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**Government's Role in Attracting Viable
Agricultural Investment: Experiences from Ghana.**

Presentation By

Hon. Kwesi Ahwoi

Minister of Food and Agriculture, Republic of Ghana.

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Key Words.

**Ghana, Land, Agriculture, Viable, Grab, Investment, Bio-fuel,
Interests, Post-Independence, Incentives.**

Executive Summary.

All Ghanaian Governments since 1844 have had policies for attracting viable agricultural investments with varying degrees of success. They range from non- interventionist policy (1844-1956) to total state intervention along the entire value chain(1957-1966) during the immediate post-independence period through the era of structural adjustment program (SAP) where the private sector was given the role of attracting viable agricultural investments with the help of Government incentives provided in 1994 and 1995 by Acts of Parliament. The post SAP era is dealing with accelerated agricultural commercialization with large-scale agricultural investments expected to provide the stimulus. The paper questions the raising of the issue of “land grab” at the very time that Africa that has not had a Green Revolution (GR) yet is attracting large-scale investment in food and biofuel to have her own Green Revolution and asks “whose interests are being served”.

1. Introduction.

Agriculture in Ghana continues to contribute the largest share to the Gross Domestic Product (GDP) even though the share of the sector in national output declined from 44% in 1990 to 35% in 2007. The annual growth rate of the agricultural sector in the last four years has averaged 6% p.a. with cocoa contributing significantly to it. Indeed, over the last decade (through 2008) agricultural GDP (agGDP) grew at an average annual rate of 4.62% – amongst the highest sector growth rates in sub-Saharan Africa (SSA)ⁱ.

Ghana's agricultural sector is made up of food and industrial crops including cocoa, livestock, fisheries and forestry. The Ministry of Lands and Natural Resources has oversight responsibility for Forestry while the Ministry of Finance and Economic Planning is responsible for the Cocoa sector. The other subsectors fall under the purview of the Ministry of Food and Agriculture.

The domestic economy revolves around agriculture which employs about 56% of the work force of about 10 million people, mainly as smallholders on family-operated farms with average holdings of about 2 hectares, using rudimentary technology to produce about 80% of Ghana's total agricultural output. It is estimated that about 2.74 million households operate a farm or keep livestock. Large scale farms and plantations produce mainly industrial crops, such as oil palm, rubber and coconut and to a lesser extent, maize, rice and pineapples.

Ghana is self-sufficient in roots and tubers but deficient in cereals where it produces 51% of its needs, fish, 60% of its requirements, meat 50% of requirements and less than 30% of the raw materials needed for agro-based industries.. The output of vegetables such as tomatoes and onions, the most widely used, is rather erratic and vacillates between scarcity, sufficiency and glut depending on the vagaries of the weather.

The Republic of Ghana is situated in West Africa between Latitude 4° 44'N and 11° 11'N and Longitude 3° 11' W and 1° 11'E thus placing the country virtually at the "Centre of the World" as Ghanaians prefer their country to be so referred to since no land mass is closer to the center of the world than Ghana. It has a coastline of 530 km. Ghana has an estimated population of 24 million(2008 est.), with a population growth rate of 2.6% per annum. Its major exports include cocoa, gold, bauxite, manganese, diamond, pineapples, mangoes and oilⁱⁱ.

Ghana has a total land area of 23,583,900 hectares out of which 13,628,179 hectares or 57% has been assessed as agricultural or cultivable land (Appendix 1) . As at 2009, only 7,359,216 hectares or 54% of the agricultural land was put under cultivation which implies that there is adequate unused land in Ghana for large scale commercial purposes (Appendix 2). However obtaining large hectares of land for commercial purposes can be a challenge in many parts of the country because of the complexities of the land tenure system. Of the cultivable land only 33,778 hectares or 0.44% is irrigated, thus making Ghana's agriculture rain-fed with its associated risks including possible adverse impact of climate change.

2. Land Ownership and Acquisition in Ghana

From an investment point of view, each Region presents its own cultural and land acquisition challenges in terms of population densities, land ownership structures and land acquisition requirements thus adding to the complexities of large scale agricultural investment in Ghana. Land ownership in Ghana can be broadly divided into three, namely:

- customary ownership
- state ownership and
- split ownership (a partnership between the state and the customary owners)

Customary land ownership occurs where the right to use or to dispose of use-rights over land rest neither on the exercise of force, nor on the evidence of rights guaranteed by government statute, but on the fact that they are recognized as legitimate by the community, the rules governing the acquisition and transmission of these rights being usually explicitly and generally known, though not normally recorded formally in writing (Bower, 1993). Such ownership may occur in any one or a combination of the following ways:

- discovery and long uninterrupted settlement
- conquest through war and subsequent settlement
- gift from another land owning group or traditional overlord
- purchase from another land owning group

The following distinct scheme of interest exists in communal ownership: the allodial interest, which is the highest proprietary interest known to exist in Ghanaian customary land. It is equivalent to the concepts of freeholds in the English conveyancing system. Other lesser interests that flow out of the allodial interest are the usufructary interest, tenancies, licenses and pledges. Customary lands are managed by a custodian (a chief or a head of family) who manages the land with the principal elders of the community. Any decisions taken by the custodian that affects rights and interests in the land, especially disposition of any portion of the communal land to non-members of the land holding community, require the concurrence of the principal elders. Custodians of customary lands therefore hold the land in a fiduciary capacity and they are accountable to the members of the land owning community.

Customary ownership presents considerable problems in the creation of a geographic information system for land ownership. The boundaries are not generally surveyed and in some cases undefined. There are conflicting claims to ownership. There is improper record keeping of judgments, dispositions and other records relating to the land by the custodians. Land litigation is therefore high. How these obstacles are surmounted are discussed later. In many instances there is the need to distinguish between jurisdictional right of the custodian and proprietary rights in land.

State Lands are those which have been expressly acquired by the State through compulsory acquisition by statute for public good. Such state lands are scattered throughout the country with their boundaries cadastrally surveyed and mapped out. They vary in sizes, from small to very large depending on the purpose of the acquisition. Leases of these lands are granted to statutory institutions and private individuals for development. In all such acquisitions, compensation is expected to be paid to the customary owners. By law if the use for which a land is acquired by the state no longer prevails the land is expected to be returned to the customary owners. Passage of such lands to third party investors without recourse to the customary owners especially where compensation has not been paid, is now the root cause of many disputed land cases in Ghana.

Split ownership occurs when the state takes over the legal incidents of ownership (the right to sell, lease, manage, collect rents, etc.) from the customary land owners and holds the land in trust for the land owning community. The land owners retain the equitable interest in the land - the right to enjoy the benefits from the land. This is generally referred to as vested land and it is managed in the same way as state lands. However, unlike state lands, the boundaries are not cadastrally surveyed, and they are usually larger in size, covering wide areas.

The universal principle in Ghana is that "there is no land without an owner". Therefore any piece of land will fall into one of these ownership categories discussed above. Since state and vested lands are acquired expressly through legislation, all other lands outside these categories belong to the class of customary lands - either for stools, clans or families.

3. Government and Agricultural Investment Attraction

Five distinct periods of Ghana's Government agricultural policy changes from the colonial era to date provide ample experiences and lessons to inform current and future strategies to attract viable and responsible investments into the sector. The periods in the main can be broken down into:-

- the colonial era (1844-1956) ,
- the CPP state farms era (1957-66),
- the era of mixed private/government participation and interventions (1967-82),
- the era of economic reform and structural adjustment programs (1983-2008)
- post structural adjustment(2009-2015).

4. The Colonial Period (1844-1956): Private Sector as the Engine of Agricultural Growth.

Under the British colonial rule (1844-1956), Ghana developed an export-based primary production economy. Raw materials, such as oil palm and rubber and minerals, such as gold, diamonds, bauxite and manganese were produced for export. In 1879, a Ghanaian named Tetteh Quarshie who was referred to as the "African Pioneer" by the Colonial Administration planted one acre of cocoa farm at Akwapim Mampong (about 50 kilometres north of Accra) in the Eastern Region of Ghana from seeds he obtained from six Amelonado cocoa pods he brought to Ghana from Fernando Po (Bioko in Equatorial Guinea). From that one acre farm, two bags of cocoa beans were exported from Ghana on March 14, 1893 and by 1911 40,000 tons of cocoa was exported making cocoa the largest export commodity. Ghana became the largest exporter of

cocoa beans for 70 years (1911-1979) and for a period accounted for almost half of the world's output.

Cocoa production however remained a smallholder crop under traditional land tenure systems without Government interference but cocoa's development was promoted by the establishment of a Cocoa Marketing Board by the Colonial Government in 1947 to facilitate the marketing of cocoa by the private cocoa merchant companies. While the colonial government was more interested in developing agricultural exports such as cocoa and coffee, most of the farmers were engaged in subsistence agriculture under the traditional land tenure systems, producing cereals, roots, tubers, plantain, fruits, and vegetables.

The strong growth in exports, mainly from cocoa, created rapid economic growth in Ghana and the country had one of the highest per capita incomes in sub-Saharan Africa at the time of Ghana's Independence in 1957. The focus of Government in agriculture was on export and low priority was given to local food production as there were adequate export revenues to support large scale food imports to meet the demand of the expatriate consumers. Almost all investments into Ghanaian agriculture during this period were from private local small-scale

We are aware that in other parts of Africa such as Liberia, Ivory Coast, Kenya, Zimbabwe, South Africa, large areas of lands were "grabbed" from the local people for large-scale tea, coffee, cocoa, rubber and other plantations. Land grabbing therefore has been with us for a long time without attracting the kind of publicity that one hears these days.

5. The CPP Era(1957-1966) :Emergence of the State as the Engine of Agricultural Growth.

From 1957 when Ghana became independent from the British up to 1961, the agricultural policies from the late colonial period prevailed. Ghana had an open economy where the private sector was the main engine of economic growth predicated on cocoa and mining.

However, when the country became a Republic in 1960, the Government of the Convention People's Party (CPP) in its desire to accelerate the pace of economic development and to empower Ghanaians through the state to own the means of production, distribution and marketing requested and statutorily obtained the releases of large parcels of land from the traditional land owners across the length and breadth of the country for the establishment of large scale plantation agriculture under State Farms. A state owned Agricultural Development Corporation (ADC) was set up to promote agricultural modernization, mechanization and development through the State Farms by means of direct public intervention in production and marketing. Peasant farming coexisted under the cooperative systems, but medium to large scale private investment in agriculture was crowded out.

This era saw the establishment of state-owned industries under an import-substitution industrialization economic policy designed as much as possible to use local raw materials from

the state farms. This unfortunately could not be sustained as most raw materials needed had to be imported. This same era witnessed the most rapid expansion of social and physical infrastructure in education, health, water supply, ports, roads among others unparalleled in the history of Ghana. The state-led interventionist economic policy raised the government's expenditures and resulted in severe economic problems. The fall in cocoa price on the world market in the early 1960s depleted the stock of foreign exchange. The government experienced heavy budget deficits and financed this through bank borrowing. Inflation became high and life became difficult as Ghanaians queued for every food and household items. The Government was overthrown in a coup in 1966. The CPP era could be described as the era of "Domestic Land Grab" using the power of the Government.

6. The Mixed Eras of Private/Government Participation in Agriculture (1967-82).

Seven different regimes (five military) followed the CPP Government over the next 15 years. These were periods of extreme instability with the successive and frequent changes in political leadership through the barrel of the gun affecting both economic and agricultural policies.

The National Liberation Council (NLC), which came into power in 1966 through a coup d'état had very little of policy on agriculture. It abandoned the state farms and left a vacuum. It initiated the process of the privatization of the state owned enterprises as it sought to stabilize and consolidate the economy..

The ensuing democratically elected Progress Party (PP) Government (1969-72) reopened the economy and returned it to a market-oriented capitalist system. The Government held the view that rural development was the key to agricultural development. That provision of the enabling environment in rural Ghana would retain the youth in agriculture and attract investors into the sector. Although it continued the sidelining of the state farms, it focused on the provision of rural infrastructure, mainly feeder roads, rural housing and cottage industries under a newly created Ministry of Rural Development. The large scale state plantations gave way to relatively small scale private operations under this regime..

The military interventionist National Redemption Council (NRC), which replaced the Progress Party in January 1972 aggressively pursued a policy of food and raw material self-sufficiency under its Operation Feed Yourself (OFY) and Operation Feed Your Industries (OFYI) programmes. The increases in production were to be achieved through expansion of acreage under production, through the general mobilization of the entire Ghanaian population by the Government to go into agriculture production. Besides commercial farmers, the armed forces and the police, almost every Ghanaian household run a back yard farm to feed the inmates directly or from the incomes derived from the operation. This era saw a reintroduction and expansion of mechanized agriculture and irrigation development under a mixed public-private sector participation in agriculture. The enabling environment, duty exoneration and subsidies on inputs attracted private investors into agriculture. Indeed Ghana became self-sufficient in food crop especially rice production between 1974 and 1975. Ghana exported locally grown rice for the

first and last time (up to date) during this period. The period also corresponded with a decline in cocoa production resulting in deterioration in the economy due partly to Government's domestic policies and mostly to external factors such as worsening terms of trade.

A palace coup in the NRC, followed by a short lived revolt of the junior ranks of the Ghana Armed Forces under the Armed Forces Revolutionary Council (AFRC) led to a catastrophic economic decline and increasing unavailability of food and other consumer items resulting in high and widespread food insecurity.

The Government of the Peoples National Party-an offshoot of the CPP-which won the subsequent democratic election in 1979 served notice for an active state intervention in agricultural production and marketing. It did not have enough time to implement its programmes.

7. The Era of Economic Reform Program (ERP) and Structural Adjustment Programs (SAP) 1983-2008.

However, the Provisional National Defence Council (PNDC) which assumed the reins of government in 1981, began a new era of liberalization under reforms negotiated with the World Bank and the IMF in 1982. These reforms were to be sustained and continued under the democratically elected National Democratic Congress government which came into office in 1992-2000 and ignited the private sector export-led growth strategy.

The Economic Reform Program (ERP) was launched in 1983 and was followed by several Structural Adjustment Programs(SAPs), starting in 1986. The new framework put emphasis on the free market system, with market prices given a central role in the allocation of resources. The government's control and participation in the economy was curbed, including in agriculture.

The policy reforms during the first phase of the economic reform program (1983-1985) was aimed at eliminating major price distortions and restoring macro-economic balances through tight fiscal and monetary policies. The key policy changes included trade policy and exchange rate reforms, and by 1986 the country had adopted a flexible exchange rate system.

The Structural Adjustment Program which started in 1986, aimed at removing structural impediments in the economy and steering the economy towards sustained growth. A liberalization program was introduced, which included deregulation of the commodity and service markets, reduced domestic price distortion and liberalization of imports. The period saw an increased growth rate, reduced budget deficit, devaluation of the currency and a lower inflation rate.

With the ERP, the trade policy was once again reoriented towards an outward-looking economy with emphasis on increased export of basically cocoa and timber and a diversified agricultural export base, with the promotion of non-traditional exports. Such as pineapples, fish and vegetables.

Prior to the ERP and the SAPs, various government agencies had undertaken the production, import and distribution of farm inputs such as seeds, fertilizers, insecticides, fungicides, small hand tools, motorized equipment and premix fuels. The prices and inputs had been directly subsidized and tariffs on imported agricultural inputs were reduced, some to zero. As a part of the ERP and the SAPs the subsidies were removed.

As part of the SAP, the Ghana Investment Promotion Centre (GIPC) was set up as a statutory agency under Parliamentary Act 478(1994), to promote and facilitate investments in the various sectors of the economy except mining and petroleum which had their own statutory promotional agencies.

The Act enjoins the GIPC to assist both domestic and foreign investors in:

- the provision of information on investment opportunities in Ghana;
- the identification and promotion of value added activities and new potential areas for investments;
- liaising with Ministries Departments and Agencies (MDAs) to create the enabling environment for investors by progressively identifying and removing obstacles and barriers to private investment initiatives;
- facilitate the acquisition and transfer of technology;
- the provision of professional and technical advice; and
- the registration of investments in which foreigners have interest.

Investments in Agriculture and Agro-Industry were given special incentives said to be among the most liberal including: (visit, www.gipc.org.gh)

I. Tax Exemption:

- Cocoa farmers and producers - income tax exempt
- Cattle ranching - 10 years
- Tree cropping (e.g. coffee, oil palm, shea butter, rubber and coconut) – 10 years
- Livestock excluding cattle and poultry - 5 years
- Fish farming, poultry and cash crops - 5 years
- Agro processing – the business of converting crops, fish or livestock produced in Ghana into edible canned or other packaged product other than in their raw state – 5 years

II. Locational Incentives (Tax Rebates)

a) Manufacturing industries located in regional capitals other than

- Accra and Tema - 25 % rebate
- Elsewhere - 50% rebate

b) After the initial 5-year tax holiday period, agro-processing enterprises, which use agricultural raw materials as their main inputs, shall have corporate tax rates fixed according to their locations as follows:

- Accra-Tema – 20%
- Other Regional Capitals – 10%
- Outside Regional Capitals – 0%
- All over Northern, Upper East, Upper West Regions – 0%

III. Carry Forward Losses

Tax losses are carried forward for five years and is lost if unutilized after the lapse of the fifth year. Only businesses involved in Manufacturing mainly for export, farming and mining have this right.

IV. Investment Guarantees

a) Free Transferability of Capital, Profits and Dividends

The GIPC Act 478 provides guarantees to all enterprises, including free transferability through any authorized dealer bank in freely convertible currency of dividends or net profits attributable to the investment; payments in respect of loan servicing where a foreign loan has been obtained; remittance of proceeds (net of all taxes and other obligations) in the event of sale or liquidation of the enterprise or any interest attributable to the investment. Guarantees against expropriation of private investments provided under Act 478 are buttressed by the constitution.

b) Insurance Against Non-Commercial Risks

Ghana is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) Convention. This Convention guarantees coverage (insurance) against non-commercial risks such as transfer restrictions, breach of contract, expropriation, war and civil disobedience.

c) Double Taxation Agreements

Ghana also uses Double Taxation Agreements (DTA) to rationalize tax obligations of investors who come from global tax sourced jurisdictions with a view to saving the investors the incidence of double taxation. Ghana has to date signed and ratified DTAs with a number of countries.

d) Investment Promotion and Protection Agreements

Ghana offers commitments at the bilateral level to protect investors and their investments. To date, Ghana has concluded 21 Investment Promotion and Protection Agreements (IPPAs). Some of these have been ratified while others are still awaiting ratification. Another 19 are pending for conclusion.

Another investment promotion agency under the SAP is the Ghana Free Zones Board (GFZB) Act of 1995. The GFZB attempts to stimulate the growth of export-related businesses in Ghana particularly those funded by foreign direct investment. It grants certain privileges to such companies who comply with the stated regulations in the Act:

- Exemption from the payment of income tax on profits for the first ten years from the date of commencement of operation
- The income tax rate after ten years shall not exceed a maximum of 8 per cent
- A shareholder shall be exempted from the payment of withholding taxes on dividends arising out of free zone investments
- A foreign investor may take and hold a maximum of 100 per cent of the shares in any free zone enterprise
- A domestic investor may take and hold a maximum of 100 per cent of the shares in any free zone enterprise
- Foreign and domestic investors shall have equal status within the export free zones.

To take advantage of these incentives, Government developed the Accelerated Agricultural Growth and Development Strategy (AAGDS) in 1997 to provide a framework for the Government's policies and development programs in the agricultural sector. It emphasized the critical role of the agricultural sector to bring about economic growth and poverty reduction. The sector's average annual growth rate was targeted to increase from 4% to 6% over a medium term (2001-2010) with the help of foreign direct investments into the agricultural sector.

The NDC Government laid emphasis on local government decentralization and the provision of rural electrification, telephony, potent water feeder roads, urban and trunk roads development as conditions precedent to agricultural investment attraction. It also rehabilitated and expanded the ports and opened up the financial markets. It formulated an Export Development and Investment Fund (EDIF) passed into law in 2001 by the ensuing New Patriotic Party (NPP) Government.

The government of the New Patriotic Party (NPP), came into power in 2001, and continued with the privet-sector, export-led growth strategy, in which the promotion of non-traditional exports was the cornerstone. In 2001, the Ministry of Trade launched the President's Special Initiative on Accelerated Export Development (PSI), which was intended to stimulate private investments in oil palm, cassava, tomatoes, improve productivity and create jobs in agricultural production and processing under government leadership . The PSI also aimed to strengthen the agro-based and export-oriented industries and support the extension of the supply base of horticultural products such as pineapples, beans, vegetables and groundnuts.

In 2002, the Ministry of Food and Agriculture developed the Food and Agricultural Sector Development Policy (FASDEP) to transform Ghana into a leading agro-industrial country in Africa by the year 2010. FASDEP was geared towards efficiency in the use of resources in the agricultural sector and in the general economy, with the private sector as the main driving force. This was in line with the Ghana Poverty Reduction Strategy (GPRS), which the government started to implement in 2002 together with the World Bank and the IMF. The GPRS was a comprehensive development policy framework for growth and poverty reduction over a three-

year period (2003-2005). It aimed at stabilizing the economy and at creating a foundation for sustainable, accelerated and job-creating agro-based industrial growth.

The reforms that started in 1983 and ended in 2008 thus led to many measures that reduced or ended the Government's direct involvement in production, distribution and marketing of agricultural inputs and outputs as well as interventions in the market through minimum prices and provision of production and/or input subsidies

It will be recalled that prior to 1983, overall economic growth in Ghana was subject to large fluctuations that were driven by wide annual variations in agricultural growth (IFPRI, 2008.) These fluctuations were around an overall growth rate of less than one percent leading to a per capita income growth rate of negative two percent. The consequence was a steady decline in per capita income and a steady increase in the percentage of the population under the poverty line.

However with better focus on agriculture , political stability and better coordination with Ghana's development partners, the fluctuations in agricultural production were radically reduced between 1985 and 2006, and the growth rate of GDP picked up to 4.9 percent for that period (IFPRI, 2008.) From this strong base, the growth rate in both overall GDP and agriculture have been accelerating modestly in the last several years. For 2008, the agricultural growth was 5.7% and overall GDP growth was 6.3% – leading to a 3.6% per capita GDP growth rate.

Agriculture however continues to contribute the largest share to the Gross Domestic Product (GDP) even though the share of the sector in national output declined from 44% in 1990 to 36% in 2008. The annual growth rate of the agricultural sector between 2004 and 2008 averaged 6% per annum with cocoa contributing significantly to it. As stated earlier over the last decade (1997- 2008) agricultural GDP (agGDP) which grew at an average annual rate of 4.62% was amongst the highest sector growth rates in sub-Saharan Africa (SSA) but there is still a lot more to be done hence the introduction of the accelerated modernization and commercialization by the National Democratic Congress (NDC) Government in 2009.

8. Post Structural Adjustment Era (2009-2015): Accelerated Agricultural Modernization and Commercialization for Increased Food Security and Economic Transformation.

Ghana thus experienced a rapid growth rate in agriculture more typical of middle income rather than low income countries for the 25 year period covering 1983-2008 . That high growth rate in agriculture caused radical decline in poverty, from the high of 52 percent rate during the early 1990's to roughly half that level at present. That makes Ghana one of the few African countries likely to meet, ahead of schedule, the millennium target of cutting poverty in half by 2015 .

The national vision for the development of the Food and Agriculture sector is a “structurally transformed Ghanaian economy where modernized agriculture has culminated in improved food security, employment opportunities and significantly reduced poverty, particularly in rural areas”. A modernized agriculture that provides critical linkages between agriculture and industry,

and based on application of science and technology and sustainable land management and environmental practices, is the aim of the revised FASDEP II. The growth target for the food and agriculture sector is 6-8% per annum intended to support the GPRS II output growth. This vision derives from the objects of Growth and Poverty Reduction Strategy (GPRS II) and the Comprehensive Africa Agriculture Development Program (CAADP) of the New Partnership for Africa's Development (NEPAD).

The NDC Government installed in January 2009 has enhanced FASDEP II with a Medium Term Agricultural Sector Investment Plan (METASIP) that seeks to enhance the environment for all categories of farmers, while targeting poor and risk-prone and risk-averse producers. The policy also ensures consistency with national development objectives as specified in the Growth and Poverty Reduction Strategy II (GPRS II).

The strategic focus of Ghana's Accelerated Agricultural Modernization and Commercialization is to enable it respond effectively to the volatile African and global food price markets that continue to plague consumers especially in the rural areas and in the urban slums.

I see the real management challenge of increasing investments in agriculture as how to combine Ghana's abundant resources of land, labor, capital, forests, water and sunshine with the available cost-effective technologies to overcome the limitations of inadequate and high cost infrastructure including transportation, communication, limited processing capacity, underdeveloped marketing facilities, low management capacity and the existing low agricultural research capacity to achieve attractive profits and incomes on a sustainable basis.

From the point of view of increasing agricultural productivity through modernization and commercialization, the main challenge is how to bridge the productivity gap between achievable yields and current yields. For example, the achievable yield for cassava in Ghana is 49.0 metric tones / hectare against current average yield of 14.1 tons. Maize is 6.0/ hectare against current yield of 1.7 tones / hectare and the list goes on.

Within the framework Government interventions and support for private sector, the Ministry of Food and Agriculture (MoFA), is implementing in 2010 major interventions to increase agricultural production and productivity. Under its mechanization program, MoFA is establishing at least one mechanization center owned and managed by the private sector in each of the 170 districts. Each center will have the full complement of machinery necessary for improved land preparation, application of weedicide, pesticide and fertilizer and farm management, harvesting, post harvest handling and storage; in short for enhanced agricultural productivity and output. Additionally, tractor operators are being trained on the appropriate handling and application techniques. Furthermore, irrigation facilities are being constructed for irrigation, animal watering and agro-processing in all ten regions of the country. All these are being done in partnership with the private sector.

Climate change presents an additional challenge for farmers who are struggling with dry and variable climate. The Government of Ghana is incorporating climate change into its productivity program and emergency response and disaster preparedness strategies. To reduce the severity of the effects of unreliable rainfall and increase the number of livelihood systems and employment

opportunities in the dry season, the Ministry of Food and Agriculture will complete the second phase of the rehabilitation of the Tono Irrigation Project. The Veve irrigation Scheme and 30 other dams in the Greater Accra and Volta Regions will also be rehabilitated. Plans are also advanced to attract private investment to bring into fruition the Accra Plains Irrigation Project that will bring additional 150,000 hectares under irrigation. The fisheries and livestock sub sectors remain a challenge in the Agricultural sector. Fish farming is being supported as part of the modernization process and in this respect government has put in measures that will encourage the increase in fish production through aquaculture to enable the country achieve fish self sufficiency. Currently, more hatcheries and feed mills are being built around the country. A few landing sites and harbours are being developed for the fisheries sub sector.

All these projects and opportunities lend themselves to private investment under either 100% local or foreign ownership, partnership, or public-private partnership in any mutually acceptable arrangements.

Government is working on achieving a common understanding among all sections of the Ghanaian society on how to attract and increase investments in agriculture to achieve accelerated growth and commercialization in agriculture. Clearly delineated responsibilities will enable Ministries, Departments and Agencies (MDAs) and Ghana's development partners (DPs) determine the areas that they have comparative advantages (market competitiveness, Intra-African Trade, E- Governance, technology, research, market linkages and information , land administration, public-private sector partnership, agro-processing, finance, institutional strengthening and management skills, knowing that their contributions will be towards the attainment of shared objectives.

For the medium term (2010-2015), Ghana has developed planning documents targeting a six percent growth rate in the agricultural sector (Ministry of Agriculture, 2009, IFPRI 2008). This target is informed by agricultural growth rates of about 6% achieved by a number of middle income countries (Mellor 1992.) Thus, Ghana is aiming at the top end of the range for the successful middle income countries since Ghana provides a very favorable agricultural growth environment for pursuing private/public sector collaborations.

At the Africa wide level, it will be recalled that the OAU mandated the initiation of the New Partnership for Africa's Development (NEPAD) as a strategic framework for pan-Africa socioeconomic development. NEPAD stands for a radically new intervention, made in Africa and spearheaded by African leaders, to address the main challenges facing the continent which in the main are escalating poverty, under-development, and the continent's continued marginalization on the international scene. Because Africa is largely agrarian, NEPAD's Comprehensive African Agricultural Development Program (CAADP) has become one of NEPAD's most important sub-activities.

Through CAADP, African governments including Ghana are committed to raising agricultural growth to at least 6% per year over a period of 10-16 years. This growth rate is the minimum growth rate required if Africa is to achieve agricultural-led socio-economic growth and prosperity. To achieve this target, African governments have agreed to increase public

investment in agriculture by a minimum of 10% of their national budgets – substantially more than the 4% to 5% average they committed previously. Ghana committed about 9% of her budget to public investment in agriculture in 2009.

9. Ghana's Experience with Large Scale Land Acquisition .

The unprecedented food and fuel price crisis of 2008 pushed millions of people deeper into poverty thereby reversing hard-won development gains achieved over the last decade. It threatened the achievement of the Millennium Development Goals.

The IMF estimated that the increased demand for biofuels accounted for 70 percent of the increase in maize prices and 40 percent of the increase in soybean prices. Other potential drivers were identified to include the declining dollar, rising energy prices, increasing agricultural costs of production, growing foreign exchange holdings by major food-importing countries, and the policies by some exporting countries to mitigate their own food-price inflation by restraining the export of key food exports such as rice. Export bans and restrictions fueled the price increases by restricting access to supplies.

The 2006-2008 crisis helped pushed the untested assumption that investments into large-scale farming in Africa should be a key agenda for many companies and governments. It is postulated that in today's high food price environment and a growing and affluent population, Africa's abundant and cheap arable lands for lease must become a major attraction for foreign companies and governments looking into large-scale agriculture farm investment.

Many African countries are wooing foreign firms and governments from within and outside Africa with offers to lease large tracts of land at rock bottom prices under the assumption of reaping substantial benefits by way of increased employment, increased productivity, technology transfer and general improvement in the welfare of their people. From the point of view of African governments, there is the urgent need to develop the framework for testing the assumed benefits against the cost to voiceless peasant farmers and local land squatters and displaced or potentially displaceable users, future land and water resources availability and distribution.

To the foreign companies and governments, there is the need to assess what is the best strategy and business model to succeed in particular African countries. What are the challenges and pitfalls to avoid in order to maximize investments with minimum legal and other conflicts? What are the land acquisition and utilization policies in the selected countries of investment? In today's tight financial market, securing financial solution is one of the major challenges in farmland investment.

Available information indicates that over 20 companies from around the world, including China, Brazil, Germany, Italy, The Netherlands and Norway, are acquiring land in Ghana to produce biofuels mainly jatropha and sugarcane. Multinationals are attracted to Ghana by the land

availability, soil types and a lack of regulation on acquisitions, according to the Food Security Policy Advocacy Network (FoodSPAN), based in the capital Accra.

As indicated earlier, the vast majority of lands in Ghana fall under customary ownership so it is entirely possible for land to be acquired from the traditional authorities without prior knowledge or approval by the competent authorities such as the Lands commission. There are cases in which land has been acquired privately without consultation with those farming on the land leading to hundreds being forced out of the land they have cultivated over a long period of time without compensation. It is the view of the Ghana Government that long term leases of up to the 50 years permitted by law for foreigners may not be sustainable unless there is some level of local satisfaction. Foreigners must necessarily take note that under Ghanaian laws even “squatters” cannot be displaced without appropriate resettlement or compensation. In this context, innovative business models that promote local participation in economic activities may make even more commercial sense. These include outgrower schemes and joint ventures with local communities .

Issues of image and reputational risk should not be underestimated as large scale investors could be perceived as “mere land grabbers” in food-insecure areas as Northern Region of Ghana

At the local level, land rights may not be straight forward and may be hotly disputed. The land tenure situation may be very complex, involving customary rights. Careful assessment of local contexts is critical, as well as long-term engagement with local interests (not just elites).

Clarity is needed about the costs and benefits of the business transaction from the start. This includes realistic estimates and honest communication of what the project will bring – e.g. in terms of numbers and types of jobs and other positive and negative project impacts. Clear principles for engagement at the district and village level are required.

Local consultation is likely to be a key success factor during project implementation, whether or not it is legally required. it is in the investors interest that it holds regular consultations with the local representatives of the Lands commission, the Ministry of Lands and Natural Resources, Ministry of Food and Agriculture for guidance if in doubt.

The Ministry of Food and Agriculture in Ghana has initiated an inter-agency consultations between the Ministries of Food and Agriculture, Energy, Lands and Natural Resources, Environment Science and Technology, Chieftaincy Affairs and Local Government and Rural Development and Finance and Economic Development to develop the policy framework and guidelines for the large scale land acquisitions by both local and foreign investors for biofuels development with the view to coming out with win-win modalities to protect the interests of investors and the welfare of Ghanaian farmers and landowners. Ghana can do with expertise in this subject.

Conclusion

This presentation has traced the evolution of Ghana Government's role in ensuring viable agriculture investment in Ghana from the colonial era to today over a period of some 166 years (1844-2010). There was significant presence of Government in agricultural production, marketing, pricing, provision of services and subsidization of farmers in the 1960s and 70s, but these policies were eliminated in the reforms of the 1980s and 90s. The dismantlement of most of the state marketing enterprises (with a notable exception in the cocoa sector, where the role of the state institutions was also reduced) eliminated almost all the domestic subsidies and support that the government had provided to the farmers. This withdrawal of the role of government was most welcomed by some International Institutions and Agencies which had blamed government intervention as significantly contributing to the agriculture sector's poor performance, however many other analysts consider the liberalization measures to have had serious adverse effects on the economy and farmers of Ghana.

Despite the many Government interventions and reforms, there has not been significant improvements in the structure, conduct and performance of Ghana's agricultural sector, a fact which is widely acknowledged. The ending of the import licensing system and the progressive reduction of tariffs and withdrawal of subsidies without significant productivity gains over the years also means that Ghanaian farmers may have become more exposed to competition from cheap imports to the detriment of their livelihood. The increasing concern in agriculture-led developing economies for the re-introduction of Governmental support (euphemism for subsidy) should no longer be resisted by the competitors and their surrogates. Africa's agriculture cannot succeed on an uneven playing field .

There is little impact assessment results from all the incentives made available to investors under the GIPC Act 478 of 1994 and the GFZB Act of 1995 to guide Government in developing "Large Scale Investment Models" in Ghanaian agriculture in the post 2006-2008 high food and biofuels price impact. The need for external capital (FDI) inflow to finance the current account deficit of developing countries cannot be over-emphasized . Could it be that the primary benefit of an increase in FDI inflow into a developing country's agriculture is the increase in current consumption of imports without an accompanying accelerated modernization and commercialization of the country's own agriculture?. Could it also be that large scale investments into Ghana's agriculture is what is needed for a major takeoff of the Ghanaian economy after 166 years?

The real issue is that there has been "land grabs" for achieving increased agricultural productivity or Green Revolutions on almost all continents except Africa. As the only continent which was by-passed by the Green Revolution, there are hopes to increase the productivity of Africa's agriculture sector through responsible investment and off-the-shelf technologies to provide the missing synergies for Africa's own Green Revolution.

We are at a loss to understand why now that it is becoming increasingly evident that Africa's agricultural potential for large scale production of food and bio-fuel is gaining

widespread recognition and Governments and Companies within and outside Africa are making large scale investments in African agriculture, the whole issue of land grab has been pushed to the fore with passion. What interests will be served with the status quo?

I believe many African countries with millions of hectares of “unused lands” will be willing to put them under large scale maize, sugarcane, oil-palm or even jatropha (with the necessary safeguards) to produce food and bio-fuel to reduce their consumption of fossil fuel. Why should Ghana continue to spend about \$1.5 billion annually on the importation of crude oil when large portion of this amount could be produced from bio-fuel to serve the interest of the country in a way consistent with the global interest of cutting down on the use of fossil fuels.

Appendix 1: The total land area of Ghana:

Can be divided into eight (8) functional land use areas as follows:

1. Savanna Woodland	7.1 million hectares	(30%)
2. Bush Fallow and other uses	6.0 million hectares	(25%)
3. Unimproved Pasture	3.6 million hectares	(15%)
4. Forest Reserves	2.6 million hectares	(11%)
5. Tree Crops	1.7 million hectares	(7%)
6. Annual Crops	1.2 million hectares	(5%)
7. Wildlife Reserves	1.2 million hectares	(5%)
8. Unreserved Forests	0.5 million hectares	(2%)
Total	23.9 million hectares	(100%)

Appendix 2: Ghana: Land Distribution across the 10 Regions

Ghana has overall population density of about 100 per sq km:

1. Northern Region 7 million hectares representing 29.5 % of Ghana’s total area and a population density of 26 /sq km
2. Brong Ahafo Region 4 million hectares representing 16.6% of Ghana’s total area with a population density of 46/ sq km
3. Ashanti Region covers 2.5 million hectares representing 10.2 % of Ghana’s total area with a population density of 148/ sq km
4. Western Region covers 2.4 million hectares representing 10.0% of Ghana’s total area with a population density of 81/sq km
5. Volta Region covers 2.1 million hectares representing 8.6% of Ghana’s total area with a population density of 79/sq km
6. Eastern Region covers 1.9 million hectares representing 8.1 % of Ghana’s total area with a population density of 109/sq km

7. Upper West Region covers 1.8 million hectares representing 7.7% of Ghana's total area with a population density of 31/sq km
8. Central Region covers 1.0 million hectares representing 4.1% of Ghana's total area with a population density of 162/sq km
9. Upper East Region covers 0.9 million hectares representing 3.7% of Ghana's total area with a population density of 104/sq km
10. Greater Accra Region covers 0.3 million hectares representing 1.4 % of Ghana's total area with a population density of 897/sq km

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