

# Norwegian land grabbers in Ghana – The case of ScanFuel

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## **Introduction**

“Large-scale transnational land investments, commonly referred to as ”land grabbing” is one of new trends that grew out of the 2008 food crisis which has not been properly addressed by the international community”, notes the UN special rapporteur on the right to food, Olivier de Shutter, in a press release 11. June 2009. In 2007, the Norwegian company Scanfuel AS, through its Ghanaian based daughter company ScanFuel Africa ltd. leased vast amounts of land (400 000 hectares), for a period of 50 years in Ghana. The company states that the intention for the investment is to cultivate the plant *Jatropha Curcas* to produce Biodiesel. ScanFuels investment is typical of the trend referred to by the UN special rapporteur; the long time span of the lease, the considerable size of the leased land, and the intention to produce for export are all characteristic traits. Over 20 companies from countries like Brazil, Italy, China, Germany and India are currently pursuing this venture on Ghanaian land - the Ghanaian government warmly welcomes the investors (<http://www.irinnews.org/Report.aspx?ReportId=86044>).

Land grabbing, in particular to produce agrofuel, is controversial in several ways. Many of these will not to be debated here, but deserves to be mentioned. These issues include how the expropriation of lands to produce agrofuels affects local and national food sovereignty and economic, social and cultural rights. Complexities surrounding traditional ownership and land use versus the privatisation of land, and whether agrofuel actually increases greenhouse gas emissions rather than represent an environmentally friendly alternative to fossil fuels.

## **Land grabbing in a historical context**

In recent years, millions of hectares of arable land have been transferred from local farmers-, local communities or national governments control to international investors, multinational corporations and foreign government-owned companies. This development has been branded as “land grabbing” or “neo colonialism” by the sceptics. While the term neo-colonialism is rather self explanatory, the term land grabbing has deep roots in western literature; its origin is traced to the colonisation of the Americas. History mentions Norwegian land grabbers in Australia; the continent declared *terra nullus* or “empty land” by the colonisers. This was an efficient way to override the colonisers own intricate land rights legislation. By asserting the indigenous populations the same rights as fauna and flora, the colonisers were free to grab as much land as they wanted and then proclaimed the land as rightfully theirs. The history of the Vikings also entails a practice very similar to the recent land grabbing, they coined it “landnám”, also in this context the acquisition of land was on the acquirers premises, and the land was commonly portrayed in the sagas to be unused or poorly used. This is also the case in the current land grabbing debate. Companies and states are often restoring to rhetoric’s implying that the lands are not properly utilized, barren wasteland, and implying that the acquirer can utilize the land better or more efficient than the local communities are capable of. Job creation, local economic growth and growing of some foods for local consumption, and other small initiatives are commonly promoted as positive side effects of the acquisitions.

The accelerating trend of land grabbing is mainly a result of the last year’s soaring food prices (De Schutter 2009). This price hike was poorly received in countries heavily reliant on food imports, and efforts to secure land to produce and export food to the country of origin of the investor is a common incentive. The countries that are targeted for these investments are manly those with weak governments, Sudan being a noteworthy example. Regional and bilateral trade agreements are now being adjusted to facilitate this land grab, requiring among other things bans on export restrictions, reductions on tariffs on exports, bans on imposing tariffs on exports etc. – This to secure the free flow of products regardless of the particular needs of the exporting country and to secure the investors interests. Another factor that has accelerated the land grabbing is that agricultural lands are now perceived as a profitable investment. With a time span typically ranging from 50-99 years for the leases, speculations on coining the term the “water grab” is also gaining some notion.

## **Biofuel or Agrofuel**

The popularity of renewable sources of energy, such as biofuels, is mainly a product of increased concerns about global warming. High oil prices and government policies have spurred an increase in global production of Biofuels. The question remains whether agrofuel was chosen as a response to global warming due to its market-friendliness rather than expected reductions of overall emission cut. Biofuel in this paper simply refers to fuel made by organic materials. The government policies have been promoted to address global climate, and have included heavy subsidisation of both the market and the production. On the other hand agrofuels is grown on arable land, or cleared “wastelands”. It is often found in large monoculture plantations and

needs vast amounts of land, but also water resources. While some plants, such as Jathropa, can sustain harsh climates and barren grounds, its yields under such conditions are small, and thus additional inputs such as irrigation and mineral fertilizer can be expected in large scale plantations. Other commonly used plants to produce Agrofuels include sugarcane, soya, palm oil, corn, maize and other edible crops. The majority of NGOs who monitor and study the agrofuel business, such as Grain.org, concludes that the productions of agrofuels compete directly with local and global food production and had a direct impact on the severity of the food crisis in 2008. Environmental NGOs increasingly dismiss all claims that this is a sustainable solution; both in term of GHG emissions and energy security needs. One noteworthy issue of further research is the carbon emission “neutrality” of agrofuels. Some argue that in the process of clearing the “unused” land, carbon emissions are released to such an extent that it would be problematic to recapture. As a result of calculating all the environmental costs, agrofuel can be argued to actually be emitting more carbon than fossil fuels (Searchinger et al).

## Case Study:

Scanfuel made the headlines in Norway when the founder came back from the West African state as the owner of a plot of land half the size of Rogaland county. The Norwegian NGO Spire, represented by Christian Bull, accompanied by his fellow student at University for Development Studies, Daniel Banuoku visited Agogo where the daughter company of Scanfuel AS, Scanfuel Ghana Ltd. recently started their operations. The purpose of the fieldtrip was to gather facts about the venture and monitor the various stakeholders’ perceptions and knowledge of the company’s operations.

The acquired land is in the surrounding area of Agogo, where Scanfuel main operations are located. Agogo is a small town in central Ghana adhering to the Ashanti region. Located close to Ghanas second largest city Kumasi, Agogo has a fairly developed infrastructure and many of the inhabitants speak English. Two main bodies govern Agogo: the District Assembly and the Agogo Traditional Council. The land belonging to Agogo Traditional Area, which is controlled by the traditional body, is vast.



In company with local partners in Ghana, Spire's representative visited Agogo in the period of 19<sup>th</sup> to 20<sup>th</sup> May. One purpose of the fieldtrip was to observe the level of

community awareness of Scanfuels operations and the company's plans for the development of the area. As customs requires, we first met with a representative of the Traditional Council, before we interviewed several stakeholders and opinion leaders in the community. Acknowledging the short time span of the visit, we were not able to talk to all stakeholders in our short stay, with the risk of failing to address potentially vulnerable stakeholders.

### **Economic development**

Most of our respondents believed that Scanfuels coming to Agogo had mainly positive economic effects. The creation of employment, it is believed, will benefit Agogos youth. It is further believed, that most of the locals, would have to be employed as unskilled labour. It is known that wages for unskilled labour are generally low, but this didn't seem to affect the perception that this will boost the local economy.

### **Environmental awareness**

Few of the respondents expressed any concerns or thoughts about the environmental impact of the project. It seems to be the general perception that the environment is resilient to human intervention, and that the project would not have any noticeable effect on their life. The Urban Council Chairman did however say that he had suggested another area for the project to minimize the potential environmental impacts. This suggestion did not gain much recognition, nor does the chairman of the Urban Council have any significant mandate in the decision making process (see below).

### **Land tenure**

The traditional council is led by the paramount chief who exclusively handles land tenure issues in Agogo Traditional Area. Thus the paramount chief has the final decision in all processes connected to land. In the interviews, land tenure became the most debated topic. Not only did the respondents disagree in their opinions, there were also inconsistency in the facts expressed. Most respondents did however address the lack of transparency in the agreement made between the communities represented by the Traditional Council and Scanfuel.

Most of the land given to Scanfuel falls under the category "stool land", land of the chief. That is, unused land. Practically however, this should be understood as Common Pool Resources. At any point in time, people may use stool land for grazing livestock, fetching fuel wood, hunting, building materials or even farming. Permanent farmland is acquired when the "buyer" symbolically gives the chief schnapps. Schnapps in the case of Scanfuel is a symbolical amount of money not related to public interest.

Land that was not stool land is to be compensated directly to the owners. These are in turn family heads, as families and not private individuals own land. There were different perceptions among the respondents how Scanfuel intended to compensate land owners/users. Our contact with land owners/users was unfortunately limited.

It was said that Scanfuel would compensate landowners with 1\$ per acre per year, whilst others believed yearly lease per acre would increase progressively according to the land's yield. Some said that farmers had not yet accepted Scanfuels offer, whilst others said that some farmers had accepted. As one respondent put it: the 1\$ would not allow him to take transportation to Agogo to register his land, where he could get the right to compensation. However, the traditional council representative could ensure us that the landowners *will* "give away" their land, without implying how he will ensure this.

There is reason to suspect that marginalized land users might fail to benefit from this scheme. It was observed pastoralists in the area, and a respondent raised the concern of settler farmers. These farmers often come from Northern Ghana, an ecologically deprived area, long afflicted by decreasing rainfall. As they do not have traditional rights, they may be forced to leave their land. Pastoralists, often ethnic Fulanis, are already a culturally and economically deprived group in Ghana. They have for decades benefited from the Common Pool Resource systems in West Africa, and this project will affect their access to land. Female-headed households are also potentially vulnerable due to lack of influence in decision-making processes.

## **Concerns**

The major concern raised in the interviews was that Agogo would not be given appropriate compensation for the land taken from them. A scenario widely known and used as an example in the interviews is that of mining companies operating in Ghana having hazardous effects on environment and subsistent food production, only to employ skilled labour from elsewhere. Agogo has no prior experience with foreign investors and lacks procedures that would ensure beneficiary schemes for the general public. Lack of transparency in the land acquisition process fuelled this concern further.

## **Lack of insight and participation**

One of the most obvious things revealed to the team going to Agogo, was the lack of awareness and the scope of the project. Regarding the sheer size, most respondents would say that they knew that Scanfuels land was big, but they didn't know how big. Most people not visibly affected barely knew about Scanfuels presence. The statement presented about the land lease agreement of 1\$ per acre per year came to some key stakeholders as a surprise.

## **Scanfuels comments**

As land tenure was carefully debated as a delicate issue among our respondents in Agogo, it was surprising to hear that Scanfuel, represented by Thor Hesselberg did not recognize this as an issue. He rather stated that he was not aware of any such problems and that all landowners currently involved did not have any regret turning over their land. This confirms that not only stool land has been turned into Scanfuel production areas. Without commenting on *actual* prize, Scanfuel could confirm that land lease would increase progressively in 5 years before it stabilizes. Further they stated that all land disputes would be settled by the paramount chief (Traditional

Council) together with the sub-chief involved. From our observations, this seems to serve Scanfuels interests, and might undermine vulnerable stakeholders. The fact that Scanfuel did not recognize the land tenure controversies might suggest that the unsatisfied landowners have been silenced.

As this is a project only at its mere beginning it is difficult to forecast both environmental and socio-economical impacts. Scanfuel acknowledge their responsibility as a company to address issues concerning the communities, and says they have procedures put in place to address opinions in the community. They also state that they will “do more” than just follow the national and international legislation. There is reason to doubt this when Scanfuel turned around on the earlier statement of making up to 20% of their area reserved for villages and a biodiversity buffer zone. For now, they want to follow advice made in the mandatory Environmental Impact Assessment and they state that there will be “more than enough” biodiversity buffer zones.

A statement difficult for Spire to review says that only 2 % of the affected land is currently used by locals. The recent FAO report “Land grab or development opportunities? (2009)” that also takes Ghana into consideration calls for systematic empirical data on land availability, emphasizing land uses often argued as not “productive enough” such as pastoral production (p91-92). Scanfuel also states that they will solve land tenure issues as they meet local communities while expanding area of production. The FAO report mentioned above recommends that all stakeholders be consulted while all options are still open. This should be common sense, and is highly conflicting with Scanfuels approach. With the help of local partners Spire will follow Scanfuels expansive grabbing in Agogo Traditional Area carefully.

## **Additional facts**

The fact that Scanfuel operates as a Free Zone Enterprise (see front page) implies that over 70% of the production (jatropha crude oil) will be exported; and that they will pay few taxes (Ghana Free Zone Board). From these terms, Spire can hardly see how Scanfuel will benefit Ghana as a whole as Ghana is in need of governmental revenue. Further when the crude oil is produced, it does not contribute to energy safety in Ghana, as it continues to rely on fuel imports. Ghana experience problems with fuel shortages.

Spire is also aware that high yielding *Jatropha Curcas* as an invasive species might be aggressive, and influence the involved eco-systems in addition to the huge influence removal of forest cover and mono cropping will have.

## **Conclusion**

As only a fraction of Scanfuels acquired area is currently used for production, social, ecological and economical impacts have not yet taken place to their full extent. Through right measurements Scanfuel can limit many negative impacts. Lack of transparency in planning processes and poor compensation to landowners and low sensitivity on land tenure issues stands out as critical points. Spire is however aware of possible conflict areas that might appear additional to the above mentioned. The complex situation on the ground, including conflict of interests, is likely to have negative effects on vulnerable stakeholders, as the power balance is peculiar.

As a widespread global trend, land grabbing is a real threat to biodiversity and food security. It also undermines the sovereignty principles that Spire strongly believes in. Land grabbing continues to strengthen the unequal relations between the global North and the global South, and is exploiting southern countries land and water resources only to compensate with “charity/aid” in return, such as subsidizing a tractor or a nurse. Agrofuel production is highly land demanding and only covers a fraction of the ever-increasing fuel demands. It is also questioned about its carbon neutrality.

Considering all factors, including the complexity on the ground, land demand and the recent findings that question the environmental effects of agrofuel, Spire believes that agrofuel produced on foreign land should not be a part of the solution in creating sustainable development. Empowerment of small-scale farmers should be the focal point. We would like to stress De Schutters (2009) appeal that “It would be unjustifiable to seek to better regulate agreements on large-scale land acquisitions or leases, without addressing also, as a matter of urgency, these circumstances which make such agreements look like a desirable option”. There is a saying in Ghana that says, “all land belongs to the people of the past, present and the future”. Deprived from their inherited land and water resources the farmers in Agogo Traditional Area have lost their role, which should have been a key role, with their knowledge and sustainable means of production in promoting food security and sustainable development in Ghana in the present and near future.



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