collusion for personal gain. To create a system of checks and balances, it is therefore necessary that civil society and the media involvement in the process is recognized and encouraged. Civil society also tends to more strongly represent the concerns of the smallholders and affected community and therefore by their participation, it is expected that, the views of the smallholders will be more incorporated into the system. This will help raise accountability due to the different incentive system of each of the institutions.

7.5 The contractual terms

Integrative business models and creation of employment are some of the main ways by which the benefit of FDI in land can be distributed especially for smallholders. The government of Ghana changed the cash subsidy system into an input credit system and introduced the Block farm system. In this system, land preparation is done by the government, seed and chemicals are also provided by the government. The government then recoups some of the expenditure upon harvest. A challenge with this system was that implementation was not well managed thus the government was not able to fully recoup its costs. In 2011, the government invested GHS1.4 billion into the block farming system but only recouped 14 percent of this. The low harvest was blamed on low rainfall (Interview with Regional Director for MoFA in the Ashanti Region on 18.05.12). Additionally, in 2005, the government had a National Biofuel Policy (NBP). The plan was to form FBOs, engage contract farming and demarcate areas for jatropha cultivation (Duku, et al., 2011).

As the country is attracting investments, a similar model between the block farm system and contract farming can be implemented but this time with the capital, technical and managerial input of the investors which will in the end benefit smallholders. The suggestion here is that, as private investors come into the country with capital to invest, the government could juxtapose the investment onto the block farming system by incorporating the out grower scheme into the FDI contracts. This will be a way of using such investments to the advantage of both the government and the small holders. However, to ensure that it works, infrastructure such as irrigation and roads will have to be provided either by the government or as part of the investment contract. Additionally, the capacity of the MoFA extension officers needs to be improved to provide effective extension services in order to ensure that smallholders can meet their contractual terms. Encouraging investors to process their produce in Ghana through incentive systems that already largely exist will also be a means of providing jobs for both skilled and unskilled labour while increasing the country's GDP.

While the production of cereals and other exportable crops may be necessary or allowed, the importance of growing local crops should not be overlooked. A general promotion of back yard farming in rural and peri-urban areas should be propagated. A similar type of this form of promotion termed 'operation feed yourself' was popular in Acheampong's regime in the 1970s (Ahwoi, 2010). Such a system and awareness will help to promote and reduce dependency on imports which has its own distributional challenges.

7.6 Land rights

It was realized that the land rights of the smallholders were infringed upon however those with some sort of secured land rights, that is the family land owners, were able to bargain for somewhat better conditions whereas the immigrants were not able to negotiate at all. Land rights are important as a negotiation tool for the people. Though formalised land titles alone will not protect title holders from involuntary expropriation. It will be necessary for seeking redress as well as ensuring that the lands revert back to the rightful owners after the lease term elapses.

In general, formation of farmer and community based organisations could help to protect the smallholders against unlawful expropriation as it will serve as a mouthpiece that can negotiate better terms. This will also be a channel that will serve as a social network and help affected members to seek redress in whichever form. Functioning FBOs may help deal with the peculiar land security challenges that immigrants face. Also, a strong FBO can leverage the risk for both investors and secondary right holders of entering into contract for out grower schemes. The challenge is how to form successful farmer based groups as this has failed several times and in several conditions in the past.

7.7 Socio economic factors

While such measures are put in place, the socio economic environment should be improved to encourage other nonfarm enterprises so that farmers who may be willing to opt out of farming or are necessitated to do so will have alternative livelihood options. This can be achieved for example through improving access to education and other forms of job creation.

7.8 Study limitations and areas for further research

Constrained logistically, I was not able to reach as many respondents as I would have liked to especially in Case B. The research methodology and analysis may also appear too simple. However, the study points to actual issues that need attention and further research with larger samples could be used. The following research areas are suggested to contribute to the policy changes that are proposed in this report.

1. Economic benefit of FDI in land on the country's economy in order to judge if the tax and incentive system needs to be reviewed. This will also inform the governments as to whether FDI in the agricultural sector should still be pursued as a development agenda.
2. The challenges in setting up and maintaining functioning Farmer Based Organisation in Ghana with pragmatic recommendations for solutions.
3. Strengths and weaknesses in integrative business models which are currently operational in the country with recommendations on how they can be improved and replicated in other cases.

Though international guidelines on large scale land acquisitions may play a role, the process and practice of FDI in land basically takes place within the context and regulations of the host state. It is therefore principally the responsibility of the Ghanaian government and institutions to implement measures to ensure that investments generate benefits and do not qualify as just land grabbing with largely detrimental effects for smallholders. It is expected that these recommendations when put in place will leverage the current imbalance in the distribution of the effect of FDI in land between investors and the country and especially for smallholders.

Footnotes

- 1: Rural Modernity group. The Land Matrix: Much Ado about Nothing. 27th April 2012.
Available online: <http://ruralmodernity.wordpress.com/2012/04/27/the-land-matrix-much-ado-about-nothing/> (Accessed 6th December, 2012)
- 2: Drink money implies a lump sum amount that is paid in addition to bottles of schnapps to signify contracts, ceremonies or rituals.
- 3: According to (Vermeulen, S. and Cotula, L., 2010 page 50), “management contracts allow an agribusiness full control over farming operations implemented over land held by local communities”

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Appendices

Appendix 1: Origin of investors

Countries and Regions	Number of investments
Europe	
Britain	7 (1 Joint venture with Kenyan)
Netherlands	3
Norway	2
British Virgin Islands	1
Belgium	1
France	1
Germany	1
Spain	1
	17
Asia	
India	6
China	3
Singapore	2
Bangladesh	1
Indonesia	1
	13
Middle East	
Lebanon	2
Israel	1
Qatar	1
UAE	1
	5
America	
USA	3
Canada	1
	4
Africa	
Kenya	1 (Joint venture with British)
Rwanda	1
South Africa	1
Sudan	1
	4
Brazil	1
	1
Total	43

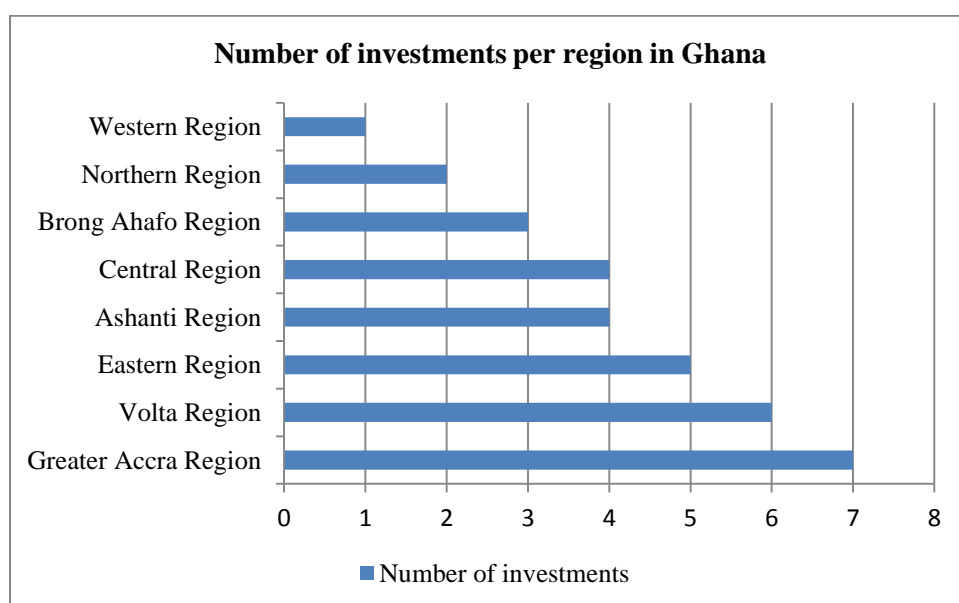
Source: Data from GIPC and GFZB, GRAIN 2012

The table includes investments with joint Ghanaian ownership

Appendix 2: Activity of investors

Activity	Number of Investors
Jatropha	8
Vegetables	7
Oil palm	6
Fruits	5
Food crops	5
Rice	3
Cashew	2
Cereals	2
Fruits and vegetables	2
Cassava	1
Cocoa	1
Rubber	1
	43

Source: Data from GIPC and GFZB, GRAIN 2012, ILC 2011



Appendix 3: Investment per region of Ghana

Source: Data from GIPC and GFZB, April 2012

Appendix 4a: Summary timeline of acquisition procedures (Case A)

Time period	Activity	Individuals/Institutions involved	Issues
July 2007	Investors approached the traditional council led by the paramount chief with a native of the area to state their intentions. Another meeting was scheduled to further discuss the terms. This was to give time for the traditional council to deliberate on the issue.	Investors with native of the area, Paramount chief and Traditional Council	
August 2007	Meeting to agree on terms. At this meeting, the traditional council agreed to lease out the land to the investors based on their terms. The investors leased 19,000 acres of land and hoped to increase the acres to 75,000 acres by 2017 – that is over a period of 10 years.	Investors, paramount chief, traditional council	
August 2007 – January 2008	The investors started the survey of land and report on land use suitability.	Director of Agriculture of the municipality, surveyors, investors	
September 2007	Signing of agreement and payment of lump sum to traditional council. The lump sum is in the form of drink money, an amount of \$37,500 to the traditional council. In the agreement, the investors will pay \$1/acre/year as rent for the land besides the initial payment.	TC and investors, legal representatives of both parties	Copy of agreement handed to government agencies like MoFA, MA.
January 2008 (3weeks)	As per the policy on the Lands Commission, before such leases are granted, there must be a publication in the leading newspapers so that others who may have claim to the land can contest it. The publication is to cover a period of 21 days. Publication of investment in newspapers and announcements	Investors, Municipal Assembly, news agency	
January 2008	Preparation of indenture.	TC and investors	
April 2008	Beginning of the EIA registration process	EPA, Town and Country planning, TC, Investors	
July 2008	Beginning of land clearing and cultivation.	Local community, Investors	When smallholders realized that their lands were being cleared without their consent, they raised a resistance to their sub chiefs and some personally and in groups approached

Time period	Activity	Individuals/Institutions involved	Issues
			the investors and asked them to stop clearing the land.
August 2008	Registration with GIPC	Investors, GIPC	
September 2008	The investors met with the TC to deliberate on the community's resistance to the project. Meanwhile, the sub chiefs also presented the case of the community members to the paramount chief. According to the sub chief, the paramount chief had not allocated the particular lands that the investors were clearing, because those contained family lands as well. But since the stool lands were more difficult to clear, the investors preferred the family lands which were once cultivated and was therefore easier to clear.	Paramount chief, TC, investors	
September 2008	EPA certificate obtained	EPA, Investors, TC, local community	
November 2008	Registration with GFZB	Investors, GFZB	
January 2009	Subsequent meetings with sub chiefs and TC over social outcry and resistance	Sub chiefs, TC, investors	Agreement to meet with the people and inform them of annual rent as compensation
February 2009	The investors initiated the land registration procedure	Lands Commission, Investors	The initial lease size of 19,000 acres reduced to 13,058 due to the search results which showed that some parts of the land belonged to other people.
March – April 2009	1st payment of rent to the TC for 2009	Investors and Traditional Council	After this payment and following the search results and the social resistance where families laid claim on the land, the investors and the TC agreed that the payment of rent will be put on hold until all conflict are resolved and the land registration procedure is advanced.
February - May 2009	Per agreement, the TC and the investors agreed to hold a series of meetings with the community	TC, Municipal Assembly, Police commander, Town and Country planning,	Rent and terms of contract communicated to

Time period	Activity	Individuals/Institutions involved	Issues
	(4 villages) concerning investment	Sanitation and Environment division, World Vision, Forestry Department, Fire Service, Youth Organiser, Bankers	the people. Promises of social services like roads, water and mosquito control in the form of spraying, employment and contribution towards building of school were communicated to the people.
2009	Continuation of cultivation	Investors	Some social resistance continued and people were generally dissatisfied with the compensation amount.
October 2009	Deliberations on the compensation amount continued between the investors, TC and community over compensation amount	TC, sub chiefs, community representatives,	Amount increased to GHS 15 per acre per year instead of GHS1.5 (\$1) per acre per year. Secondly, the family land owners refused to give out their land from 50 years as initially agreed but rather for 15 years.
November 2009 – February 2010	In order to pay the compensations to the rightful owners, the investor asked the smallholders and land owners to identify their plots.	Investors and farmers	Conflicts arose within the community on the boundaries of the plots since all forms of demarcations were cleared during the land clearing process.
April 2010	1st payment of compensation to the farmers at GHS 15	Investors and farmers	
June 2010	Second round of negotiation for an increase in the compensation amount involving the Municipal Chief Executive	MCE, investors, sub chiefs	Rent increased to GHS 30/acre/year
April 2011	Second payment of compensation at GHS 30	Investors , farmers	Former payments made of GHS15/acre/ year topped up to agreed amount

Appendix 4b: Summary timeline of acquisition procedures (Case B)

Time period	Activity	Individuals/Institutions involved	Issues
September 2007	The investors together with a staff of MoFA who is now the farm manager met with the traditional council to present intention	Investors, chiefs MoFA staff	With one carton of schnapps and GHS 1,000
October 2007	A second meeting was organized to discuss and amend of the initial proposal	Investors and chiefs	
November 2007	Third meeting to finally agree on terms and accept the amended proposal	Investors and chiefs	
December 2007	Signing of agreement	Chief, investors, legal teams from both sides, DCE official as witness and legal teams of both parties	This covered 33,000 hectares of land for 50 years. The land will make up 25% of the investment which marks the contribution of the community. The community will also receive 25% of the profit.
January – May 2008	Surveying of land and demarcation of boundaries	Surveyors from both parties, chiefs representative and investors representative	
January 2008	Preparation of indenture	Chief, investors, legal teams from both sides	
January 2008	Payment of GHS 6,000 to TC as drink money for rites (prayers will be said on the land and also so that land clearing could begin)	Investors, TC	
June 2008	Initiation of land registration	Lands commission	Still not completed. Issues concerning the delay were not fully divulged. However some reasons were in whose name the land was to be registered due to the business model being run.
June/July 2008	Notices concerning acquisition pasted in town	Officials of District Assembly and both parties	
July 2008	Clearing of land begins	Investors	
August – December 2008	Smallholders and community members raise complaints about the loss of their land to the traditional council and demand compensation from the	Community to TC, investors	Investors hold meeting with community - open forum. But this raises further community resistance.

Time period	Activity	Individuals/Institutions involved	Issues
	investors.		
September – December 2008	Temporary hold on clearing of lands		
January – April 2009	Second round of meetings between the community, the investors and the Chiefs. The traditional council is involved this time`.	Chiefs, Community and Investors	The meetings reached an agreement that the affected persons will be compensated and can look for other lands to farm on. The decision made by the chief was that the small holders and investors should develop their farms in different directions; the community to the east and the investors to the west
August – December 2009	EIA procedure assumed	EPA, Investors environmental planning department	
August – December 2009	Baseline study of community	By the Environmental protection department of the investor's company.	
July/August 2009	Traditional Council member employed to be part of the chair of the company to represent interest of TC. This member was also to assist in conflict resolution role when conflicts develop between the smallholders and the investors during land clearing operations.	TC, Investors	
July 2008 into 2011	Smallholders occupying farm that was demarcated for building the factory were evicted and compensated	Investors	
	Notice given to MoFA of the district	Investors, MoFA	
July/August 2009	Cultivation of crops	Investors	
2010	Registration with GIPC	Investors and GIPC rep	

Source of Appendices 4a and 4b: The source of this information was based on interviews conducted with traditional councils, investors, representatives of District Assemblies and MoFA between April and June, 2012, compiled by Author. Not all documents were available for verification. Therefore, the dates and procedure may not be accurate.

Appendix 5: Effect of FDI in land on smallholders

Table showing the effect of FDI in land on income of natives, immigrants, smallholders with and without crops at the time of dispossession

Native					Immigrant				
	Without compensation	Percentage of respondents	After compensation	Percentage of respondents		Without compensation	Percentage of respondents	After compensation	Percentage of respondents
Lost	21	58	18	50	Lost	10	67	10	67
Gained	8	22	16	44	Gained	3	20	3	20
Same	7	20	2	6	Same	2	13	2	13
Total	36	100	36	100	Total	15	100	15	100
Had crops on land					No crops on land				
	Without compensation	Percentage of respondents	After compensation	Percentage of respondents		Without compensation	Percentage of respondents	After compensation	Percentage of respondents
Lost	16	67	15	63	Lost	17	62	15	56
Gained	6	25	9	37	Gained	5	19	7	25
Same	2	8	0	0	Same	5	19	5	19
Total	24	100	24	100	Total	27	100	27	100

Source: Own data, 2012

Appendix 6a: Semi structured questionnaire for primary respondents

UNIVERSITY OF HOHENHEIM

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Demographics

Village.....

1. Respondent's name.....
2. Age of household head or respondent
3. Sex. i. Male [] ii. Female []
4. Marital status i. Married [] ii. Single [] iii. Divorced []
5. Family size
6. Educational background of respondent i. Illiterate [] ii. Primary school [] iii. Secondary school [] iv. Tertiary institution []
7. Nativity i. Native [] ii. Immigrant []
8. If immigrant, since how many years i. Below 5 years [] ii. Between 5 and 10 [] years
iii. Between 10 and 15 years [] iv. Above 20 years []
9. Monthly income (wealth indicator) i. Low [] ii. Medium [] iii. High []
(Wealth indicator. Type of building material; cement or mud, Type of foot wear; Wellington boots or locally made footwear, Means of transportation; Motor bike, bicycle or by foot)

Pre FDI

- What kind of interest did you hold in the land?
 - Family owned []
 - Allodial freehold []
 - Share cropping []
 - Other []
- What was the size of your land in total?
- How many plots did you have?
- Kindly provide the following information concerning your farm activities

Plot no.	No. of years on plot	Size of plot	Crop	Income	Marketing (External/Local)	No. of workers on plot		No. of family working on plots	
						Permanent	Seasonal	Permanent	Seasonal
1									
2									
3									
4									
5									

- Kindly provide the following information concerning your **income** from your farming activities in GHS

Plot no.	Crop	Yield per acre (bags, bowls, boxes)	Point of sale	Selling price per unit	Income from plot
1					
2					
3					
4					
5					

- Kindly provide the following information concerning your farming **expenditure** in GHS

Plot no.	Seeds	Fertilizer	Pesticide	Hired labour					Cost of land
				Clearing	Planting	Fertilizing	Weeding	Harvesting	
1									

2									
3									
4									
5									

7. Were you renting out your land? i. Yes ii. No
8. If yes, how many acres?
9. Who have you rented out the land to?
10. How much did you receive as income per acre per season?
11. Are you involved in off-farm activities? i. Yes [] ii. No [] If no skip to 12

If yes, please provide the following information concerning your off-farm activities.

Activity	By you or family member	Number of years	Activity in or outside village	Income per week/month
1.				
2.				
3.				

12. Apart from crop cultivation, which other uses did you have for the land?

.....

13. Were you a member of an FBO? i. Yes [] ii. No [] skip to next section
14. If yes, which one did you belong to?
15. For how long have you been a member?
16. Why did you join the FBO?
17. What were your obligations as a member?
18. What did you understand as their obligations to you?

Post FDI

About the expropriation

1. Have you lost land as a result of the investment? i. Yes [] ii. No []
2. If yes, when did this happen?
3. If yes, how much land did you lose?
4. Did you have crops on the land at the time that you lost it? i. Yes [] ii. No []
5. Exactly how did you lose this land?

6. Who do you know was responsible for selling the land?
7. How did you find out about the investors?
8. What do you know about the terms of the contract?
9. Were you aware that you could be evicted from the land? i. Yes [] ii. No []
10. If yes, what was your plan in case it happened?
11. If you were part of an FBO, were they able to help you concerning your eviction from your land?
12. If yes exactly what did they do?
13. If no, why not?
14. Do you think that if you were a member, things would have been different?
i. Yes [] ii. No []
13. If yes, can you please explain why?
14. Were you compensated for your loss? i. Yes [] ii. No []
15. If yes, how were you compensated? i. By cash [] ii. With a new plot of land? []
16. When was the compensation made?
17. If you were compensated with cash, how much were you given in all?
18. For what were you compensated?
19. This amount was enough, please comment. i. Strongly agree [] ii. Agree [] iii. Disagree [] iv. Strongly disagree []
20. How much money would have been enough?
21. How did you invest the amount that you received?
22. If no, did you request for compensation? i. Yes [] ii. No []
23. Who did you request from?
24. How was this done?
25. What response did you receive?
26. What action can you take to seek for justice?

Income post FDI

27. Are you still into farming?
28. If no, how have you diversified your income generating activity?
29. If yes, how did you come by this present plot of land?
30. What kind of interest do you now hold in the land?
i. Leasehold [] ii. Freehold [] iii. Share cropping [] iv. Renting []
31. How many plots do you have now?

32. What is the total size of the plots?

33. Kindly provide the following information concerning your farm activities

Plot no.	No. of years on plot	Size of plot	Crop	Income	Marketing (External/Local)	No. of workers on plot		No. of family working on plots	
						Permanent	Seasonal	Permanent	Seasonal
1									
2									
3									
4									

34. Kindly provide the following information concerning your **income** from your farming activities in GHS

Plot no.	Crop	Yield per acre (bags, bowls, boxes)	Point of sale	Selling price per unit	Income from plot
1					
2					
3					
4					
5					

35. Kindly provide the following information concerning your farming **expenditure**

Plot no.	Seeds	Fertilizer	Pesticide	Hired labour					Cost of land
				Clearing	Planting	Fertilizing	Weeding	Harvesting	
1									
2									
3									
4									
5									

36. Do you plan to remain on this plot of land?

i. Yes [] ii. No []

37. Have you secured this present land to prevent losing it? i. Yes [] ii. No []

38. If yes, how has this been done?

39. Are you still renting out land?

40. How many acres have you rented out?
41. What is your rental income per acre per season?
42. Who would you prefer to rent out land to? i. Immigrant[] ii. Native[] iii. Investors[]
43. What informs this decision?
44. Are you still involved in off-farm activities? i. Yes [] ii. No []
45. If yes, please provide the following information concerning your off-farm activities.

Activity	By you or family member	Number of years	Activity in or outside village	Seasonality	Income per week/month
1.					
2.					
3.					

Other effects

46. Can you briefly describe how this new investment in your area has affected you and your family?

Alternative options

47. If you were given money to quit farming, would you be willing to accept it and quit farming and why? i. Yes []
 ii. No []
48. How much per acre of land will be enough? GHs.....
49. How will you invest the money?
50. Where do you see opportunities for other investments or jobs?
51. i. In the area [] ii. Outside the area []
52. What other kinds of jobs will you be interested in pursuing?
53. Do you have the expertise for such jobs or you are yet to acquire it?
54. If you need to migrate will you be willing to do so?
55. i. Yes [] ii. No []
56. Will you migrate with your entire family or alone?
57. i. Alone [] ii. With family []
58. What is the succession plan for your farm?
59. Are your children in school?

60. For how long to plan to stay in farming? i. Short term [] ii. Medium term [] iii. Long term []

61. Would you agree to be a contract farmer for the investors? i. Yes [] ii. No []

62. If yes, why?

63. If no why?

64. What future do you see in farming given the recent developments?

65. Other comments?

Thank you very much for your cooperation

Appendix 6b: Interview guideline for Investors

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A. Personal data

1. Name of investor
2. Country of origin.....
3. Short history of the company
4. Why did you choose to invest in Ghana?
5. Why did you choose this region and district in particular?

B. Land acquisition

6. Details of the land acquisition process :
 - i. When did you acquire this land?
 - ii. Whom did you contact first?
 - iii. Who leased out the land to you?
 - iv. How many plots have you now acquired?(in acres)
 - v. How much did you pay for the land?
 - vi. For how long does the lease agreement hold?
7. Challenges faced during the acquisition process
8. What about the acquisition was quite easy to manage?
9. What was the role of state organisations in the acquisition process? ...
10. What was the role of civil society organisations in the acquisition process?

11. How long did the entire process take?
12. What was the procedure involved in the land acquisition?(Detailed description of the process)

C. Details of investment

1. When did you start cultivation?
2. How many acres have been cultivated?
3. Has the lease been certified with the Lands Commission?
4. Has the business been registered with GIPC or Free Zones Board?
5. What is the value of this investment (optional)?
 - i. \$50,000 to \$200,000 []
 - ii. \$200,001 to \$500,000 []
 - iii. Above \$500,000[]
6. How do you access the policy framework in Ghana concerning investments?
Which ones have worked in your favour and which ones have not?

D. Business information

1. What is currently cultivated on the land?
2. What are the plans for the year in terms of cultivation? Do you plan to cultivate more hectares?
3. Which target markets are the produce meant for?
4. What was the previous land use?
5. How long did it take you to cultivate from the time of acquisition of the land?
6. What are your labour requirements?

Season	Months	Number of labourers
Lean Season		
Peak Season		

7. What is your source of labour?
8. How much is an employee paid on an average?
 - i. Skilled labour
 - ii. Non skilled labour
9. Are you yet into processing?

10. What is your labour force in processing?
11. What percentage of your labour force is made up of the Ghanaian locals?
12. Do you face any peculiar challenges with regards to staff supervision and how do you solve such a challenge?
13. What portion of your production is mechanized?
14. Considering cost and ease, do you plan to mechanize more or to use manual labour more?
15. What business model do you operate?

E. Concerning the previous land users

1. Did you face any challenges concerning the previous land users (small scale farmers) when you had to clear the land for cultivation?
2. How did you deal with that?
3. Whose responsibility was it to ensure that previous users vacate the land?
4. Who actually ensured that the land was available to you to cultivate?
5. Exactly how was this done?
6. Were the previous users given notice of this beforehand?
7. Have the previous users been compensated?
8. Whose responsibility is it to compensate them?
9. Who actually compensated them?
10. Who determined the amount to be paid?
11. Was there the involvement of any governmental or non-governmental organisation in the process?
12. If the compensation has not yet been paid, have you been contacted by any organisation or the farmers for compensation payment?
13. Have you taken any action towards ensuring that it is paid?

Contract farming

1. Have you contracted local farmers to do some part of your production?
2. If yes, how many contract farmers do you have in all?
3. Did you involve any third party in the contracting procedure e.g.: an FBO, NGO, MoFA extension officers, the chief etc?

4. a) Do you deal with the farmers directly or through an FBO?
- b) Why do you prefer that medium?
5. a) Is any governmental or non-governmental agency involved in the contractual process, for example the GIPC, FZB etc? i. Yes [] ii. No []
- b) If yes, what is their role?
6. What are the contractual terms with regards to provision of inputs?
7. Do you use the assistance of extension officers to provide requisite knowledge for your farm activities?
8. a) Do you personally provide training for the contracted farmers? i. Yes []
ii. No []
- b) If yes what form does the training take?
9. a) Have you introduced the farmers to any new technologies?
- i. Yes [] ii. No []
- b) If yes, please name them.
10. a) Have you faced any challenges concerning the farmers' willingness or ability to deliver according to the contract terms? i. Yes [] ii. No []
- b) If yes, what are the challenges?
11. Do you have confidence that the farmers will deliver according to the contract terms?
12. What will you do in terms of default?
13. Do you plan to continue with the contractual terms in the long run?
14. If you have not employed contract farmers, do you plan to do so, when and how?

F. Social Implications

1. a) Does your contract take into consideration the previous land owners?
- i. Yes [] ii. No []

- b) If yes, could you please explain how they are mentioned in the contract?
- 2. Does your contract mention any (specific) social responsibilities that you need to perform?
- 3. Have you yet performed any social responsibility for the community?
- 4. Do you plan to invest into any community enhancing activities (social responsibility)?
- 5. a) Is there any clause in your contract concerning environmental issues?
 - b) If so, what does it say?
 - c) What have you done about it so far?
- 6. What effect do you think your investment has on:
 - a) the environment?
 - b) the community?
- 7. How do you think the local people and smallholders perceive your investment?
- 8. Do you have any recommendations to improve the process for a win-win situation for both parties?
- 9. Do you have any further comments?

Thank you very much for your cooperation

Appendix 6c: Interview guideline for Traditional Authorities

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A. Personal data

1. Name of district
2. Name of local area
3. Stool/Skin name
4. Averagely how many people live in this area?
5. What is the main source of livelihood for the local people?

B. Land ownership

1. What kind of Land Ownership exists in the area? i. Stool/Skin land [] ii. Family land [] iii. State land []
2. What is the role of the chief in land administration in the community?
3. What is the role of the government in land administration in the area?
4. What interest/rights do the smallholders have?

C. Land lease for investment project

5. What is the procedure involved for an individual to acquire land?
6. Is the process the same for foreigners and locals?

7. Is any third party involved in this lease process? If so, who?
8. Averagely, how much does an acre of agricultural land cost?
9. How many investors have acquired lands in the area? (Above 1000 hectares)
10. How many acres of land have been sold to the investors?
11. How many acres have (name of investor).....acquired?
12. When did the acquisition take place?
13. Kindly give a *detailed description* of the process of acquisition.
14. Apart from the lease and indenture, was there any other agreement between you and the investors? (for example for social developments and environmental concerns?)
15. Could you please divulge the details of the agreement?
16. Has this agreement been formally signed and documented?
17. How will you ensure continuity in enforcing the contract?
18. In case of default of the contractual terms by the investors, what can you do to redress that? Which organisation can you consult?
19. What factors did you consider before releasing/leasing the land to the investors (name)? For example: Amount paid per acre, land use, favourable contract terms, others
20. What was the initial land use before the acquisition?
21. What did the investor plan to use the land for?
22. What is the current land use?
23. If there is a change, what necessitated the change?

D. Smallholders

24. a) Were the smallholders (previous land users) involved in the acquisition process in any way? i. Yes [] ii. No []
 b) If yes, how?
25. If no, why?
26. Were they considered in the agreement signed between you and the investors?
27. If so, how were they considered?
28. When and how were they informed about the acquisition?
29. Whose responsibility is it to ensure that the land is vacant for the new users- the investors?
30. Have the previous users been displaced from the land?

31. When did it happen?
32. Were they given notice before this happened?
33. How did it actually happen?
34. Where are the farmers now?
35. Have the previous users of the land been compensated? i. Yes [] ii. No [] If no skip to 43
36. If yes, how have they been compensated? i. With cash [] ii. With land []
37. Whose responsibility is it to compensate them?
38. Who actually compensated them?
39. How was the amount decided?
40. Was any governmental or non-governmental organisation involved in the decision of the amount?
41. Was any governmental or non-governmental agency involved in the facilitation of the payment of the compensation?
42. When was the compensation payment made?
43. In your view, is this amount adequate?
44. If they have not been compensated, who is supposed to compensate them?
45. Has your outfit followed up on the compensation?
46. Has any governmental or non-governmental organisation followed up on the compensation payments?
47. Have the previous land users formally requested for compensation payments from you?
48. What other sources of livelihood is available for them?

E. Contract farming

49. Do you know if some of the farmers have been contracted to work for the investors?
50. If yes, did you have an input in the contractual terms?
51. Kindly give some details about this?
52. Does any third party follow up to ensure that the terms of the contract are being adhered to by both parties?
53. a) Are the farmers trained by any external; governmental or non-governmental organisation? i. Yes [] ii.No []
b) If yes, by who?

54. Have you so far has any complaints from either party concerning the performance of the contract?
55. What would you do in case of default?

F. Perception and recommendations

10. What effect do you think the investment has on the community?
11. Have you had any discussions with the people concerning this investment?
12. Have you had any complaints from the community concerning the investment?
13. What are some of the challenges that were involved in the process?
14. Do you have any recommendations to improve the process?
15. Do you have any further comments?

Thank you very much for your cooperation

Appendix 6d: Interview guideline for Organisations

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Guideline of interviews with organisations

1. What is the role and mandate of your organisation concerning Foreign Direct Investment in land?
2. What role did you play in the acquisition process?
3. What are some of the challenges that have been encountered in the process?
4. What can be done to improve the process for a win-win situation?
5. How are the rights of the small holders protected?
6. Do you have any comments?

Declaration*

I, Montford, Josephine Maria Goretti

Born on 8th July, 1981

Matriculation number: 510600

hereby declare on my honor that the attached declaration,

Homework/Presentation

Bachelor Thesis

✓ **Master Thesis**

Diplom Thesis,

has been independently prepared, solely with the support of the listed literature references, and that no information has been presented that has not been officially acknowledged.

Supervisor

Lecturer: Prof. Dr. Regina Birner

Thesis topic: Factors Influencing the Effect of Foreign Direct Investment in Land on Smallholders in Ghana; a Case Study Approach.

Semester: Summer, 2012

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Stuttgart, 17th December, 2012

City, Date, Signature

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