



LARGE-SCALE LAND ACQUISITIONS IN GHANA

A COUNTRY PERSPECTIVE

NOVEMBER 2020

WHAT IS THE LAND MATRIX?

The Land Matrix is an independent global land monitoring initiative that promotes transparency and accountability in evidence-based decisions over large-scale land acquisitions (LSLAs) in low- and middle-income countries across the world.

These country profiles present national-level data of LSLAs and transactions, including who the investors are, what the land will be used for, and what the potential benefits and impacts of the land deals are.

By making this information available, the Land Matrix aims to enhance broad engagement and data exchange, facilitating the continuous improvement of the data.

Find out more at www.landmatrix.org.

BACKGROUND

Although over 20% – or 4.7 million hectares (ha) – of Ghana's overall land area is classified as arable land, the 46 concluded land deals captured by the Land Matrix cover just 8.6% (404 000 ha) of this. Large-scale land acquisitions (LSLAs) may therefore not appear to have a significant impact on the agricultural landscape of the country, however, their impact in fact goes far beyond the land footprint only, through their use of water for irrigation, for example, and the displacement of local communities.

As in other countries in the region, a substantial number of investors engage outgrowers¹ in their business strategy, which not only provides income opportunities for the local community, but increases produce volumes for processing facilities the investor might have established. Even though nearly half of the concluded deals are in operation, these only cover 89 000 ha, a fifth of the area under contract. In contrast, the operational status for 137 000 ha is unknown, while 14 deals covering nearly 113 000 ha have been abandoned. Investments for biofuels in particular have proven to be challenging, resulting in the majority of these deals being abandoned, or investors adapting their strategy to focus on food crops.

The largest area under contract is controlled by investment funds and private companies, mostly based in the UK and USA, with only seven deals having shareholding by a Ghanaian partner. Nearly half of all deals incorporate food crops, with 41% of the deals solely for the production of food crops. The most common crops are corn, jatropha, oil palm, and rice.

It is important to note that in this country profile, regional filters were used to sort and extract the data on the Land Matrix online platform². Deals initiated by transnational investors are included, while deals solely made by domestic investors are excluded. In terms of land use, deals for agricultural and forestry purposes are included, but mining operations are excluded. For this reason, when visiting the Ghana country page on the platform, applying different filters will generate a different data set.

¹ Outgrower schemes, also known as contract farming, are broadly defined as binding arrangements through which a firm ensures its supply of agricultural products by individual or groups of farmers. In other words, ad hoc trade agreements are being replaced by coordinated commercial relations between producers, processors, and traders leading to a vertical integration of the agricultural value chain (Source: <https://www.oecd.org/dev/41302136.pdf>).

² Data was extracted from the Land Matrix database in November 2020.



Concluded deals in Ghana

Size

Top five projects:

Location, size, implementation status, intention of investment

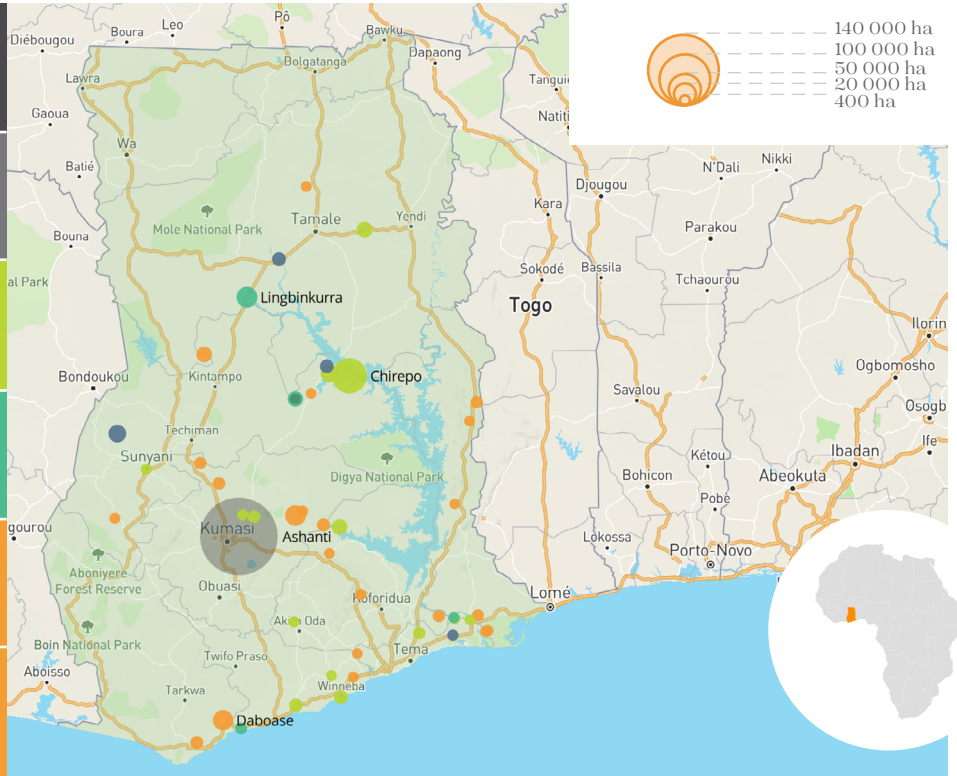
1. Ashanti, **136 860 ha**
No Information - Food crops, Forestry unspecified, Renewable Energy

2. Chirepo, **50 000 ha**
Project abandoned
Biofuels

3. Lingbinkurra, **21 000 ha**
Project not started
Food crops

4. Agogo, **20 835 ha**
In operation (production) - Timber plantation, For carbon sequestration/REDD

5. Daboase, **19 880 ha**
In operation (production) - Non-food agricultural commodities, Agriculture unspecified



Ghana investment profile

Total number of concluded deals

46

Total size of concluded deals

403 907 ha

Implementation status

Project abandoned

112 675 ha

In operation (production)

88 827 ha

Project not started

35 070 ha

Start-up phase (no production)

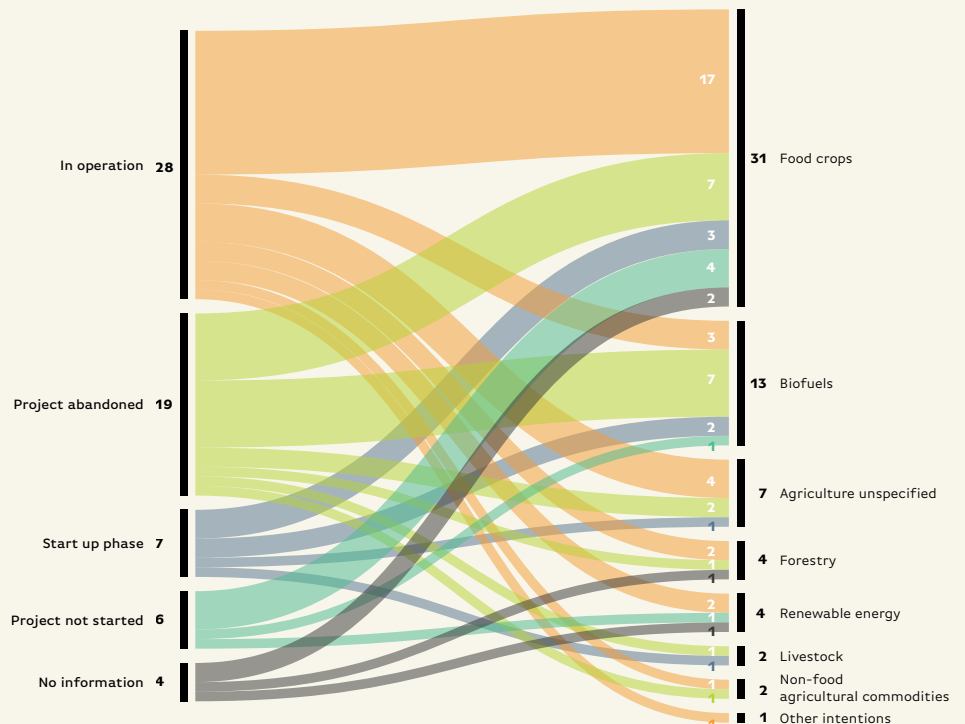
29 975 ha

No information

137 360 ha

Intention of investment

(according to number of concluded deals)*



* This figure lists the intention of investments per negotiation status. Please note, a deal may have more than one intention. In Ghana, 14 deals have multiple intentions, resulting in a total of 67 intentions for 46 deals.

INTRODUCTION

The majority of the deals captured in the Land Matrix database for Ghana are concluded, and only three intentions and three failed deals are known. Of these, one contract was cancelled after the investor failed to honour its loan repayments, having, after three years, only managed to bring a few hundred hectares of the total 22 000 ha leased under production. Another investor changed its strategy to buy into an existing farming operation rather than pursuing its own plantation. The average size of land acquisitions in the country is relatively small compared to other African countries. Of the 46 concluded deals, 14 are smaller than 1 000 ha, and 15 are between 1 000 and 5 000 ha. Only two concluded deals are larger than 21 000 ha, however, one of these deals has been abandoned, while the status of the other is unknown.

LSLAs by negotiation status

	Number of deals	Size under contract (hectares)	Intended size (hectares)
CONCLUDED			
Contract signed	43	381 786	1 182 821
Oral agreement	0	0	0
Total	43	381 786	1 182 821
INTENDED			
Expression of interest	2	0	18 000
Under negotiation	1	0	36 000
Total	3	0	54 000
FAILED			
Negotiations failed	2	0	110 000
Contract cancelled	1	22 000	22 000
Total	3	22 000	132 000

Foreign investment in land in Ghana began even before 2000 (the year from which LSLAs are recorded by the Land Matrix), and continued on a small scale for food crop production until 2007, when the number of deals started to increase. From 2014, the number of LSLAs started to flatten, with only one deal registered since 2015. The years 2008 and 2011 saw particularly steep increases in the size of land obtained, with the majority of the investors targeting the biofuel market. It was during this time that the Ghanaian government actively pursued international investment and biofuel production for the domestic market. The investments made in this

period have largely been abandoned, or the investors have turned to the production of food crops. Since 2011, the focus of new investments has shifted back to food production (see *Case study*).

WHAT IS A LAND DEAL?

The Land Matrix defines a land deal as any intended, concluded, or failed attempt to acquire land through purchase, lease, or concession in low- and middle-income countries.

To be included in the Land Matrix global database, deals must meet the following criteria:

- Entail a transfer of rights to use, control, or ownership of land through sale, lease or concession;
- Have been initiated since the year 2000;

- Cover an area of 200 ha or more;
- Involve the change of land use (often from extensive or ecosystem service provision to commercial use).

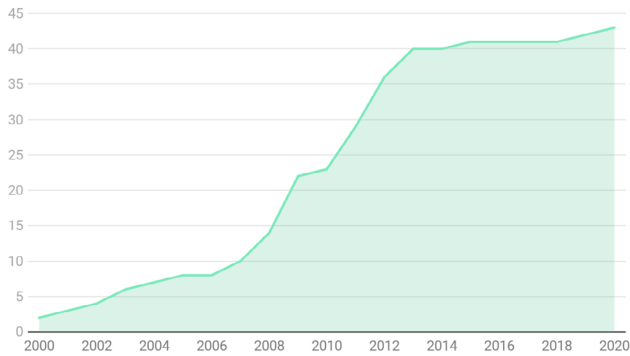
In certain cases, deals meeting different criteria to the global database are captured at regional and country level. Please note: In this country profile, although there are 117 deals recorded for Ghana in total, only 52 deals meeting the global criteria have been included.

For more information about land deals and how data is captured, analysed, and used, browse our frequently asked questions at www.landmatrix.org/faq.



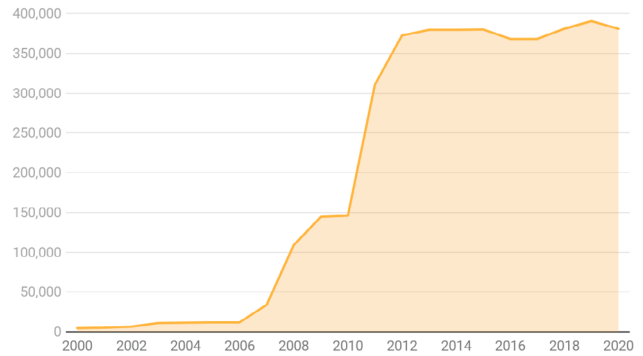
Concluded deals over time (2000 - 2019)

Cumulative number of deals



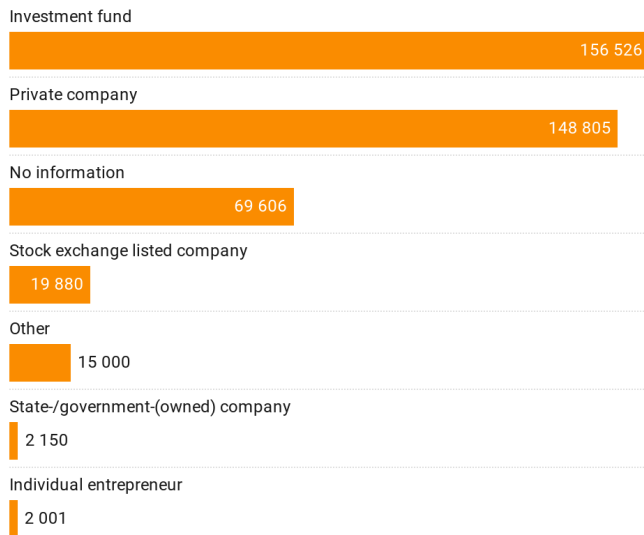
Note: There is no year information for one deal with a corresponding size of 1 000 ha.

Cumulative size under contract



Note: This graph shows changes in size under contract (increases/decreases). Therefore, the number of deals can remain the same even though the size may increase or decrease.

Deals by investor type (in hectares)



Note: 9 deals have multiple investor types. The full size of the deal is assigned to each investor type.

INVESTORS AND INVESTOR COUNTRIES

Private investors are the main driver of LSLAs in Ghana. Of the total 46 concluded deals recorded by the Land Matrix, 33 have involvement of a private investor – of which 25 have a single private investor and eight have another investment partner. In terms of size under contract, investment funds are an equally important investor type, although it is important to note that one forestry deal in particular, by the Global Environment Fund (GEF), skews the figure for the deal size by investment funds. In contrast to private investors and investment funds, the Ghanaian government is rarely involved as an investment partner in land deals.

CASE STUDY

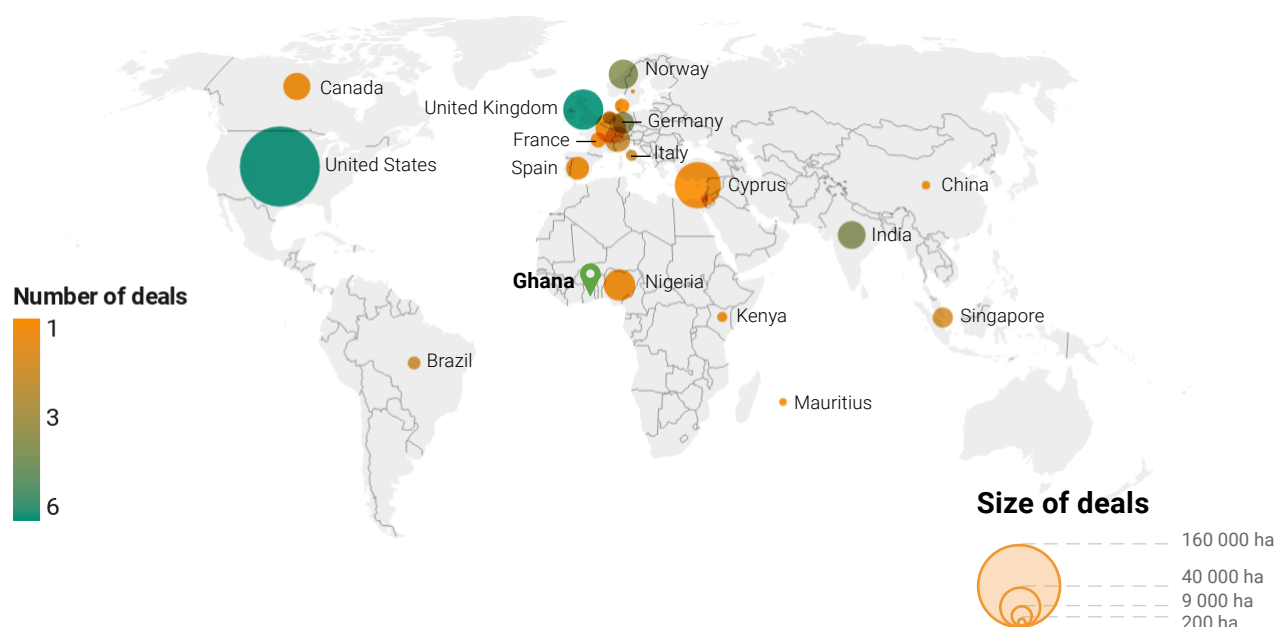
THE FAILURE OF BIOFUEL INVESTMENTS

In Ghana, biofuel production for the domestic market was the primary driver of the surge in large-scale land investments following the government’s announcement to have a 20% biofuel content blended into traditional fuel by 2020. The initial government strategy in 2003 was to pilot smallholder-based projects across the country, however, this approach was abandoned by a new government in 2008 due to challenges in the process of land acquisition for smallholders. The new government subsequently provided incentives to attract foreign direct investment for large-scale land investments, notably from Europe, Asia, and America. Although some of these projects have provided employment, increased rural income, and served as a major source of livelihood, especially in the rural areas., community resistance has nevertheless been common in most areas because of lack of consultation, non-payment of compensation, use of illicit processes of acquisition, and lack of employment for the youth. Furthermore, many local communities were dispossessed of their land and were left with small pieces of land for subsistence farming, which negatively affected food security.

Aside from community resistance and conflicts over land ownership, low productivity of feedstock (especially jatropha) and weak business planning have contributed to the failure of many biofuel investments. As a result, some investors have decided to change their business activities to grow food instead of fuel crops. Others have reduced the size of their operation, have sold their land, or abandoned their investment altogether. In addition, local communities have now started to encroach back onto these lands for small-scale subsistence farming, despite ownership rights still being held by the investors.

Looking at the geographical origin of investors, the UK is involved in seven deals, the USA in six, and Dutch and Indian investors in five deals each. American investors have captured the largest area, partly due to the large forestry deal by GEF. A total of seven deals have involvement with a Ghanaian investor, engaging 11 different domestic partners, ranging from individual entrepreneurs and private companies to investment funds. Ghana does not receive many investments from its neighbouring countries or the wider African continent. Only one large deal by a Nigerian investor and a small involvement from investors registered in Kenya and Mauritius have been recorded. Chinese investors are also not very present in the Ghanaian primary agriculture and forestry sectors, contrary to commonly held preconceived notions. Of note, some of the very large investments in the country are marked by their speculative character, as illustrated by the case of one single investor from Cyprus who was engaged in an abandoned biofuel deal (see *Case study*).

Foreign investor countries



Note: 12 deals have multiple investor countries. The full size of the deal is assigned to each investor country to get the total investment by each country.

DRIVERS AND AIMS OF PRODUCTION

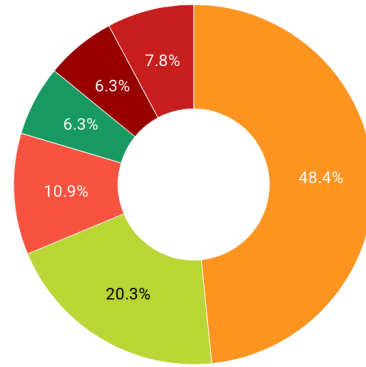
Because aggregation of size is difficult when more than one intention is listed, the Land Matrix counts the number of times an intention is listed, and the contract size of a deal is then divided equally among them. The majority of LSLAs in Ghana are intended for food crops, with 19 of the 46 concluded deals growing only food crops, and 12 combining food crops with biofuel crops, forestry, or other intentions. The leading food crop is corn, followed by rice and soy beans. Ghana has also developed a growing pineapple sector, with six investors including this crop for the export market. Biofuels are the second most important intention, even though most of these deals have since been abandoned. Unspecified agriculture reflects investments for oil palm production, for which the end use is not known. This particular sector has historically been important in Ghana, as seen in the privatisation of a number of previously neglected state-owned palm plantations. Oil palm companies often engage local communities as outgrowers to increase the volumes for their oil mills. On the other hand, international engagement in the cacao sector remains limited to buying from smallholder farmers and processing and exporting of the nuts, rather than primary production.



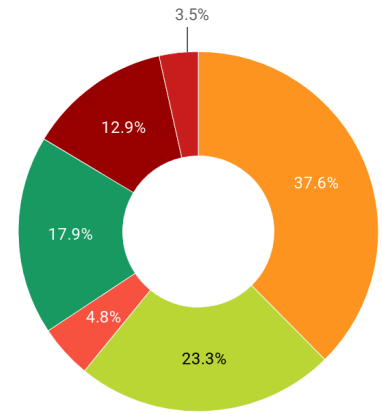
Land acquisitions by category of production

Despite food crops and biofuels remaining the most important intentions in terms of the size under contract, forestry deals, mostly for timber production, have the largest average size. The timber is used for the manufacturing of electricity poles, veneered wood, and other products for the domestic and regional market. Some investors do engage with the local communities who live inside the forestry concessions as well in order for them to improve the production of their own local food crops.

- Food crops
- Biofuels
- Agriculture unspecified
- Forestry
- Renewable energy
- Other



Number of deals per category of production, represented as a percentage of total concluded deals



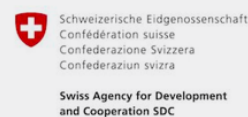
Size under contract per category of production, represented as a percentage of total concluded size

FIND OUT MORE ABOUT LAND DEALS IN AFRICA

We are continuously updating our data about land investments in Africa. To find out more about which countries we cover, our data collection and verification process, and how you can add your contributions, please visit our Africa regional page at www.landmatrix.org/region/africa/ and browse our frequently asked questions at www.landmatrix.org/faq.

Suggested citation: Land Matrix Africa Regional Focal Point. 2020. *Large-scale land acquisitions in Ghana: A country perspective*. Available at www.landmatrix.org.

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