

**EXPORT DEVELOPMENT, POVERTY REDUCTION AND LAND
ISSUES: A CASE STUDY OF SALT PRODUCTION FOR EXPORT IN
THE DANGME EAST DISTRICT OF GHANA**

**A paper contributed by the
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Ghana's total earnings from merchandised trade in the year 2005 were US\$ 2,721.2 million; this is projected to increase by 10% in 2006. In the last decade, earnings from merchandised exports have been expanding at an average annual growth rate of 7.4% compared to a target growth rate of over 10%.

Over the years, Ghana has depended on a few traditional commodities for export revenue thus putting her in a vulnerable position when the prices of these commodities dip or decline significantly. In 2005, Cocoa beans and related products earned Ghana US\$ 815.8 million which represented 30% of total export earnings. Gold fetched the country US\$ 918.4 million representing a share of 33.7% while Timber and related products brought in US\$ 232.3 million for Ghana, a share of 8.5%. Non-traditional exports fetched US\$ 754.7 million and constituted 27.7% of export earnings in the same year.

There have been efforts at expanding and diversifying Ghana's exports to reduce the dependency on a few traditional commodities. Between 2001 and 2004 Ghana's non-traditional Export (NTE) earnings were expected to grow by 40% and increase by 100% within a decade. It is in this direction that some selected commodities such as fruits and vegetable products, handicraft, canned fish, garment, aluminium products, cassava starch and salt have been targeted for promotion and development. Cassava starch, garment and salt are being given particular attention and support under The President's Special Initiative (PSI). Among these new export products, salt particularly presents Ghana with one of the greatest export potentials. According to some studies, Ghana can earn over US \$ 1.0 billion annually from salt export if the industry is well developed.

However, land issues have constantly undermined the development of the industry in the district that has the most suitable site for production in the country. The land issue in the district is a reflection of the complex nature of land tenure systems in the country which breeds dispute and its attendant negative effects on economic activities. For example, to undertake commercial farming, which requires a large and contiguous tract of land, one needs to negotiate with several landowners because these owners each have only a small parcel of the land to be acquired. Consequently there is a long delay in getting legal title to the land thus leading to a high cost of doing business.

Presently, salt production in the Dangme East District is done by artisanal winners who manage small ponds and are only able to produce small quantities of low quality product. The output from this rudimentary method does not fetch those engaged in the business adequate income to improve upon their low standards of living.

This paper presents how land issues have affected the development of the salt industry and the potential for poverty reduction in the Dangme East District of Ghana. The paper examines the salt industry, profile of the district, the land issues, and the way forward for the development of the industry.

THE SALT INDUSTRY

The Salt industry in modern Ghana dates back to the trans-Saharan trade many Centuries ago. At the time of the Ghana, Mali and Shongai empires, salt, gold and ivory, etc. were traded across the Sahara with the people of North Africa and the Middle East. These commodities were exchanged for Dates and Olive oil from the north. Most of the salt traded then came from modern day Ghana. Although Ghana has continued trading in salt, trade with the North African countries has diminished and is now limited to the West African region with countries such as Mali, Burkina Faso, Niger, Togo and Benin. Along the West African Coast, only Senegal and Ghana have the right climatic conditions and suitable lands to produce large quantities of salt. Major sites of salt production in Ghana are found in Keta, Ada, Weija, Komenda, Mfantiman and Ahanta West.

In 2005, Ghana exported 51,150 tons of salt and received US\$ 2.31 million, but studies have shown that 2.5 million tons of salt can be produced annually. Market studies also reveal that there is a vast market for Ghana's salt especially in neighbouring Nigeria which imports \$1.5 billion worth of salt from Australia and Brazil a year in order to meet domestic demands and feed its oil industry.

Salt exports for the period 2000-2005 are given in the table below:

Year	2000	2001	2002	2003	2004	2005
Quantity in tons	69,016	68,689	51,689	32,540	38,547	51,150
Value in US\$	2.91	2.35	1.82	1.24	2.18	2.31

Source: Ghana Export Promotion Council

Salt from Ghana and Australia are graded above the commodity from other suppliers, as further processing costs are lower. Comparative prices of salt delivered to Nigeria from Ghana, Senegal and Australia illustrate the potential competitiveness of the Ghanaian industry as demonstrated below:

Country	Price/MT US\$	Freight/MT US\$	Landed Price/MT US\$	Processing Cost/MT US\$
Ghana	25	25	50	30
Senegal	25	35	55	40
Australia	30	45	75	30

Yet Ghana's salt potential remains untapped largely as a result of land disputes in an area, which can produce over half of the country's potential output.

There are four (4) different types of salt recovery namely: Rock Salt Mining, Solution Mining, Solar Salt and Processing of Rock Salt. Of these, the Solar Salt method is the most widely used in Ghana because of high evaporation rates and low precipitation that exist along the coast. In the Solar Salt method, seawater is made to enter or is pumped into ponds with dykes to prevent the water from escaping. It is continuously evaporated by solar heating and wind flow. As the seawater evaporates, its concentration rises and the constituent salt crystallises out. The crystallised salt is then washed to remove insoluble matter like sand and clay as well as impurities. It is then allowed to drain and dry in the sun. This rudimentary method used by most of the artisanal salt winners does not help in producing substantial quantities that can earn them sufficient income to reduce poverty in the community. The rudimentary technology also accounts for the low total output of salt in Ghana.

POVERTY PROFILE OF DANGME EAST DISTRICT

Dangme East district lies about 80 km east of Accra along the coastline on the estuary of the Volta River. It covers an area of 909 km² with a coastline of 45 km and lies in the coastal savannah vegetation zone. The main lagoon in the district is the Songor lagoon and environs covering an area exceeding 390 km² where salt is produced in great abundance. It lies in the South Eastern Coastal Plains between latitudes 5° 45'N and 6° N along longitude 0° 35'E near the Volta River Estuary. This area alone has the potential of producing over 2 million tons of salt annually.

According to the 2000 Population and Housing Census, Dangme East District had a population of 93,112 including 73,487 inhabiting the Ada Songor Lagoon Area (ASLA) specifically. With a population growth rate of 1.7%, the ASLA population in 2005 is estimated at 80,006. There are more females (53%) than males (47%). Forty (40%) percent of the population is under 15 years of age and 3% over 65 years. The working population is engaged in crop production, fishing and livestock production, agro-forestry and salt winning but because of the seasonality of these activities a high incidence of underemployment is observed.

Over 90% of communities in ASLA lack basic amenities. Health delivery services within the Dangme East District (DED) operate at a doctor/population ratio of 1: 46,556 compared with a WHO recommendation of 1: 10,000 (1992). Deprived communities depend on streams, dams, ponds, wells and rainwater harvesting for their daily water supply. The situation promotes water borne diseases, e.g. guinea worm, bilharzias, river blindness, worm infections, etc. (DED Poverty Profiling and Mapping Report, 2004).

The majority (62.5%) of heads of households are single, not married; 25% of households are headed by women, single parents; 32% of adult members of the household have never been to school.

Unemployed persons constitute 14.1% of the labour force in the district compared to a national average of 6.7%. The economically inactive population is estimated at 22% of the labour force. The estimate for per capita income in ASLA is GHC 122,524 a month, less than a quarter (1/4) of the monthly national average of GHC 527,000 (Year 2005 \$1.0 =GHC 9,000). Based on Mean Consumption levels of households in 1998/9 as estimated from Ghana Living Standards Survey (GLSS) 3 and 4 reports, the estimate of the population of Dangme East District classified as living below the poverty line is 38.7 ± 5.8%.

LAND ISSUES

Acquisition of land for investment projects is a major obstacle to business development and economic growth in Ghana. Business climate studies on Ghana revealed that in 2002, it took the majority of investors interviewed 40 calendar days to identify suitable land for business; for 13% of investors, it took them up to one year. The average from the study was 92 calendar days to identify suitable land for business. Beyond that, an additional period of 46 calendar days was required on the average to finalise land purchase transactions.

Complex land tenure systems exist in the country where ownership is held by a combination of traditional authorities, families, private individuals and public or Government institutions. Public or state lands are compulsorily acquired by government through the invocation of appropriate legislation, vested in the President of the Republic and held in trust by the state for the people of Ghana. In contrast, private lands in most parts of the country are under communal ownership, held in trust for the community or group by a "stool or skin" as a symbol of traditional authority, or by a family. Between the public and private lands, are vested lands, which are held under a form of shared ownership between the state and the traditional owners.

The land issues in Dangme East district are not different from the national situation. The area surrounding the Songor Lagoon (ASLA), which has a great potential for salt production, has suffered from a protracted land litigation that has made it difficult for entrepreneurs to invest in the industry. In the traditional area, it is the customary rule of law that guides land tenure among the people. Unlike certain parts of the country, there are no stool lands in the district. Land is owned by clans through families and it is the clan heads that have jurisdiction over lands owned by their clans. Thus the administration of the lands is undertaken by the head in consultation with the elders of the land-owning families. The traditional area has ten (10) clans and only six (6) of them are land-owning. Of the six clans, three (3) of them own the lands of the Ada Songor Lagoon. These clans namely Tekperbiawe, Adibiawe and Lomobiawe also own the adjoining lands of the Ada Songor Lagoon. Over the years, these clans have maintained a mutual understanding in regard to their land boundaries and jurisdiction. However, there have been occasions of land dispute whenever there was some economic gain to be realised from the land.

In the early seventies, two independent groups of investors approached two different clans for a lease. These two investors obtained the lease but a dispute arose between the two clans over conflicting jurisdiction of territory. The seriousness of the dispute caused government to compulsorily acquire the entire Songor lagoon and adjoining lands to allow the investors to continue with their business unhindered. The government action invariably denied the indigenous people the right to their land and livelihood. In 1992, the government by law terminated the leases with the two companies and vested the entire area in the government (PNDC Law 287) in trust for the owners. All this time, very little income accrued to the people of the area thus aggravating their already poor living standards. Indeed, no royalties have been duly paid to the original landowners, a situation which has manifested in continuing agitation for the land to be reverted to them.

ADDRESSING THE SONGOR ISSUE AND BEYOND

The inability of the country to develop the potential of salt production at the Songor Lagoon basin has been of great concern to the people of Ada, the private sector and the government since it is believed that a considerable increase in salt production and export should help to reduce poverty not only in the Dangme East District but the country as a whole. In view of this the Private Enterprise Foundation (PEF), an umbrella body for the private sector in Ghana four (4) years ago began the process of facilitating the resolution of the land dispute between the Traditional Council, the land owning clans, the

government and the investors in the Ada Songor Lagoon Area. Since then, PEF has been organising series of discussions with the stakeholders to address the following issues:

1. PNDC Law 287
2. Cancel mining lease issued to Ada Songor Salt Ltd. in 1996.
3. Return land to owners, which would be held in trust for them by the Ada Songor Lagoon Basin Owners Committee.
4. Setting up of a Trust to develop the salt industry at Ada.

The discussions so far have focused mainly on the Trust and the promotion of a joint Venture between the clans through a Special Purpose Vehicle (SPV) and prospective investors. It is envisaged that the Trust would acquire shares in future investments in the area and use its dividend from the investment to finance the District Administration, Traditional Council and improve social amenities such as schools, health facilities, housing, water and electricity supplies, and protect the environment. It is also expected that the investment projects will create direct and indirect employment for the inhabitants of the area, generate household income and help to reduce poverty in the district.

As earlier stated, the land issue in the Dangme East District is not only peculiar to the area but a general phenomenon in the country. Apart from the complexity of Ghana's land tenure systems and the cumbersome procedures of legally acquiring land, there is also an issue of indiscipline in the land market characterised by land encroachment, multiple sales of lands and haphazard land development without control from Planning Authorities. There exists also a problem of demarcation of stool or skin lands resulting directly from the lack of reliable maps, plans, and the use of unapproved, old and outdated or inaccurate maps. This leads to distrust among landowners, government and private investors. Another issue has to do with the lack of consultations with landowners and traditional chiefs in decision making for land allocation, acquisition, management, utilisation and development. The land issue in Ghana has further been complicated by the existence of over eighty-eight (88) laws that influence land management, land use and development in Ghana. These laws come under six (6) subjects namely: Access to Land and Land Management, Forestry and Wildlife, Water Management, Pollution Control, Human Settlements and Institutions.

With respect to export development and poverty reduction, one other important land issue is the insecurity of tenure of the small holder. Since the small holder has no title to the land, he is unable to present the land as collateral to secure funds to increase output. There is also the perennial threat of displacement by investors, or government compulsorily acquiring the land, for other purposes such as mining, commercial farming, estate development.

It is against this background that Ghana has initiated the Land Administration Project (LAP) based on a national land policy, which was adopted in 1999. The objectives of the Land Administration Project are to stimulate economic development, reduce poverty and promote social stability by enhancing security of land tenure; simplifying the process of access to and acquisition of land and making the process fair, transparent and efficient; developing the land market and fostering prudent land management.

The LAP has four components:

1. Creating a harmonious Policy and Legislative Framework as a basis for sustainable land administration;
2. Institutional Reform and Development;
3. Improving Land Titling, Registration, Valuation and Land Information Systems;
4. Project Management, Monitoring and Evaluation.

Fifty (50) Land Administration Units, recognizing the diversity of customary land tenure systems in the country are to be established during the project period of 15 years to ensure a synchronized land administration throughout the country. To date 10 Customary Land Secretariats have been established offering traditional authorities opportunities to better administer their lands in order to minimize the occurrence of disputes, improve investor's land security and reduce the time for identification, acquisition and titling of land.

CONCLUSION

Under the Government of Ghana's President's Special Initiative on Salt, it is envisaged to transform the salt industry into an internationally competitive one with an enhanced capacity for the production of good quality salt for domestic and export markets, increasing production from 200,000 metric tons in 2004 to 2,500,000 metric tons in 5 years. It is also expected that a viable chloro-alkali industry would develop in the medium term to generate employment for about 50,000 people altogether.

The industry is however constrained by: obsolescence of technology; lack of local expertise and poor production methods; poor industry infrastructure; lack of economies of scale; low investment and lack of credit; **cumbersome land acquisition procedures and land tenure administration systems.**

The living standards statistics for the population living in the Ada Songor Lagoon Area of the Dangme East District of Ghana reveal a case of extreme poverty using United Nations Millennium Development Goals indicators.

This paper has presented a challenging case study **from Ghana** establishing a rationale and linkage between **Export Development, Poverty Reduction and the Land Issue.**

In developing countries, most of the poor earn their livelihood from the land but they face land insecurity. Export strategy-makers need to pay attention to land issues in order to avoid hindrances to the development of land-based export products, while ensuring that the interests of vulnerable people are protected.

In Ghana, Government's medium-term development strategy, the Growth and Poverty Reduction Strategy (**GP RS II**) covering the period 2006-2009 recognizes this. Under strategies to improve the Business and Investment Environment, reform to land acquisition and property rights is one of the key priority areas earmarked for interventions. It is planned to promote easy access to an improved system of land registration, ensure equity to all persons, and to protect the interests of small holders and vulnerable groups.

Ghana's Millennium Challenge Account (MCA) Compact (2006-2011) which is implementing projects in 23 selected districts focuses on provision of infrastructure in support of agro-industry export development; the MCA projects also pay attention to the land issue. In the Compact, it is planned that Land Tenure facilitation activities will be undertaken to improve tenure security for existing land users and facilitate access to land, implement systematic registration of land, establish one-stop land market and registration services, support analysis and stakeholder dialogue and take measures to allow disputes to be resolved speedily.

Given the wide recognition in Ghana today accorded the importance of land issues in the development of land-based export products; given the nationwide programmes in land administration reforms; and given the initiatives of Government and private sector agencies in improving the investment climate, it is reasonable to surmise that in the near term, the Ada Songor Lagoon Area in the Dangme East District of Ghana will realize its potential in hosting a competitive salt and chloro-alkali industry for the export and local markets. And, given the significant improvements in political and economic governance at national, district and corporate levels, it is also reasonable to infer that, at the minimum, the Millennium Development Goal targets in respect of the poverty indicators of the people living in the Ada Songor Lagoon Area, in particular, and the people in the Dangme East District of Ghana, in general, will be met and even exceeded.

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