

# Enhancing Equitable Compensation in Expropriation Affecting Businesses in Ghana: Exploring the Nexus Between Compensation Assessment, Legal Frameworks and International Standards

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## SUMMARY

Compulsory acquisition of land for public projects is a common practice in many developing countries, and is often necessary for socio-economic development. However, it can adversely affect businesses and individuals who are expropriated. This study seeks to address a critical issue of economic loss, a significant component of compensation for business properties compulsorily acquired, an aspect often overlooked in the Ghanaian context.

The principle of equivalence is crucial in determining compensation, as affected owners and occupants should neither be enriched nor impoverished as a result of compulsory acquisition. Financial compensation based on equivalence of only the loss of land rarely achieves the aim of restoring affected parties to their pre-acquisition status, as the money paid cannot fully replace what is lost (FAO, 2010). As such, for compensation to be fair and accurate, valuers consider replacement costs and additional extensive heads of claim.

The study's objectives encompass a review of existing legal frameworks and compensation methodologies in Ghana, the identification of key factors in business property compensation, and a comparison of Ghana's current compensation practices with international standards.

Through interviews, it explores the intricate relationship between compensation assessment, relevant legal framework, and international standards in expropriation. It highlights the opinions arising from varying interpretations of existing legal provisions such as the 1992 Constitution and Land Act, 2020 (Act 1036).

The study reveals the inadequacies in the legal provisions and the lack of professional standards in Ghana, leading to variations in compensation assessments by valuers. It also delves into the diverse

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methods used for assessing intangible assets, such as business goodwill, customer base and loss of income.

The study's recommendations call for enhanced educational efforts, standardized guidelines for fairness and consistency, and improved data management. Regular reviews of legal frameworks, inclusive stakeholder engagement, and collaboration between government bodies and professionals are needed to ensure equitable and accurate compensation outcomes.

Providing insights into the impact of compensation paid to businesses affected by compulsory land acquisition will not only add to the existing literature, but also enhance social justice by ensuring that affected businesses receive fair and adequate compensation. This will further enhance the social and economic well-being of businesses, and contribute to poverty reduction and sustainable development.

These findings can inform policies and practices in Ghana, benefiting policymakers, government agencies, property owners, businesses, and valuation professionals involved in compulsory acquisition cases to foster transparency, consistency, and fairness in compensation practices, contributing to a more equitable and just society.

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