



Gaining neighbours or big losers

what happened when large-scale, land-based investment in the Ghanaian oil palm sector met the local population on the ground?

Susanne Johanna Väh

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Abstract

Whether land transactions can benefit the local population depends on the governance system, the so-called rules of the game and their enforcement. As investors often face a weak institutional environment in target countries, outcomes for the local population frequently seem to be arbitrary and vary. This study draws on past and recent experiences in the Ghanaian oil palm sector. Based on qualitative and quantitative field research conducted in 2010/2011, the effects of a land-based, large-scale investment on people who received compensation, on neighbouring communities, on permanent and casual workers, as well as on contract farmers are analysed against a conceptual framework for land acquisitions inspired by the thoughts of Elinor Ostrom and Oliver Williamson. This leads to the main finding that outcomes are predominantly mixed and vary from very negative to positive for different population groups.

Key words: agricultural land; large-scale investment; Ghana; new institutional economics; social differentiation

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1 Introduction

From the perspective of neo-classical economic theory, large-scale investments in agricultural land seem to be a perfect match of demand and supply. Public and private investors from all over the globe look for large land tracts. Their search is driven by factors like population growth, food security, changing diets, desertification, urbanisation, water shortages, increasing demand for raw materials, forest products, ecosystem services, eco-tourism, limited fossil energy stocks, and speculative investment purposes (Cotula et al. 2009, 2011, 2012, von Braun and Meinzen-Dick 2009, Deininger and Byerlee 2011, Zoomers 2010). At the same time, governments and local elites from developing countries are willing to offer the production factor land in order to foster commercialisation of their agricultural sectors, to overcome persistent underinvestment in rural economies, and to increase employment, infrastructure endowment, technology transfer as well as tax income (Cotula et al. 2009, Görgen et al. 2009, Zoomers 2010).

Outcomes of such seemingly perfect matches are often rather disappointing. This is highlighted on a weekly basis by the 'farmlandgrab' newsletter of the non-governmental organisation GRAIN (2013), and in more detail researched by White et al. (2012). For the case country Ghana, several scientific studies state mixed or predominantly negative outcomes (Amanor 2012, Schoneveld et al. 2011, Tzikata and Yaro 2011, FAO 2012b, Wisborg 2012), but positive effects are also reported (Boamah 2011, FAO 2012b, Berry, 2013).

This wide range of possible outcomes reveals the simplistic neo-classical view as providing too short-sighted an interpretation of large-scale land acquisitions. The field of 'New Institutional Economics' offers more appropriate tools for analysis, when looking at institutions that define 'the deliberate incentive structure of a society' (North 2005, p. 1). Therefore, this paper applies Ostrom's (2005) 'Institutional Analysis and Development Framework' as well as some elements of Williamson's (2000) 'four levels of social analysis' within its conceptual framework to answer the first research question: Why do outcomes of land-based, large-scale investment vary?

In order to shed light on the mechanisms that produce a particular outcome, the underlying case study allows 'an intensive study of a single unit with an aim to generalize across a larger set of units' (Gerring 2004, p. 341). According to Gerring (2004) the investment case 'Ghana Oil Palm Development Company' is taken as 'single unit'. Consequently, the long-term impacts for different population groups are the so-called 'within units' (Gerring 2004, p. 343) which are analysed with a special focus on the second research question: How do outcomes vary across different population groups?

The analysis is based on field research conducted in 2010 and 2011 in Accra and in the Kwaebibirem District where the investment is implemented. This study combines 33 semi-structured expert interviews with a wide range of stakeholders at the national and the local level,¹ and a household survey (N= 1181) with farmers under smallholder contract (who received a plot within the concession for oil palm cultivation as part of a compensation scheme for earlier land losses), outgrowers (who cultivate oil palm on a contractual basis on land they own or on plots for which they hold land use rights of at least 25 years),² independent farmers (without any contractual arrangement), and plantation workers in the investment region. The household data is complemented by a community survey (N= 49), which collects village information in the form of a group interview with a member of

¹ For a detailed overview on expert interviews conducted, please refer to Appendix 1.

² In order to prove secure land use rights for not owned land, the landlord has to agree to the outgrower contract by signing it.

the royal family, a representative of the village council (e.g. assemblymen) and a leading farmer for each village. Moreover, 12 focus group discussions represent a core point of this analysis. They were conducted among various sub-groups of the local population who are differently affected by the investment (e.g. groups of smallholders, outgrowers, casual workers, permanent staff, the vulnerable, the better-off, etc.).³

The remainder of the paper proceeds as follows. First, a conceptual framework for varying outcomes of large-scale investment in Ghanaian land is developed. Second, the two land acquisitions of Ghana Oil Palm Development Company are presented in light of the legal framework in Ghana. Its consequences are discussed retrospectively in the following section. Thereby, social differentiation with regard to long-term outcomes at household and village levels is discussed and systematised. Finally, findings are summarised in the conclusion, which allows deriving generalised recommendations.

2 A conceptual framework on land acquisitions

According to Eggertsson (2005), outcomes cannot be improved without understanding the structure that produces them. In order to understand the reasons why outcomes of large-scale investment in agricultural land vary, this paper follows Bates (1998) in drawing on analytical narratives as an important technique for analysing the structures of complex action-outcome linkages and their consequences.

Ostrom's (2005) 'Institutional Analysis and Development Framework' represents the entry point for conceptualisation. In this regard, **action arenas** are the focal units of analysis and any particular action arena can be understood as a set of dependent variables (Ostrom 2005). This study scrutinises the action arena in conjunction with large-scale land transactions at the **operational-choice level**. This means that it looks at the 'room of possibilities' when implementing a land deal. In order to facilitate a systematic understanding of institutions and institutional change, different steps of the framework are also classified into Williamson's (2000) 'four levels of social analysis'.

According to Ostrom (2005), the variables that affect the structures of the action arena are threefold and can be summarised as the '**context**'. First, the action arena is influenced and confined by the **resource endowment**, i.e. the biological, physical and ecological setting of the surrounding environment (modified from Ostrom 2005). In the case of large-scale land investment, this covers given land resources and associated water bodies in particular ecological zones (i.e. the coastal zone, the forest belt, and the savannah for Ghana).

Second, the cultural and constituting political setting, which can be summarised as the **constitutional-choice level**, structures the action arena (modified from Ostrom 2005). It defines the core of a society and comprises both informal and formal institutions. According to Williamson's (2000) 'four levels of social analysis', informal institutions build the first level and consist of norms, customs or traditions which are quite persistent in societies.⁴ For example in Ghana, the constitutional-choice level incorporates the idea that land is a source of cultural identity (Kwadwo 2004) which belongs to the dead, the living and the yet to be born (Osei 1998, Mends and De Meijere 2006). With regard to formal institutions, they give rise to Williamson's (2000) second level and consist of the legislative framework, the so-called de jure rules. Referring to the constitutional-choice

³ For a detailed overview on focus group discussions conducted, please refer to Appendix 2.

⁴ Usually, they change at a very slow pace as cultural values are only modified over generations.

level in its narrow sense, it comprises the constitution itself, which is fundamental to constitute a society.⁵

Third, the socio-economic and political setting or the so-called **collective-choice level** affects the structure of the action arena (modified from Ostrom 2005). This level consists of the rules defining the relationship among participants in the action arena. While the constitutional-choice level forms the foundation of a society, the collective-choice level provides the basis for interpreting and translating it into more tangible formal and informal institutions (respectively, Williamson's second and first level). In the case of large-scale land acquisitions in Ghana, formal institutions are characterised by legal pluralism, which was introduced in colonial times (Ubink and Amanor 2008, Aryeetey et al. 2007). It led to 166 different pieces of land legislation (Quaye, 2006), and consecutively to the weak land administration system of present-day Ghana (Ubink and Quan 2008, Kasanga and Kotey, 2001). With regard to informal institutions, there are not only traditional procedures followed in the course of the consultation process for drafting a new Land Bill in Ghana (Interview G15, G29),⁶ but also a strong customary system that governs day-by-day life in general and land transactions in particular (Anyidoho et al. 2008, Kwadwo 2002).⁷

By introducing the context conditions, it becomes obvious that this conceptual framework consists of different **nested levels** (i.e. the resource endowment, the constitutional-choice level, and the collective-choice level). They frame the core part of this analysis, the so-called operational-choice level where the action arena for large-scale land acquisitions is placed.

With this extensive knowledge of the context, an in-depth analysis of the **action arena at the operational-choice level** is possible. The action arena itself consists of participants, 'the actors', and an 'action situation' which allows different possible actions (Ostrom 2005). Possible **actions** with regard to large-scale land acquisitions are: requesting land, offering land, expropriating land, negotiating transactions, implementing land acquisitions, regulating the acquisition process, enforcing contract regulations and monitoring. **Actors** that are associated with these unpacked action situations involve: investors, chiefs or other traditional authorities, and government officials of regulatory bodies like a Land Commission, a Land Valuation Board, an Environmental Protection Agency, a Water Resource Commission, as well as the civil society.

These actors are assigned to different positions equipped with varying degrees of information about and control over the particular action situation (Ostrom 2005). Hence, the power constellations inside the action arena affect the actions, which in turn have repercussions for the actors. Moreover, the set of possible actions for the action arena is determined by the context. With regard to Williamson's (2000) terminology, analogies can be drawn to the third level of social analysis. This is where the 'game is played'. Thus, the first- and second-level institutions, respectively, govern the third level.

Finally, the outcomes at the operational-choice level are produced by **patterns of interactions**. These patterns originate from actors who are linked to actions within the action arena. Furthermore, they

⁵ As explicit rules on paper, formal institutions are dynamic rather than being informal institutions. However, at the constitutional-choice level institutional change is expected to happen at a very slow pace given the high requirements to modify constituent rules of a society.

⁶ G15 - Representative Civil Society, G29 - Sn. Official - House of Chiefs.

⁷ With regard to institutional change, it is obvious that a transformation process at the collective-choice level can occur faster than at the constitutional-choice level. Even though changes can theoretically occur over night, one has to admit that far-reaching institutional reform processes in parliamentary systems are quite time-intensive due to technical and political validation as well as harmonisation with customary habits.

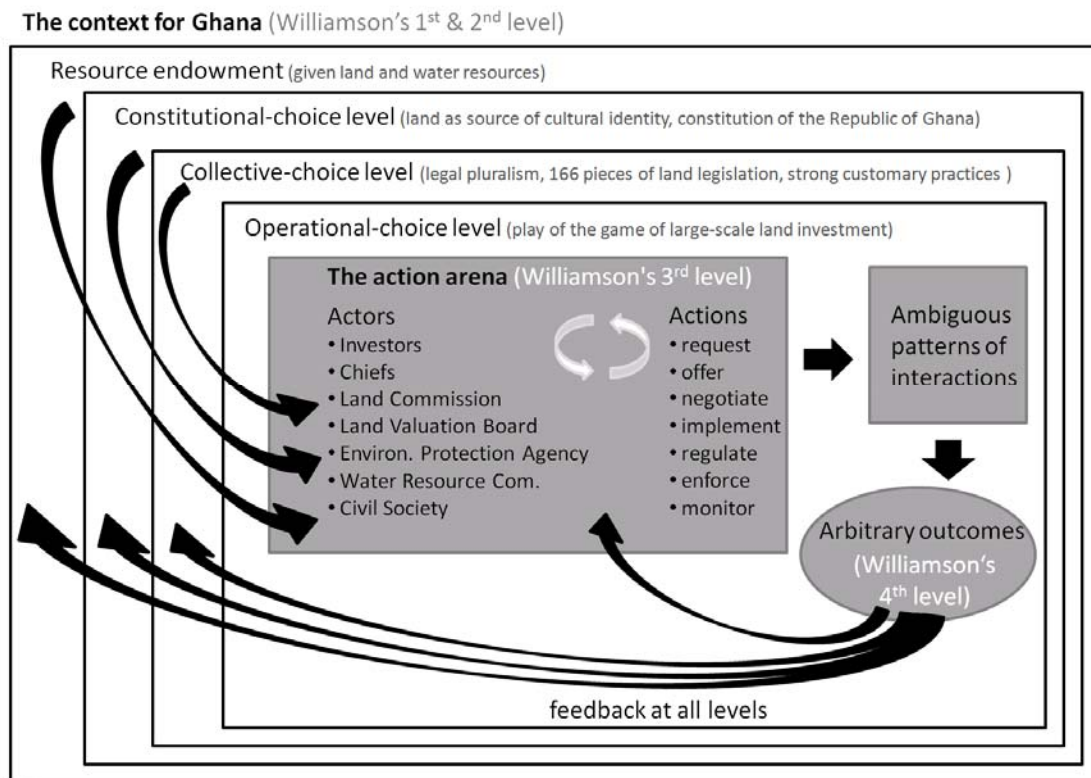
are influenced by the contextual factors: (i) the resource endowment, (ii) the constitutional-choice level, and (iii) the collective-choice level. To get a better idea of results, Williamson (2000) consequently reserves the fourth level for marginal analysis of outcomes. In the case of large-scale land investment in Ghana, this marginal analysis reveals **varying outcomes** among and within different investment cases.

In line with the presented conceptual framework, this can be explained as follows: In the context of a weak land legislation with inherent legal pluralism and a rather weak land administration system (Quaye 2006, Ubink and Quan 2008, Kasanga and Kotey, 2001), the collective-choice level is characterised by ambiguous rules. Even worse, the guidance given by the constitutional-choice level is not clear. The strong customary system has a huge influence on the land governance system (Kasanga and Kotey 2001, Kwadwo 2002). Although it is recognised by the constitution (Republic of Ghana, 1992), Ghana lacks a broad societal consensus between customary and statutory rules (Anyidoho et al. 2008, Ubink and Quan 2008) at the constitutional-choice level. Moreover, the resource endowment is not well understood by land- and investment-related agencies and by traditional authorities. Due to the lack of a complete land registry and documentation at the local level, the amount of available land for large-scale investment projects is unknown (Aryeetey 2007). Thus, awareness of potential resource scarcity is not common knowledge among those who negotiate land deals. Long-term trends like population growth and land degradation or extensive land use are often not taken into consideration when renting out seemingly idle land (see Cotula and Vermeulen 2009).

As the rules that govern land acquisitions are neither clearly defined as formal institutions, nor harmonised with informal rules that are widely agreed on, they cannot provide the actors with uniform directions. This results in an **ambiguous pattern of interactions** for large-scale land investments. Instead of structuring the operational-choice level for large-scale land acquisitions, they encourage acting in the grey areas, which leaves room for rent-seeking. The consequences for the action arena are obvious: Different actors use their power with regard to natural and financial resources, access to information or control over other actors to realise their goals (Goldstein and Udry 2008). The question of whether this is in line with common welfare depends very much on the personal motivation of the actors. Therefore, one can conclude that **outcomes are finally arbitrary** and they do vary strongly.

This is also highlighted by Figure 1, which helps to summarise this conceptualisation, and thus, structures the underlying process of large-scale land acquisitions.

Figure 1: A Framework for varying outcomes in conjunction with large-scale land acquisitions (own source, modified from Ostrom 2005, Di Gregorio et al. 2008)



Furthermore, it shows that whichever outcomes of large-scale land investments occur, they produce **feedbacks** at all levels. In the action arena at the operational-choice level, particular outcomes lead to adjustment, confirmation or questioning of the actions (depending on different actors). At deeper levels, (collective-choice and constitutional-choice levels) arbitrary outcomes reveal institutional inefficiencies. In the case of Ghana this resulted, for example, in a far-reaching institutional reform process (at Williamson's second level) initiated by the National Land Policy (Republic of Ghana 1999) and supported by a Land Administration Project (Aryeetey 2007). Besides the third draft stage of the Land Bill (Republic of Ghana, Draft as of 2010), a new 'Land Use and Spatial Planning Bill' (Republic of Ghana, Draft as of 2010) is currently in the consultation process. Moreover, negative outcomes of investment projects lead to increasing criticism of the customary system and consecutively to stronger pressure on informal institutions (Williamson's first level) (Logan 2011). This happens for instance, when chiefs gave out land without proper consultation of the local population or when little accountability on the use of revenues occurred. Both institutional reform and criticism of the customary system might be finally interpreted as level-shifting according to Ostrom (2005).

This conceptual framework for large-scale land acquisitions, which is applied to the case of Ghana, so far offers an answer to the first research question of why outcomes of land-based large-scale investment vary. In doing so, the focus lies on a general variation between different investment cases. In addition to that, the conceptual framework also allows a better understanding of variation within a particular investment case. Considering the fact that different population groups are represented in different ways by the actors in the action arena, it is obvious that this leads to (or manifests existent) social differentiation. For instance, chiefs in their roles as traditional leaders of the local population and as landowners are important actors in the action arena. Thus, they have the possibility to lobby for different population groups and are more likely to bargain for their people, the inhabitants of old-established villages, than for the settlements of migrant farmers. Without going into detail at this

stage, the next section introduces a selected investment case to set the ground for analysing how outcomes of a particular investment case vary.

3 Land acquisitions in retrospective⁸

Ghana Oil Palm Development Company (GOPDC) is the biggest palm oil producer in Ghana and the largest employer in the Kwaebibirem District (Eastern Region). It was established in 1976 as a state-owned company. In 1995, in the course of the liberalisation wave, it was divested to the Belgian investor Société d'Investissement pour l'Agriculture Tropicale (SIAT) (GOPDC 2013, SIAT 2013). Today, GOPDC holds two land leases located in the rural forest belt of Eastern Ghana, one for the so-called Kwaee concession, and another for the so-called Okumaning concession.

3.1 The Kwaee concession

The Kwaee concession was acquired in the process of privatising the formerly state-owned GOPDC. Thereby, the initial 50-year leasehold (Registered Leasehold No. 1258/1976) between the state and the 'old' GOPDC was transferred to the new investor in 1995. In order to foster economic development in the region the Government of Ghana acquired the land in 1976. Thus, an area of 8,359 ha was expropriated in the public interest from the stools (i.e. chieftancies) of Kwaee, Asuom, Anweam, and Mintah under the State Lands Act (No. 125 as of 1962) (Interview G7 and G14)⁹. After more than three decades, an exact reconstruction of the acquisition process is not possible, but anecdotal evidence revealed that officials behaved arbitrarily and that compensation was rather erratic (Interview G7, FGD 11 and 12).¹⁰

When the state-owned company commenced operations in 1976, only few land users in the sparsely populated area had to give way for the construction of a nursery, housing structures and the mill (Interview G8, FGD12).¹¹ Under military rule, they were forced to leave the centre of the concession from where the expansion over the next decades started. In the course of spreading oil palm plantations, more densely populated areas closer to the surrounding villages were affected and communal forest resources, used for hunting, collection of fire wood, snails or herbals, experienced a dramatic decline (FGD 11 and 12).

The number of land losers increased and threatened social peace in the area because idle land, which could have served as buffer zone for small-scale farming, was no longer available. As part of compensation initiatives and aiming at economic integration, this led to the establishment of smallholder schemes. With World Bank support, demarcated plots of the concession were allocated between 1978 and 1982 for oil palm cultivation (7 ha/ farmer) to those who had lost their farm land (Interview G7 and G8, FGD12).¹² According to the smallholder agreement, farmers were obliged to sell their produce to GOPDC for which they received technical assistance and inputs on credit from

⁸ Parts of this section are similarly summarised in Nolte, K. and Väh; S.J. (2012). 'The interplay of land governance systems and large-scale agricultural investments: Evidence from Ghana and Kenya', a draft prepared for the PEGnet conference 6-7 September 2012, Dakar/ Senegal.

⁹ G7 - Manager GOPDC c, G14 - Traditional Authority d.

¹⁰ G7 - Manager GOPDC c.

¹¹ G8 - Manager GOPDC d.

¹² These land allocations were governed by a smallholder contract that lasted for 25 years. After this period the planting for smallholders was renewed, but the plot size decreased from 7 to 2 ha due to the financial incapability of the farmers to bring all of the available smallholder plots under cultivation. In the beginning farmers also received 1 ha for food cultivation. G7 - Manager GOPDC c, G8 - Manager GOPDC d.

the company in return. In addition, oil palm production was also augmented from 1986 onwards through the introduction of outgrower schemes. With the outgrower contract, GOPDC offered the same conditions as stated in the smallholder agreement to oil palm farmers who could prove secure land use rights for at least 25 years for a plot (Interview G5 and G6).¹³ Thus, over the next two decades roughly 250 farmers per year received a new outgrower contract for their farm plots varying in average size from 0.5 ha to 4 ha (Interview G8).¹⁴

Nevertheless, the mill could not be operated at full capacity. This is also due to the fact that the new investor abstained from the use of 2,343 ha out of its 8,359 ha concession. Even though the privatised GOPDC pays ground rent for the whole concession to the Lands Commission and thus has the legal right to use the total land, further expansions within the concession were stopped in the late 1990s. This was the only way to maintain operational peace with GOPDC's neighbours.¹⁵ Otherwise, the destruction of the Apam shrine (a cultural heritage) and autochthonous villages (Kwae, Adiembra, Afunya and Atobriso) would have been inevitable (Interview G7).¹⁶ Thus, it is obvious that the original land acquisition cohered with serious government failures: instead of surveying the area carefully and allocating only tracts of viable land to economic exploitation, the military regime of the late 1970s also included cultural heritage and old-established villages in an economic concession.

However, as another means to obtain additional fresh fruit bunches own production, smallholder and outgrower schemes were supplemented by third party purchases from independent farmers. This enhanced the economic integration of the local population, but was not sufficient to operate the mill at full capacity. Therefore, GOPDC additionally acquired a second concession.

3.2 The Okumaning concession

The Okumaning concession covers 5,205 ha and was leased out to GOPDC by the government in 2000 for 50 years (Registered Deed RE 2538/2008). In contrast to the Kwae concession, it was originally acquired by the state under the Administration of Lands Act (No. 123 as of 1962) from the Okumaning, Takworase and Kusi stools to set up the state-owned enterprise 'State Oil Palm Plantations' in 1976.

Whereas acquisitions under the State Lands Act (No. 125 as of 1962) (as Kwae) ultimately transform customary land to public land, acquisitions under the Administration of Lands Act (No. 123 as of 1962) (as Okumaning) create double structures when introducing vested land: In such cases, the allodial title (i.e. the overall ownership) stays with the chief, but the management functions are acquired by the state. Thus, in this case study the state finally leased the land to GOPDC. This split of property rights complicates matters tremendously. Consequently, (i) the chiefs remain entitled to ground rents (due to the overall ownership), and (ii) GOPDC resumes assets and liabilities when taking over the management functions of the state. In the course of leasing the land, arising liabilities include the duty to compensate people who lived and farmed at the concession for crops and housing structures (according to the Administration of Lands Act No. 123 as of 1962).

¹³ Secure land use rights either means owning land (customary freehold) or having a long term sharecropping arrangement. In the latter case, the landlord has also to agree to the outgrower contract by signing it. G5 - Executives Outgrowers Association, G6 - Manager GOPDC b.

¹⁴ G8 - Manager GOPDC d.

¹⁵ Currently 28 land conflicts are under dispute in court and not yet solved. They are related to smaller land tracts and can be seen as private concerns between GOPDC and individuals. The majority of neighbours live in operational peace with GOPDC (FGD G11 and G12).

¹⁶ G7 - Manager GOPDC c.

Combined with the weak land governance system, this setting causes several challenges. As GOPDC leased the land from the Lands Commission on behalf of the Government of Ghana, it pays ground rent to the Lands Commission and not directly to the chiefs (Interviews G7, G9 and G20),¹⁷ but according to the Office of the Administrator of Stool Lands Act (OASL) (No. 481 as of 1994), the OASL is the only mandated institution to collect and to disburse rents on customary land. Under the OASL Act (No. 481 as of 1994), the OASL shall collect the ground rent and keep 10% as an administrative fee; the remainder shall be shared among the chiefs (25%), the traditional council (20%) and the district assembly (55%). However, due to coordination failure at state institutions, GOPDC is so far paying the Lands Commission that issued the lease.¹⁸ Apart from such irregularities and institutional overlaps, a common claim of the chiefs is that their revenue is too small. Therefore, they are often interested in direct arrangements away from regulatory bodies.

More serious challenges arose with regard to the duty to compensate. In the days of 'State Oil Palm Plantations', the concession was even less populated than the Kwae concession and instead of old-established villagers, only a few migrant farmers settled in the forests. Irregularities with regard to compensations were similarly widespread but in contrast to Kwae, expansions of oil palm plantations within the Okumaning concession were very limited. Hence, large land tracts remained fallow and attracted more migrant farmers over the years (Interview G1, G7, and G14)¹⁹.

After GOPDC took over the Okumaning concession in 2000, it offered a resettlement plan to these migrants within the frame of its 2002 Environmental Impact Assessment; but they opted against it and favoured cash compensations (AY & A Consult 2007, Interview G3, FGD G4)²⁰ since the foreigners in the area had neither social ties nor ancestral rights to the land (Kobo 2010). Without statutory or customary land use rights, migrants were only entitled to compensation for their housing structures and crops, which were accordingly valued by the Land Valuation Board (LVB) (Interview G1, G2, G3, G7, G14, and FGD G4-G10).²¹ Due to the lack of a legally implemented provision of appropriate compensation to restore their livelihoods, the migrants felt cheated by GOPDC and LVB, as payments were not sufficient to ensure self-sustainability (FGD G1-G8, and G10). Moreover, the whole process, ranging from information and sensitisation to valuation and compensation, was heavily criticised. Instead of systematic information, participants of focus group discussions revealed various channels through which information about GOPDC's land acquisition was passed on:

'Initially, there was a rumor before we were informed about their [GOPDC's] coming by the chiefs. They told us that a new company will take over from "State farms"' (FGD G8).

'One day, the Chief told us to meet with the leaders of GOPDC, who then informed us about their intention... They promised us an improved wellbeing' (FGD G1).

¹⁷ G7 - Manager GOPDC c, G9 - Manager GOPDC e, G20 - Sn. Official - Lands Commission b.

¹⁸ According to interviews G23 and G20, there is a new agreement between the Lands Commission and the OASL that the former shall collect the rent and transfer it to the latter for disbursement. Thereby, the 10% administrative fee shall be shared equally between the two institutions.

¹⁹ G1 - Traditional Authority a, G7 - Manager GOPDC c, G14 - Traditional Authority d.

²⁰ G3 - Traditional Authority c.

²¹ The migrants do not have customary rights, because they are not considered as indigenous in the area. Even though, some migrant villages today are older than 50 years and before the land was vested, they paid the chiefs for land use according to custom. When 'State Oil Palm Plantations' took over, they relocated to areas in the concession that were not under cultivation yet. As chiefs partly ignored the fact, that the government acquired the management functions, they continued to collect rents from the migrants, but without protecting them. G1 - Traditional Authority a, G2 - Traditional Authority b, G3 - Traditional Authority c, G7 - Manager GOPDC c, G14 - Traditional Authority d.

'Nobody came to inform us. We saw some people demarcating the land, so we went to enquire from them before we were told that GOPDC had taken over' (FGD G9).

In addition, time frames between valuation and payments were totally unclear and contradicted the legally guaranteed entitlement to 'prompt, fair, and adequate compensation'²² as displayed by the following statements:

'The land was evaluated in 2005; the payment was made in 2009, so between 2006, 2007, and 2008, we weren't farming anymore and the payment wasn't made' (FGD G5).

'The most painful of all, after we had tapped the palm trees it took about five years before they started to use the land again... If they had told us... we could have kept farming until then' (FGD G6).

Great frustration was further enhanced given the inability of the LVB to disclose amounts for the various crops (FGD G2, G3-G7, and G10). Thus, farmers were left without knowing what to expect and statements like the following were frequently made:

'Moreover, we asked them to let us know how much they will pay for an acre. They were unable to tell us. They compensated us with the amount of their choice' (FGD G4).

Even though GOPDC followed the legally required procedure (Interview G16 and G20),²³ the fact that cheques only stated the aggregated sum enhanced further tension. However, to get the full picture it must also be highlighted, that the role played by some traditional authorities was problematic. With a Janus face, they received their portion of the ground rent from GOPDC via government channels; while at the same time they ignored the acquisition under the Administration of Lands Act (No. 123 as of 1962) and rented out smaller portions of the same land to migrants according to customary rules (FGD G4, G5, G7, & G9).

In general, the chiefs are very powerful actors and according to custom, they are highly appreciated (Interview G15).²⁴ Their discourse with GOPDC on corporate social responsibility activities to enhance the welfare of the communities (Interviews G7 and G8)²⁵ as well as lobbying for oil palm farmers is highly welcome (Interview G1, G2, and G14),²⁶ but the fact that negotiations lack accountability and that some chiefs misused their position to bargain for personal benefits led to criticism (Interview G7),²⁷ as expressed in the following statement:

'If you want to go somewhere, and you don't know the place, you will consult with somebody who leads you. In this regard, the chief has misled; the investor could not know' (FGD G4).

Overall, this case reveals the challenges of large-scale investment in agricultural land within a weak land governance system. Moreover, it shows that investors are also likely to inherit land disputes and that overlapping claims emanate from earlier acquisition activities. Thus, widespread resentments are a logical consequence and are also predominant in the case of GOPDC (FGD G1-G12).

However, the fact that GOPDC's nucleus-estate system incorporates more than 2,000 plantation workers, 200 smallholders and 7,000 outgrowers calls for a deeper analysis of its outcomes to avoid

²² This originates out of the constitution Chap. 5, 20(2) (Republic of Ghana 1992).

²³ G16 - Sn. Official - Lands Commission a, G20 - Sn. Official - Lands Commission b.

²⁴ G15 - Representative Civil Society.

²⁵ G7 - Manager GOPDC c, G8 - Manager GOPDC d.

²⁶ G1 - Traditional Authority a, G2 - Traditional Authority b, G14 - Traditional Authority d.

²⁷ G7 - Manager GOPDC c.

drawing superficial conclusions. Therefore, the next section delivers a detailed assessment of outcomes with respect to different population groups.

4 Outcomes: variation and social differentiation

4.1 An overview of general outcomes

In order to get a first impression of people's perception of GOPDC's performance and its spill over effects, quantitative data of the community survey is helpful. The survey was conducted in 49 villages that were scattered within a radius of 30km around GOPDC's mill at the Kwae concession. The Okumaning concession is also located within this so-called catchment area. The community survey reveals that 22% of interviewed village representatives agree without hesitation that their community benefits from the investment. A share of one fifth does not speak of a general success, but given the widespread resentments with regard to the original land acquisition, these interviewees still highlight some amelioration for their villages. The remaining 58% say that their community does not benefit at all.

In a more indirect way, interviewees were also asked if the living conditions in their villages had changed over the last decade. This is not equivalent to a straightforward before-and-after comparison, but rather represents a way to assess past developments free from emotions that arise when asking directly about the investment. 65% state that they experienced an improvement, while 15% observe no change, and 20% report a decrease. Given the absence of special government initiatives, development assistance or NGO projects in 45 out of the 49 communities, these assessments may be directly attributable to GOPDC as it represents the biggest investment project in the area. Although, the living standards have improved for roughly two thirds of the surveyed villages, the investment is also likely to have contributed to deteriorations for one fifth.

Reported outcomes are therefore manifold. On the question, 'What are the three main weaknesses of GOPDC?' the most prominent answers at the community level were: GOPDC failed

- to build a school or to provide education for children and scholarships (57%),
- to construct or to maintain roads (41%),
- to help solving water problems (20%),
- to help with or to provide social amenities (18% cases), and/ or
- to provide electricity or electricity poles (18% cases).

These statements may highlight that expectations have not been met. Unrealistic expectations seem to be a common problem of large-scale investment projects (for Ghana, see Schoneveld et al. 2011, Tsikata and Yaro 2011). As disentangled by the conceptual framework, they often arise as a by-product in the action arena and they are a consequence of a single actor's motivation. In particular, business plans of investors try to balance the entrepreneurial interest of profit maximisation with positive spill over effects for the local population in order to enhance public acceptance as well as in order to access support from multilateral financial institutions or developmental initiatives. Additionally, the rhetoric of politicians (at national and local levels) suggests development of the earlier neglected agricultural sector and remote areas with the aim of binding or attracting rural voters (Lindberg 2010). Finally, the rhetoric of traditional elites can also contribute to unrealistic expectations when promises are made (i) to justify personal gains in conjunction with investment projects and (ii) to defend the customary system as a facilitator for local development (against the pressure from the modern system).

Even though GOPDC addresses aspects like education, health, water, electricity or road maintenance in its corporate social responsibility (CSR), the top-five answers on the question ‘What are the three major strengths of GOPDC?’ underline that community representatives do not perceive the benefits of the investment to be in such activities, but rather in:

- the introduction of the oil palm business in the area (80%),
- the improvement of the living standard (through buying from farmers) (39%),
- the distribution of oil palm seedlings to farmers (29%),
- the creation of employment (29%), and/ or
- the introduction of smallholder and outgrower schemes (18%).

Hence, GOPDC is rather recognised as a motor for economic development in the area. Taking the focus group discussions (FGDs) into consideration, this impression is widely confirmed (FGD G1-G3, G7, G8, and G10-G12). In gender-mixed²⁸ groups including on average ten participants, people discussed the development of their village within the last forty years, the implementation process of the investment project and its influence on their community. Although resentments are prevalent (FGD G1-G12) and outcomes fall short of high expectations, qualitative data reveals mixed outcomes.

Thus, people cannot deny benefits like employment creation (FGD G1-G4 and G7-G12). In contrast to the widespread claims by the community representatives regarding infrastructural improvements, FGDs highlight that several people take advantage of better road infrastructure (FGD G1-G4, G7, G8, and G10-G12), of support to get electricity (FGD G1-G4, G7, G8, and G12), and of improved health and schooling facilities (FGD G1-G4, G7, G8, and G10-G12).

The fact that weaknesses highlighted by community data are partly in contrast to benefits mentioned in some FGDs discloses a variation of outcomes among groups. To get an idea of the causes of such differentiation a more detailed analysis of the FGDs is necessary. Before delving into specifics, general negative outcomes, which also partly vary among FGDs, are summarised.

Claims reach from decreasing access to agricultural land (FGD G1-G12), increased food prices on local markets (FGD G1-G12), low and late compensation (FGD G1-G10), low wages (FGD G1-G3, and G11), and casual contracts (FGD G1-G3, G5, G7, and G11), to low prices for fresh fruit bunches (FGD G11 and G12) and too little corporate social responsibility (FGD G1-G12).²⁹ They reveal that not only expectations remain unmet, but also give an idea how the investment partially led to deteriorating living conditions (e.g. through increased food prices and decreased land availability).

4.2 Outcomes in detail: insights of single focus group discussions

In order to differentiate among various population groups and varying outcomes, the selection of focus groups tries to capture a wide range of population sub-groups, neighbouring the investment.

²⁸ Limited resources did not allow for special attention on gender aspects, thus household and village effects are at the centre of the debate. In order to compensate for this weakness, facilitators of group discussions were specially trained to encourage women’s participation in discussions. Moreover, male and female local experts denied gender as a critical factor in discussions related to community history, the state of agriculture and the development of villages over the last forty years, the implementation process of the investment project and its influence on the community.

²⁹ The perception of too little corporate social responsibility is a highly debated issue. Thus, it has to be questioned to which extent the development of social and physical infrastructure belongs to the duties of an investor. However, it reflects the predominance of unrealistic expectations.

Only their in-depth analysis leads to an answer of the second research question: ‘How do outcomes vary?’

Okumaning village: mixed outcomes for nearest neighbours

As a direct neighbour of the Okumaning concession, the Okumaning village has been affected by GOPDC’s operation since 2000. In order to reduce group heterogeneity which often hampers active participation, three focus groups were built according to participants’ level of wealth: a vulnerable cohort, an average wealthy cohort, and a better-off cohort.³⁰ Among all groups, employment creation, access to electricity, the setting up of a clinic by GOPDC and improved roads are highlighted as positive impacts, while loss of agricultural land and in conjunction increasing food prices are identified as the heaviest burden (FGD G7, G8 and G10). The degree to which single groups are affected varies. For example, one participant of the vulnerable group stated:

‘I think the coming of GOPDC did not help the community. What is the use of electrical power, if you don’t have money? You can’t even pay the electricity bills’ (FGD G7).

At the same time others could take the opportunity to make money out of the use of refrigerators and other electrical devices (FGD G10).

One interviewee thinks that elders and chiefs are the ones who benefit most from GOPDC (FGD G10), which is in line with the arguments from the conceptual framework developed earlier. However, all groups agree that employment possibilities are beneficial, especially for youths with sufficient strength to do plantation work (FGD G7, G8 and G10).

With regard to the loss of land, all groups are differently affected, since not all had their farm plots on the concession. Nevertheless, people from the poorest group were most seriously affected, as they cultivated fewer farm plots in total making them therefore more likely to lose all they had at once. As highlighted in the previous chapter, compensations were insufficient to restore livelihood, thus, the group of vulnerable people, who lost the little land they had, seems to be worse-off. While for some, the compensation was only sufficient to settle debts (FGD G7) and to further their children’s education (FGD G7, G8 and G10), others were able to rebuild houses and some could invest in productive assets like cars (FGD G8).

Overall, FGDs in Okumaning report mixed outcomes, where the average group mainly emphasises the pros like employment creation and improved infrastructural endowments (FGD G8). The poorer group seems to benefit least from the positive effects and suffers disproportionately from the burdens, while the better-off group highlights pros and cons. They see that their ‘room to manoeuvre’ decreased due to the coming of GOPDC. For example, before the investor took over, there were certain uncontrolled areas, where people could expand their farming activities, as reported:

‘I didn’t own the land, but nobody complained when you farm on the land’ (FGD G10).

Not only did they lose big farm plots, but they also suffer most from the declines of the markets for their remaining produce. Thereby, diminishing markets are caused by outmigration due to the displacement of migrant settlements that were inside the concession (FGD G10). As the following statement furthermore highlights, access to finance also decreased:

³⁰ For more details on group selection, please refer to Appendix 2.

‘When we had our farms, every year we gained something meaningful from them. Formerly, it was easy to obtain loans, but now because we do not have the land and the farms anymore, people do not grant us loans anymore’ (FGD G10).

Congo village: lost in compensation

The villages Agye Badu and Dwenase used to be migrant villages, but were destroyed in the course of oil palm expansion within the Okumaning concession. Due to the fact that they are not in existence anymore, it was impossible to capture the perception of a mixed group of villagers as most of them have relocated to their hometown in other regions of Ghana. Nevertheless, discussions with people who received compensation for housing structures and relocated to Okumaning or Kade (the district capital) were possible. Complementarily, another FGD was conducted in Congo village, where the land has already been valued and people wait for compensation to leave.

For those who relocated to Okumaning or Kade, the positive impacts are similar to those mentioned by the Okumaning groups (FGD4) although the negative outcomes – the loss of homes and farms – are more severe. In contrast, those in Congo are currently only losing. Most likely, their compensation will not be sufficient as systematic weaknesses in the land governance system exist (see section three). Hence, several people reported the following:

‘They will tell you not to farm this year because they will start operations on the land. The year will pass by, yet they have not started and you cannot farm’ (FGD 9).

‘They have cleared my farm, but did not compensate yet’ (FGD 9).

Furthermore, they are too far away from the centre of operations to benefit: (i) from CSR activities like improved health or schooling facilities, (ii) from direct benefits like employment creation or (iii) from spill-over effects like road maintenance (FGD G9).

Even worse, since their village is moribund, better-off people started out-migrating, while poorer families are doomed to stay and wait for compensation. This led not only to the collapse of the primary school as the number of school children fell below a critical mass, but also to a decline in economic welfare. People had to stop farming perennial crops, as their farm plots would be destroyed in the near future (FGD G9). Due to this decrease in subsistence farming paired with a lack of alternative sources of livelihood, a farmer summarises the situation as follow:

‘Those days [before GOPDC] we were not given money for housekeeping. We were used to get all the foodstuffs from the farm. The only thing we bought to eat was meat, but currently we will buy almost everything’ (FGD 9).

The fact that these migrant settlers have to leave their villages without fair, prompt, and adequate compensation makes them the biggest losers of the investment.

Aboabo village: too far to benefit, but close enough to lose

A similar picture emerges when looking at an average wealthy group and a youth group in Aboabo village. Aboabo is located outside the Okumaning concession, but huge parts of its farmlands were claimed due to the land acquisition. The village also benefited from the surrounding migrant settlements within the concession. Thus, due to their resettlement, Aboabo’s junior secondary school and also its weekly market collapsed, as many of those who were compensated left the area (FGD G5 and G6). Aboabo itself is smaller than Okumaning and falls under the traditional jurisdiction of the

Okumaning chief. Since many inhabitants are migrants, they were strongly affected when they lost their farm plots as it is more difficult for migrants to replace farm land.

This led to the situation that people were forced to work as casual labourers or under a sharecropping arrangement on the lands of farmers who were not affected (FGD G5 and G6).³¹ Hence, land pressure increased as one participant formulated:

'It is now the norm of the day: People give plots to more than one person. This has resulted in so many disputes in the community' (FGD G6).

In addition, the community is further away from GOPDC's centre of operations than the direct neighbourhood of Okumaning village. Therefore, they do not profit from infrastructural improvements, such as road construction and so on. As the village is rather small, it also did not yet benefit from CSR activities such as support in getting access to electricity. This might be caused by the fact that fix costs are very high for a relatively small village and that CSR activities in bigger villages might have a broader impact and thus are more rational for an investor.

According to the framework presented earlier, it is also likely that the Okumaning chief bargains benefits for his own people instead of lobbying for the people of Aboabo. With regard to employment creation, the youth of Aboabo does not benefit much. Given the greater distance to GOPDC's offices and to the worker's meeting point, only three people managed to work for the company (FGD G5). Therefore, one can summarise: Aboabo is too far away and too small to benefit, but close enough to be affected by negative outcomes.

The workers: employment does not fit all

Another bunch of outcomes is related to GOPDC's workers. Once again, to minimize group heterogeneity, three focus groups were built: (i) a group of permanent staff, (ii) a group of casual workers who work in harvesting which is paid per task and enables capable workers to earn considerable wages and (iii) a group of casual workers who do slashing (i.e. weeding around the oil palms), which is paid on a fixed daily rate above the minimum wage. As the workers are from various surrounding villages that are all differently affected, only outcomes with regard to their employment situation will be highlighted here.

On the negative side, both groups of casual workers complain that despite having worked for the investor for many years, they were still not offered a permanent contract (FGD G1 and G3). Hence, they are concerned about not being able to maintain their livelihood in case of an accident as well as during their post-retirement periods (FGD G1). Among all groups the feeling of not being appropriately paid is also predominant (FGD G1-G3). Especially the low paid 'slashers', but also 'harvesters', complain that what they now earn as workers does not equal their earlier benefits from farming oil palm, cocoa, citrus or food crops (FGD G1 and G3).

On the positive side, workers state for instance:

'It has helped me to have my children educated up to the final stage of secondary school' (FGD G1).

'If we compare the situation from the time when there was no GOPDC, working for GOPDC now makes it easy to obtain a loan' (FGD G1).

³¹ For more information on sharecropping arrangements in Ghana, please refer to Amanor (2001).

One person even highlighted that he benefited as the company enabled him to buy two cars (FGD G2). Thus, pros and cons are also widespread among the workers, whereby younger people who are stronger as well as those with better education benefit more than others (FGD G1 and G2). However, resentments against the land acquisition are also common among the groups of workers who often additionally work as part-time farmers or whose families also rely on farming (FGD G1-G3).

The smallholders: vibrant resentments despite economic benefits

Even after more than three decades, resentments are vibrant. This is revealed by the focus group discussions with smallholders and outgrowers (FGD G11 and G12). Due to their proximity to the Kwae concession, the smallholder group has access to infrastructure provided by GOPDC such as their clinic and their school. Furthermore, the transportation system in the area improved with a growing 'Kwae estate population'. Thus, higher population density not only increased demand for minibuses, which led to improved connections, but it also led to a rising demand for goods and services which in turn fosters the local economy (FGD G12). However, people from Kwae village, where the majority of the smallholder comes from, lost two thirds of their land due to GOPDC; the problem of land scarcity is pronounced (FGD G12). Moreover, expectations among the smallholders are very high as they compare their neighbour GOPDC with large-scale investments from the extractive industry where a higher gross profit margin traditionally results in more CSR activities for communities. Thus, one participant stated:

'When we compare GOPDC's activities to those of some mining companies you will see the gap between them' (FGD G12).

The outgrowers: in neighbourhood feud but truly winning

In contrast, the outgrowers' rating of GOPDC was the most positive in comparison to all other groups. Although they are not free from resentments, they highlight knowledge of agricultural techniques and technologies promoted by GOPDC e.g. with regard to plant spacing, fertilizer application or the use of chainsaws (FGD G11). Another positive outcome is the improvement of the markets, which were interpreted from different angles in the discussion. First of all, they appreciate the introduction of the oil palm business in the area (FGD G11). Due to the scheme they had access to inputs, credits and training, which enabled them to set up a business and to earn cash (FGD G11). Additionally, GOPDC contributed to improvements of the banking system as it channelled payments through the rural banks, resulting in improved access to loans (FGD G11). Another important positive outcome is improved schooling: (i) some children could attend GOPDC's school and (ii) some outgrowers could earn the money to send their children to universities (FGD G11).

The unclear policies of the investor with regard to fresh fruit bunch prices and supportive inputs within the scheme remain a challenge for the outgrowers, however. Hence, one participant stated:

'GOPDC is acting like a chameleon; it changes from time to time' (FGD G11).

For a fair assessment it has to be stated that the outgrowers also challenge GOPDC when they started side-selling or interrupted the payback of loans granted to them in the frame of the outgrower scheme (FGD G11, Interview G4 and G11)³².

Regardless of disappointment by recent policy changes of GOPDC, the outgrowers have to be identified as the winners of the investment. Besides their economic integration, this might also be

³² G4 - Manager GOPDC a, G11 - Middle men.

due to the fact that quite often there are actors who are lobbying for them within the action arena. To that effect, for example, the International Finance Corporation was not only interested in the scheme in conjunction with giving out a loan to support further expansion of the investment (IFC 2007), but outgrowers also received strong attention from civil society and development assistance within the frame of the 'National Interpretation of Principles and Criteria of the Roundtable of Sustainable Oil Palm in Ghana' (RSPO in Ghana 2013).

5 Triangulation with quantitative findings

In the course of examining the focus group discussions, exemplary insights on outcomes, their variation, and thus social differentiation were revealed. These findings can be partially supplemented by quantitative data. Even though most of the data is too limited to disclose causalities within the particular study design, group comparisons of the outcome variables 'total household income' and 'asset endowment' underline prevalent social differentiation.

Thus at community level, big villages turn out to be better-off at the 1% significance level with a median total household income of 8,055 versus 4,556 Ghana Cedis (GHS) and a median asset stock of 987 versus 650 GHS, according to Mann-Whitney-test statistics.³³ Due to the conceptual framework above, this could be caused by the fact that lobbying for social amenities and economic integration of bigger communities is much more likely to be successful as (i) they have more inhabitants and as such can advocate for more benefits and (ii) their traditional authority is often higher in the hierarchy of the customary system compared to smaller settlements. Apparently, this seems to be the case for Okumaning as discussed earlier. At the same time, it is likely that bigger villages are better integrated into the economy via enhanced infrastructure (e.g. access roads, electricity, market places etc.) that can, but does not necessarily have to be related to GOPDC. Thus, univariate quantitative analysis at this stage is limited to the extent that it does not control for other factors. Therefore, outcomes cannot be strictly linked to the investment project (no causality).³⁴

In addition, group comparisons at the household level are displayed in Figure 2 to illustrate social differentiation with regard to other aspects highlighted earlier.³⁵

Figure 2: Summary statistics of two-way Wilcoxon rank-sum tests and Kruskal-Wallis tests on household characteristics

Household level (without outliers)					
		Total income in Ghana Cedi		Assets in Ghana Cedi	
		Median	Standard deviation	Median	Standard deviation
HH head: migrant	Yes	4213.88	9006,07	630.00	924,53
	No	5870.16***	10713,23	749.50**	869,76
HH head: basic schooling	Yes	5588.50	10744,51	774.50	872,53

³³ For comparisons of two groups, this study applied two-sample Wilcoxon rank-sum tests for non-normal distributed data, which are also known as Mann-Whitney-tests. Before doing so, outliers were eliminated to estimate values around the median with higher efficiency. This leads to N= 1181. As total income and assets are skewed to the right, medians are reported. Median, standard deviation and significance levels are reported in Appendix 3.

³⁴ However, the variables are also significant in multivariate analyses as presented in Vãth, S.J. and Kirk, M. (2011) 'Land ownership, contract farming and investor-local population linkages: Evidence from the Ghanaian oil palm sector', a draft prepared for the Annual World Bank Conference on Land and Poverty in Washington D.C.

³⁵ Figure 2 only shows the most important group comparisons; further variables are presented in Appendix 3.

HH head: bank account	No	4646.00***	9115,81	591.00***	914,99
	Yes	6563.43	10578,32	932.00	957,87
	No	3672.00***	9333,35	479.00***	731,21

Note: reference category 'yes', *** p<0.01, ** p<0.05, * p<0.1, N= 1181. As total income and assets are skewed to the right medians are reported.

Once again, simple test statistics are applied. In the case of two groups (yes/no) these take the form of two-way Wilcoxon rank-sum tests for non-normal data. For variables with more than two categories the equivalent is a Kruskal-Wallis equality-of-populations rank test. As shown in Figure 2, households where the head is a migrant have a median total income of 4,214 GHS and an asset stock of 630 GHS and are thus worse-off at the 1% significance level than old-established families (5,870 and 750 GHS). Considering outcomes revealed by FGDs in Aboabo and Congo, it is no surprise that they lack behind.

With regard to completed basic schooling by the household head, the opposite holds. Educated households possess both higher income and more assets (5,588 and 775 GHS versus 4,646 and 591 GHS), which is significant for differences in medians at the 1% level. Educated people benefiting from outcomes was a prominent point emphasised in FGDs with workers and which is supported by quantitative analyses. In the course of discussions with outgrowers, it was revealed that a major benefit for them is market integration, i.e. amongst others receiving their payment through the rural banks. Consequently, households who hold a bank account are far better off at the 1% significance level than others according to quantitative analysis (6,563 and 932 GHS versus 3,672 and 479 GHS).

Nonetheless, these figures have to be treated with care. As mentioned earlier, they cannot be put in a straight causal relation to the land investment. Nevertheless, they emphasise social differentiation revealed by the qualitative analysis.

Finally, the most interesting output of quantitative analysis is linked to the contractual arrangement between GOPDC and its neighbours, as presented in Figure 3. Although no panel data is available allowing a before-and-after comparison, here a causal relationship is assumed. This is due to the fact that the assignment of contractual treatments can be seen as a quasi-natural experiment. First of all, those people who received a contract had been living in the area before GOPDC's establishment. Thus, those who by chance farmed in the investment area received a smallholder treatment as a form of compensation, while those who remained independent farmers on their plots were – by coincidence – not situated in the investment area. Second, the outgrower scheme was established in concentric circles around the Kwae concession. It took place in different waves depending on GOPDC's investment decision and therefore could not be anticipated by farmers. Hence, outgrower contracts were offered to those cultivating a plot in a specific area at a specific point in time. In theory farmers had the possibility to reject, but de facto rejection was extremely rare. Therefore, it is assumed that self-selection into smallholder or outgrower arrangements or into being an independent farmer is not an issue in this cross-sectional data. Solely, the data for the workers has to be treated with caution as they selected themselves into a treatment.³⁶

Figure 3 Summary statistics of Kruskal-Wallis test for contractual arrangement

Household level (without outliers)	
	Assets
Total income in Ghana Cedi	

³⁶ Thus it might be possible, that they have different characteristics than groups which received treatment as in a quasi-natural experiment. If this is the case, group differences might not be explained by the different contractual arrangements, but rather by other unobservable characteristics.

Household category		Median	Standard deviation	Median	Standard deviation
	Outgrower		7815,25	10832,96	976,00
Smallholder		4674.00***	9034,50	837.00**	925,87
Worker		1080.00***	3030,96	319.00***	515,04
Independent		7722,78	10368,19	713.00***	703,55
		6701,87	11461,55	925,00	1041,58

Note: reference category: outgrower, *** p<0.01, ** p<0.05, * p<0.1, N= 1181. As total income and assets are skewed to the right medians are reported.

According to FGDs, a main complaint of the workers is the low wage rate, said to be less than their incomes from earlier farming activities. The Kruskal-Wallis-Test reveals that worker households are indeed far worse off in comparison to all other groups. On average, they only hold an income of 1,080 GHS and assets of 319 GHS, which is statistically significant at the 1% level and severely less than the group of outgrowers who have an average income of 7,815 GHS and average asset holdings of 976 GHS. Hence, the numbers highlight that the outcomes of employment are very small. Likewise, the assessment of smallholders reveals that they are also significantly (at the 1% level) worse-off than outgrowers, though they far outreach the workers with an average income of 4,674 GHS and average assets of 837 GHS.

However, the biggest surprise is the fact that the average income of independent oil palm farmers (7,722 GHS) is not statistically different from the average income of outgrowers. Considering the major strengths of GODPC, which are highlighted by the village representatives in the community survey (e.g. introduction of the oil palm business in the area, improved living standard through buying from farmers, etc.), it turned out that the investment benefits a large share of people in the course of strengthening the local economy.

If total income is taken as a short-term measurement, whereas assets can be regarded as measuring long-term outcomes, the fact that outgrowers have a significantly higher asset endowment with 976 GHS than independent farmers with 713 GHS, can be interpreted in the way that independent farmers are only catching up over time. The logic behind this interpretation could be that outgrowers have been supported for many years since they joining the scheme, whereas independent oil palm farmers started copying agricultural techniques only when they recognised the success on outgrower farm plots. A reason why this was not directly revealed by FGDs could be due to the fact that such independent farmers did not benefit in a specific manner from GOPDC, but rather through more diffuse spill over effects such as a newly created market for fresh fruit bunches or technology transfers. Another aspect supporting this interpretation would be that prevalent resentments might bias independent farmers in their assessment.

A last group that did not significantly differ from the outgrowers are households holding mixed contractual arrangements. This could be a combination of smallholder and outgrower contracts or one form of contract farming combined with working as a casual worker. Their average income of 6,702 GHS and average asset holdings of 925 GHS reveals that mixed livelihood strategies could also be an efficient strategy for households to profit from the investment. However, it is obvious that being an outgrower, an independent farmer or a household with mixed contractual arrangements requires access to farm land, but according to focus group discussions, this seems to be the bottleneck in the neighbourhood of a land-based, large-scale investment.

6 Conclusion

This study has developed a rationale with the aim of explaining why outcomes of large-scale investment in agricultural land vary within and among investment cases. In the conceptual

framework, ideas of Ostrom (2005) and Williamson (2000) are thereby synthesised in order to systematically disclose varying outcomes in the case country Ghana. Thus, the rationale differentiates between (i) the 'context' as a set of influencing factors, i.e. the resource endowment, the cultural and political setting as well as the socio-economic background which consist of a mix of informal and formal institutions, and (ii) the 'action arena' as a dependent variable, i.e. where the game of large-scale land acquisitions is played by different actors who have various options of how to act.

Through step-by-step analysis, it turned out that in this case study outcomes of large-scale investments vary due to three reasons: (i) the lack of a fully implemented and effective land governance system within a frame of clear formal institutions, (ii) the lack of its harmonisation with the informal rules of the customary system and (iii) asymmetric power constellations between various actors. Consequently, an institutional environment is produced which fosters (i) rent-seeking activities at all levels, (ii) unrealistic expectations about outcomes due to the communication strategies of some actors and (iii) lobbying activities aiming to turn outcomes of land acquisitions into benefits for the actors themselves or different sub-groups of the local population.

How such outcomes can de facto vary is exemplarily shown by an in-depth analysis of focus group discussions conducted in the investment area of the Ghana Oil Palm Development Company (GOPDC) in Ghana: (i) While neighbouring villages realise mixed outcomes linked to land loss on the one hand and infrastructural improvements as well as employment creation on the other hand (see Okumaning village), (ii) communities which are further away are negatively affected as spill over effects cannot be accessed due to geographic distance to the core of the investment area (see Aboabo village). Nevertheless, (iii) people who had to relocate or who are just in the course of resettlement turned out to be the worst off as the institutional environment is too weak to guarantee legal entitlements to 'fair, prompt, and adequate' compensation (see Congo village). Moreover, (iv) a detailed assessment of the discussion with workers revealed that the positive outcomes linked to employment creation also disclose their shady side when it comes to the quality of jobs (see the workers). Lastly, (v) contract farmers are the greatest beneficiaries because they profit from long-term economic integration (see the outgrowers), but at the same time they are still suffering from land loss (see smallholders), which was highlighted by all sub-groups of the local population.

The variation in outcomes of land acquisitions with regard to social differentiation is furthermore confirmed by quantitative analyses in a systematic manner. Thus, the case study design reveals that influencing factors are (i) distance of the village to the centre of the investment, (ii) the household head being a migrant, (iii) the household head having completed basic education, (iv) the household being integrated into the economy by holding a bank account and (v) the size of land under cultivation. Most interestingly, a combination of qualitative insights and quantitative analysis of household income as well as asset endowment according to contractual arrangement supports the idea that with time advantages seem to be shifted from integrated outgrowers towards independent farmers. Although this development seems to be encouraging, one has to take into consideration that all this happens in an environment of dramatic land scarcity caused by the investment itself as well as by population growth.

These findings call for action to improve the outcomes of large-scale investment in agricultural land. Therefore, corrective measurements at different levels are suggested. To enhance the 'context' efforts (i) promoting legal reform in order to enhance guidance for actors and to ensure transparency is as important as (ii) a discourse on informal institutions with modification towards checks and balances along the customary system. Additionally, (iii) the support in implementing voluntary standards as suggested by the Voluntary Guidelines on Responsible Governance of Tenure, Land,

Fisheries and Forests (FAO, 2012), the AU Framework & Guidelines on Land Policy in Africa (AU, 2010) and the Responsible Agricultural Investment Principles (FAO et al., 2010) will contribute to channel actions within the 'action arena' towards positive outcomes and partly overcome weaknesses of the existing land governance system if investors show commitment.

Within the 'action arena' it is recommended (i) to place a stronger emphasis on sensitisation of negotiating parties with respect to overoptimistic expectations, as well as (ii) to enhance sensitisation of the investment project regarding the strong cultural ties of the local population to the land of their ancestors from the very beginning. In addition, (iii) improved transparency through institutionalised communication channels is a precondition for sustainable investment projects. However, (iv) the most important factor for positive outcomes is the development of alternative livelihood strategies – considering social differentiation – to anticipate increasing land pressure.

A comparison of characteristics of the 'context' and the 'action arena' reveals similarities to the land governance systems of other African countries as well as to press reports and scientific studies on specific cases of large-scale investments in developing economies. Thus, the application of the conceptual framework of land acquisitions to a particular investment case is a promising way to extract insights, which allows for generalising recommendations and structuring the way of thinking about large-scale investments in agricultural land.

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Appendix 1: Interviews conducted in Ghana

Code	Date	Place	Gender	Position/ Institution
G1	27.10.2011	Kwaebibirem Dist.	M	Traditional Authority a
G2	04.11.2011	Kwaebibirem Dist.	M	Traditional Authority b
G3	04.11.2011	Kwaebibirem Dist.	M	Traditional Authority c
G4	08.11.2011	Kwaebibirem Dist.	M	Manager GOPDC a
G5	09.11.2011	Kwaebibirem Dist.	M, M	Executives Outgrowers Association
G6	09.11.2011	Kwaebibirem Dist.	M	Manager GOPDC b
G7	09.11.2011	Kwaebibirem Dist.	M	Manager GOPDC c
G8	09.11.2011	Kwaebibirem Dist.	M	Manager GOPDC d
G9	09.11.2011	Kwaebibirem Dist.	M	Manager GOPDC e
G10	10.11.2011	Kwaebibirem Dist.	M	Sn. Official - District Assembly
G11	10.11.2011	Kwaebibirem Dist.	M	Middle men
G12	11.11.2011	Kwaebibirem Dist.	M	Official - OASL
G13	11.11.2011	Kwaebibirem Dist.	M	Sn. Official - Ministry of Food and Agric. a
G14	12.11.2011	Kwaebibirem Dist.	M	Traditional Authority d
G15	14. & 30.11.	Accra	F	Representative Civil Society
G16	15.11.2011	Accra	F	Sn. Official - Lands Commission a
G17	16.11.2011	Accra	M	Official - Ministry of Food and Agric.
G18	17.11.2011	Accra	M	Sn. Official - Land Administration Project a
G19	17.11.2011	Accra	M	Official - Ghana Investment Promotion Centre
G20	17. & 22.11.	Accra	M	Sn. Official - Lands Commission b
G21	18.11.2011	Accra	M	Sn. Official - Lands Commission c
G22	18.11.2011	Accra	M	Sn. Official - Land Administration Project b
G23	18.11.2011	Accra	F	Sn. Official - OASL
G24	21.11.2011	Accra	M	Sn. Researcher - AGRA
G25	21.11.2011	Accra	M	Sn. Official - IFPRI
G26	21.11.2011	Accra	M	Sn. Official - Ghana Agricultural Workers Union
G27	22.11.2011	Accra	M	Sn. Official - Lands Commission d
G28	23.11.2011	Accra	F	Sn. Official - Ministry of Food and Agric. b
G29	24.11.2011	Accra	M	Sn. Official - House of Chiefs
G30	24.11.2011	Accra	M	Expert - Town and Country Planning Dep.
G31	25.11.2011	Accra	F	Official - Water Resource Commission
G32	28.11.2011	Accra	M	Professor - University of Ghana
G33	29.11.2011	Accra	M	Sn. Official - Environmental Protection Agency

Appendix 2: Focus Group Discussions conducted in Ghana

In order to reduce heterogeneity, groups were designed according to wealth level and age. A group of people below 35 was build to capture the voices of the youth. For the wealth level, extension officers allocated people to different wealth level groups with respect to a list of different characteristics:

- Vulnerable: No house or only small structure, none or few domestic animals, no bicycle, none or only a small piece of land.
- Average: middle size house, few animals, bicycle, school attendance at primary and often at Junior Secondary Level, little land ownership, but cultivation of several plots under sharecropping.
- Wealthier: big houses, more animals, motorbike or car, often fewer children, higher land ownership, cultivation of more than 5 plots, often additional sources of income from non-farm activities.

Additionally, we interviewed a group of smallholder farmers (contract farmers without own land), a group of outgrowers (contract farmers with own land), and a group of people who just wait for compensation as their village lies within the concession of GOPDC. Groups from Okumaning are very close to the new concession of GOPDC, groups from Aboabo are a bit further away. The groups from Asuom (outgrowers) and Kwae (smallholders) are neighbouring the old concession, as both contractual arrangements are not (yet) implemented around the new concession.

Limited resources did not allow for special attention on gender aspects, thus household and village effects are in the centre of the debate. In order to cope with this weakness, facilitators of group discussions were specially trained to encourage women's participation in discussions. Moreover, male and female local experts denied gender as critical factor in discussion related to community history, the state of agriculture and impacts of an oil palm investment (Interview G13, G15 & G17). Evidence from the FGDs did not support the general hypothesis, that the presence of men prevented women tremendously from expressing their issues.

Code	Date	Place	Category
G1	26.09.2011	Okumaning Plantation	Casual Workers - Slashing - GOPDC
G2	27.09.2011	Okumaning Plantation	Permanent Employees - GOPDC
G3	27.09.2011	Okumaning Plantation	Casual Workers - Harvesting - GOPDC
G4	27.09.2011	Okumaning	Rich Before Compensation
G5	28.09.2011	Aboabo	Youth
G6	28.09.2011	Aboabo	Average
G7	31.10.2011	Okumaning	Vulnerable
G8	31.10.2011	Okumaning	Average
G9	01.11.2011	Congo	To Be Compensated
G10	01.11.2011	Okumaning	Mixed: Average & Wealthier
G11	01.11.2011	Asuom	Outgrowers
G12	01.11.2011	Kwae	Smallholders

Appendix 3: Test statistics

Figure 4: Summary statistics of two-way Wilcoxon rank-sum test for big villages

Household level (without outliers)					
		Total income		Assets	
		Median	Standard deviation	Median	Standard deviation
Big village	yes	8055.80	11595,75	987.50	968,10
	no	4556.00***	9611,09	650.00***	861,24

Note: reference category: 'yes', *** p<0.01, ** p<0.05, * p<0.1, n= 1181. As total income and assets are skewed to the right medians are reported.

Figure 5: Summary statistics of two-way Wilcoxon rank-sum tests for household characteristics.

Household level (without outliers)					
		Total income		Assets	
		Median	Standard deviation	Median	Standard deviation
Female-headed HH	Yes	2893.00	8424,15	432.00	703,44
	No	5592.00***	10261,54	757.00***	903,51
Age of HH head	<35	1555.00	6060,90	429.00	550,10
	>35	6249.04***	10608,06	805.50***	937,56
Number of HH members	1-5	4543.00	9794,59	605.50	836,42
	>5	6879.00***	10608,27	911.00***	961,35
HH holds own house	yes	7367.00	10336,60	/	/
	no	1800.00***	8650,18	/	/
Own land	yes	8102.00	10746,84	/	/
	no	3590.70***	9254,22	/	/
Own land (in acre)	0-3	3795,46	9362,94	/	/
	3-10	8131.23***	9806,57	/	/
	>10	13291.89***	12667,58	/	/
Secure land rights (as collateral)	Yes	9254.06	11898,43	/	/
	No	4992.66***	9868,31	/	/
HH head is Akan	yes	6095.00	10311,87	827.00	886,68
	no	3600.00***	9576,60	513.50***	881,98
HH is from Eastern Region	yes	5592.00	10357,24	731.50	893,46
	no	3041.06***	8313,28	581.00**	882,43
HH head: no school completed	yes	4437.49	9077,65	542.00	845,49
	no	5555.00***	10560,27	783.00***	906,18
HH head: Secondary schooling	yes	5400,00	9444,45	854.00	1101,03
	no	5257,10	10174,16	694.00**	866,98
HH head: first occupation in non-agriculture-sector	Yes	8164.00	11615,87	694,00	1004,36
	No	5156.00**	10038,11	703,00	888,77
HH uses HH labour	yes	6200.36	10567,56	794.25***	924,05
	no	3917.60***	9258,75	603.00***	830,60
HH hires labour	yes	7134.00	10483,97	855.00	930,56
	no	1200.00***	6320,77	345.00***	564,64
Cultivating citrus	Yes	6991.25	10780,65	1053.50	904,92
	No	5030.80***	10006,59	685.00***	886,57
Cultivating cocoa	Yes	10847.30	12883,17	888.50	1003,37
	No	3969.00***	7735,23	634.00***	823,00
Cultivating food	Yes	10673.12	11604,25	2699.50	1156,64
	No	5220.00*	10080,85	694.00***	866,49

Note: reference category: 'yes', for age: 0-35, for HH members: 1-5, for own land: 0-3,*** p<0.01, ** p<0.05, *p<0.1, n= 1181. As total income and assets are skewed to the right medians are reported.

LDPI Working Paper Series

A convergence of factors has been driving a revaluation of land by powerful economic and political actors. This is occurring across the world, but especially in the global South. As a result, we see unfolding worldwide a dramatic rise in the extent of cross-border, transnational corporation-driven and, in some cases, foreign government-driven, large-scale land deals. The phrase 'global land grab' has become a catch-all phrase to describe this explosion of (trans)national commercial land transactions revolving around the production and sale of food and biofuels, conservation and mining activities.

The Land Deal Politics Initiative launched in 2010 as an 'engaged research' initiative, taking the side of the rural poor, but based on solid evidence and detailed, field-based research. The LDPI promotes in-depth and systematic enquiry to inform deeper, meaningful and productive debates about the global trends and local manifestations. The LDPI aims for a broad framework encompassing the political economy, political ecology and political sociology of land deals centred on food, biofuels, minerals and conservation. Working within the broad analytical lenses of these three fields, the LDPI uses as a general framework the four key questions in agrarian political economy: (i) who owns what? (ii) who does what? (iii) who gets what? and (iv) what do they do with the surplus wealth created? Two additional key questions highlight political dynamics between groups and social classes: 'what do they do to each other?', and 'how do changes in politics get shaped by dynamic ecologies, and vice versa?' The LDPI network explores a range of big picture questions through detailed in-depth case studies in several sites globally, focusing on the politics of land deals.

Gaining neighbours or big losers – what happened when large-scale, land-based investment in the Ghanaian oil palm sector met the local population on the ground?

Whether land transactions can benefit the local population depends on the governance system, the so-called rules of the game and their enforcement. As investors often face a weak institutional environment in target countries, outcomes for the local population frequently seem to be arbitrary and vary. This study draws on past and recent experiences in the Ghanaian oil palm sector. Based on qualitative and quantitative field research conducted in 2010/2011, the effects of a land-based, large-scale investment on people who received compensation, on neighbouring communities, on permanent and casual workers, as well as on contract farmers are analysed against a conceptual framework for land acquisitions inspired by the thoughts of Elinor Ostrom and Oliver Williamson. This leads to the main finding that outcomes are predominantly mixed and vary from very negative to positive for different population groups.



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