Land Grabbing and Jatropha Boom in Ghana

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Richmond Antwi-Bediako, ELP 2013, Ghana

Background

From 2005 to 2010, there was a boom in the acquisition of land and cultivation of the plant Jatropha as feedstock for biodiesel production in Ghana. This development was prompted mainly by rapid increases in fossil fuel prices on the international market during that same period. Most of the investors speculated a concomitant high demand for biodiesel and other biofuel feedstock. The investments were also instigated by international developments such as the Kyoto Protocol and the EU Directive of 2030, which is aimed at promoting the use of biofuels and other renewable fuels for transport. This presumed the availability of markets for biodiesel and feedstock for biodiesel production.

There was however, no concerted effort towards promoting the use of biofuels in the ECOWAS countries (including Ghana). There was no clear policy and regulatory framework for the biofuel industry (Hagan, 2007). Consequently, this means that in Ghana, there was no policy or regulatory framework in the field of promotion and development of bio-energy, during this period of rise in Jatropha cultivation. The Draft National Renewable Energy Bill that was submitted for parliamentary approval was only given the presidential accent and officialised as the Renewable Energy Act 832 on the December 31st, 2011. This act incentivized indiscriminate land grabbing during the biofuel boom period. The lands acquired through the traditional authorities and Ghanaian middlemen were fertile agricultural lands that were, in most cases, under active use by the community. In some communities, the acquisition process was contested by various stakeholders, leading to conflict.

THE ISSUES

1. Policy Limitations and Land Grabbing In Ghana

The Draft Policy on Bioenergy in Ghana provides concise and comprehensive policy guidelines that identify and group the most common sources of bioenergy under the following categories: wood fuels, biofuels, and biomass waste. The Draft stipulated the policy objectives as well as policy strategies for the various bioenergy groups (Ministry of Energy, 2010).

In the case of biofuels, the Draft stated the way forward in the sustainable production and supply of biofuel, an institutional framework, pricing, and incentives and the quality of biofuel. According to the Draft, the first policy objective per biofuels is to substitute 10% of national petroleum fuels consumption with biofuel by the year 2020, and 20% by 2030 (ibid).

The acquisition of land for biofuel crops cultivation according to the Draft will conform to the pattern by which land is acquired for any cash crop. It also states that there can be encouragement from government for traditional landowners and rulers to facilitate the acquisition of land for cultivation of biofuel crops, citing the incentive of financial benefits as a motivator. Also of interest in the Draft are a policy objective of becoming a net-exporter of biofuel in the medium to long term, a pricing and incentive policy strategy of imposing levies and taxes on biofuel exports, and a sustainable production and supply policy strategy of legislating a ban on biofuel imports (Ministry of Energy, 2010).

1.1. Policy Gaps in Draft Bio-Energy Policy

The Draft Policy's first policy objective is substituting national petroleum fuel consumption with

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biofuel by 10% by 2020. Currently, three out of the five strategic objectives the policy on the promotion of the use of biofuels seeks to achieve promote oil in one form or another, including: (i) Reducing the oil import bill and saving foreign exchange, (ii) Providing an avenue to reduce poverty and wealth creation through employment generation and (iii) Increasing export earning potential will be competitively mitigated by the current oil and gas finds in the country. Considering these current circumstances, it does not appear achievable until the policy implementation process juxtaposes the current oil and gas industry with the biofuel campaign. This becomes more so in the face of the fact that the Draft is yet to be approved by parliament.

The concern expressed by the Draft as to the danger of using more arable lands to cultivate secondary biofuels, such as Jatropha, should not necessarily put the use of crops like cassava or palm nut as sources of biofuel at an advantage just because they can be used for both consumption and biofuel. A proper balance between the cultivation of Jatropha alongside food crops may make use of the same area of arable land that is required to cultivate dual use crops such as palm nuts and cassava.

The Draft in this instance also did not take into perspective the difficulties associated with promoting the use of first-generation biofuels as opposed to the more efficient and less environmentally damaging second-generation fuels. Based on this, biomass energy derived from first-generation sources is highly unlikely to provide a long-term substitute for fossil fuels in comparison to second-generation fuels. The other benefit, which comes with the use of these second-generation biofuels, is that they reduce cases of food supplies being sidetracked for fuel production (Deurwaarder, 2005).

The process of land acquisition for cultivation of Jatropha and other biofuel crops as stated in the Draft may not be feasible in protecting the local cultivators from the larger corporate giants. Currently, thirteen of the seventeen foreign companies involved in the cultivation of land for biofuel are involved with Jatropha cultivation (Schoneveld et al. 2010). By August 2009, these companies collectively had access to 1,075,000 hectares of land, 730,000 hectares of which is located in the forest-savanna transition zone of central Ghana's Brong Ahafo and northern Ashanti Regions. It is reported that, though almost half of the foreign companies involved in plantation development plan to subsequently involve smallholders throughout grower agreements, these propositions have yet to be implemented. A CEO of one of the companies aptly captures this position as follows, "It is first important to establish yourself a market before committing anything to smallholders" (Schoneveld et al. 2010). "The expansion of plantations has come at a high social and environmental price. Large areas of forest land traditionally used by indigenous people have been expropriated and logging companies have often used oil palm plantations as a justification for harvesting timber" (cited in CICOL, 2009: 7).

Another policy objective stated in the Draft states that Ghana desires to become a net-exporter of biofuel in the medium to long term. This does not properly dovetail into the pricing and incentive policy strategy of imposing levies and taxes on biofuel exports. The process of taxing the biofuel exports as indicated may be a means of ensuring that there is sufficient stock for domestic consumption. But this will in effect be a drawback on the export goals.

In order to ensure sustainable production and supply of biofuel, the policy strategy proposes the legislation of a ban on biofuel imports. The feasibility of this ban is questionable when taking into account international trade partnership agreements such as the Economic Partnership Agreement (EPA) in which Ghana did not exclude biofuel in its exclusion list of goods not to be liberalized (trade.ec.europa.eu/doclib/docs/2009).

2. Jatropha Boom and Abandonment in Ghana

The land acquired for the purpose of cultivating Jatropha is only 10% cultivated and the rest is abandoned. Based on research, this has initiated intense inner conflict between the landowners, investors, and local users who need the land for other agricultural purposes. Three main reasons can be adduced for the fold up of most of the Jatropha companies including non-availability of a local market, conflicting sectoral policies, and lack of funding.

One of the main reasons why most of the Jatropha projects in the country have come to a standstill is the lack of a ready market for Jatropha in the country. Other companies such as ScanFarm, though with no empirical basis, speculated that the decrease in global fossil fuel prices could not portend any good for Jatropha cultivation and therefore diverted to the cultivation of food crops such as maize. This lack of ready market and reduced investment in the Jatropha sector in the country is rooted in the lack of a clear policy position concerning the renewable energy sector in the country.

Another main reason for the abandonment of Jatropha cultivation is conflicting sectoral policies. According to officials of the Energy Commission, as of the last quarter of 2011, there were no

incentives for Jatropha investors and no applicable laws to issues concerning the renewable energy sector. The commission was waiting for the renewable energy bill to be passed into law so that they could provide incentives and promulgate the legal framework to guide the whole sector. However, currently section 31 of the Renewable Energy Act of 2011 establishes a Renewable Energy Fund. The objective of this fund, as stipulated Section 32, sub-section 1 of the act is to provide financial resources for the promotion, development, sustainable management, and utilization of renewable energy resources. This notwithstanding, officials at the Ministry of Lands and Natural Resources hinted that the Ministry of Food and Agriculture (MoFA), one of the key sectors tasked with developing biofuels, according to Section 7, sub-section 1 of the act, appears to be contemplating changing focus on Jatropha, since they apprehend the possibility of most the crop lands being diverted into Jatropha farming resulting in land use conflicts.

Thirdly, companies like Jatropha Africa as well as Biofuel Africa had to fold up because of the unavailability of funds to sustain their projects. In the case of Biofiel Africa, the withdrawal of the Norwegian Partners and their inability to source for funds locally saw the abrupt discontinuation of an otherwise progressing Jatropha investment.

RECOMMENDATIONS FOR BIOFUEL DEVELOPMENT

1. Support the Development of Bioenergy Policy Framework for Sustainable Production

Due to the current oil and gas industry in Ghana, the Draft Policy of Bioenergy should be reviewed to look at ways by which biofuel use will be enforced for the major reasons of reducing green house effects and promoting rural development. Political commitment must be reaffirmed towards the goals stated in the Draft since if care is not taken, the newly developing oil and gas industry in the country might alter policy priorities as far as the bio-energy sector is concerned.

It will be advantageous for the government to introduce into the Draft Policy on Bioenergy the need to consider promoting the cultivation of second-generation biofuels over the first-generation ones. This is because second-generation biofuels are considered to be more environmentally friendly and produce less greenhouse gases (GHGs) as compared to the first-generation biofuels (Deurwaarder, 2005).

The Draft Policy on Bioenergy must be revaluated to assert the position it seeks to adopt with respect, establishing a balance between its export goals and the intention to tax biofuel exports while the industry remains quite inchoate.

2. Support the Development of Agriculture Policy Framework Supportive of Bioenergy Sustainable Production and Reduction in Land Grabbing

Farming also has an important socio-economic significance, especially with respect to maintaining rural communities and supporting existing supply chains and value systems (Rathman, 2010). Thus, the agricultural policies must be well balanced in terms of achieving the best outcome for Jatropha cultivation using the prevailing circumstances as far as Ghana's national and international policy position is concerned with respect to agriculture.

It is recommended that, despite the lack of an existing bioenergy policy to guide investors, the Ministry of Food and Agriculture (MoFA), The Forestry Commission in conjunction with the Lands Commission, and the Energy Commission should develop a harmonized strategy that determines how to gain better access to biomass resources and continue basic and applied research in identifying the highest value use for biofuel and other harvest residues.

The government should leverage state research and development (R&D) efforts and improve coordination to realize greater investment in biofuels, especially Jatropha.

3. Support Biofuel Development with Sustainable Funding

Based on the fact that most of the benefits of bioenergy programs are for the public good, the government should be able to establish stable funding for such program interventions, which can be put in place to develop the biofuel sector in Ghana.

The Ghana government should, in conjunction with stakeholders in Jatropha and other biofuel cultivators, fund a number of demonstration and pilot projects designed to prove the commercial readiness of biofuels production technologies that use preferably second-generation crops.

4. Support the Government in Achieving Targets

Government ministries and other state agencies should be created to purchase biofuels, with specific targets for the year 2014 and 2020. Local governments and public institutions should be encouraged to follow the lead of the ministries and government agencies.

5. Support Local Use of Biofuel

Jatropha biodiesel and other bio-products should be introduced into the Ghanaian market gradually to displace hydrocarbon incumbent fuels such as petrol and diesel from fossil fuel. The government of Ghana should establish a carbon cap-and-trade program for bio-products displacing hydrocarbon incumbent products, as part of a framework of incentives to promote adoption of bioproducts.

One Response to “Land Grabbing and Jatropha Boom in Ghana ”

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Great post….the article is very interesting, as agriculture provide our everyday food. Thanks

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