

**Foreign Land Acquisitions in Nigeria:
Forces from Above and Voices from Below**

By

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1. Research Problem and Motivation

The study is motivated by the increasing large scale Foreign Land Acquisitions (FLAs) in developing countries particularly in Africa. The occurrence of FLAs in African countries has been attributed to the supposedly availability of land. For example, land in Zambia that happens to be the most expensive in Sub-Saharan Africa (SSA) is just about one-eighth (or 12.5 per cent) the price of similar land in Argentina or Brazil, and less than one-twentieth (or 5 per cent) of that in Germany (Oxfam International, 2011; Osabuohien, Ogundipe and Efobi, 2011).

Out of the 1217 publicly reported deals, 62% of the projects covering a total area of 56.2 million hectares are in Africa (Anseeuw, *et al*, 2012). Though not all foreign land deals lead to FLAs; however, both terms are used almost synonymously (Oxfam International, 2011). Some refer to FLAs as land grabbing usually to depict the adverse implications (Brüntrup, 2011). FIAN (2010:8) defined it as the “taking possession of and/or controlling a scale of land for commercial/industrial agricultural production which is disproportionate in size in comparison to the average land holding in the region”.

Some research efforts have been made to investigate the determinants of FLAs at the global level. These studies have identified a number of determinants/drivers of FLAs including: global financial/economic crises, bio-fuel policies, rising food prices, sales of certificate for reducing carbon emissions and so on (Cotula et al, 2009; Arezki et al, 2011; Brüntrup, 2011; Deininger et

al, 2011; Anseeuw et al., 2012). However, little is known regarding the characteristics of target communities in a given country. Eventually, the characteristics of the target localities, for example the availability of fertile land, current land use patterns and population densities, will shape the socio-economic outcomes of FLAs. This can result to “land grabs” with negative implications for affected local populations or positive impact on the socio-economic development of the host communities (Nolte, 2013). Prodded with this observed gap, this study aims at providing evidence on the determinants of FLAs in Nigeria, an important receptor of FLAs. It compares and contrasts the localities where FLAS occurs. Some of the main specific hypotheses to be tested are: FLAs target communities with quality/poor infrastructures and/or strong/weak local institutions. This presupposes that: whether FLAs is a vital tool for socio-economic development or *land grab* may depend on the host communities, on one hand, and the kind of investment/type of investors involved, on the other.

2. Main Research Questions

The key research questions include:

- i. How does the FLAs in the selected communities (Local Government Areas-LGAs) in Nigeria differ?
- ii. How does institutional arrangement in these LGAs influence such FLAs?
- iii. In what ways does the quality of infrastructure in the communities interact with FLAs?

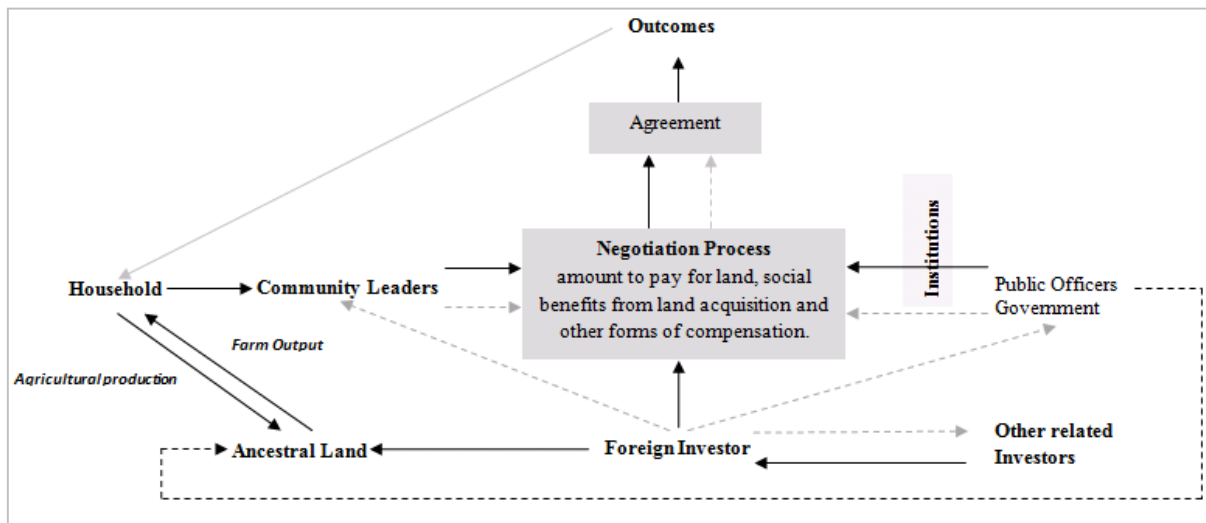
3. Analytical Framework (FLAs-Institutions Nexus)

The nature of institutional framework in a country can create choices that can affect transactions and production costs as it creates policies in an economy that will be relevant for securing property rights and general shaping of relationships among economic agents (Acemoglu and Johnson, 2005; Adewole and Osabuohien, 2007; Anell, Freytag and Winkler, 2012; Chong and Huet, 2009; Mastern, 2009; North, 1991; Nye, 2011; Osabuohien and Efobi, 2013; Williamson, 2000; etc). Relating this to the issue of FLAs, land governance/deals will depend to a considerable extent, on the prevailing institutional quality in a country. This is based on the arguments from La Porta *et al*, (1999), Natal (2001), Masten (2009) and Pitman (2010) that economic activities engaged by individuals /firms can be determined by some social and legal relationships existing among them.

The nature of the negotiation processes and the level of consultations in land deals will be determined, to a large extent, by *the powers that be* (those in authority in the host countries), which can be in alliance with the local community leaders. Sometimes, the stance to be eventually chosen in the negotiation process, will be influenced by the extent of economic rents that can the prospective land investors anticipate. It is not very surprising that land investors target mainly countries that have a weak institutional framework to maximise their returns on investments (Cotula *et al.*, 2011; Deininger *et al.*, 2011). It is in this light that Nolte (2013) using evidence from Zambia found that FLAs can exhibit different aspects of *land grabs* and *development opportunities*, depending on how the actors (host communities and investors) *play the game*.

Anseuw *et al.*, (2012b) observe how nature of governance/institutions can result to adverse implications stemming from FLAs. In this perspective, weak democratisation (manifesting in poor accountability and transparency) will contribute to the power of political elites capturing and allocating acreage of lands 'at will'. The existence of weak legal system (e.g. poor legal structure) will result to poor property right protection and dispossession of land holdings. This study presents an analytical framework depicting how the role of institutions in determining the extent and possible effect of FLAs in Figure 1. It is worth noting that in most communities in Nigeria, institutions can be categorised into traditional (represented by community heads and chiefs) and formal (often represented by the Local Government Chairperson who more often than not act as 'stooge' to the State Governor).

Figure 1. FLAs-Institutions Nexus



Source: Researcher's

The households particularly in rural areas use their (ancestral) lands for agricultural production for subsistence and/or some form of commercial purposes¹. In the event of FLAs, foreign investors can target crop lands or crop vegetation mosaic is denoted by the straight line connecting households, ancestral land and foreign investors. The households that occupy the land may not have the capacity for the negotiations process and most times rely on their community leaders. These community leaders convey the desires of the households to the investors and at the same time act as an intermediary between the investors and the households. They can also act on the bidding of the State Government like in the case of Kwara State (Ariyo and Mortimore, 2011). The challenge is that in many African countries, land titles are poorly defined (Goldstein and Udry, 2008).

In Nigeria, the Land Use Acts of 1978 entrusts on the government (at the States) the custodian right to issue certificates of occupancy for land holders within their Territories (Mabogunje, 2010). Not only will the weak negotiating power of the households put them in disadvantage position, also the outcome of the agreement with regards to investors upholding the terms will require strong institutional framework. Hence, it is no wonder to see that most of the promises

¹ The term ancestral land is used because the only claim that the households have to use the land is their ancestral heritage as most of them do not have any legal entitlement to the land.

such as employment and training promised by investors during negotiations to local communities are hardly meant when they start operations (FIAN, 2010).

4. Methodology

The study engages quantitative data using two approaches/sources. The first approach examines the land deals across the LGAs in the States of Nigeria where FLAs occur based on data from Land Matrix². The second aspect employs data from the survey conducted by the World Bank in collaboration with Nigeria's National Bureau of Statistics (GHSWBN). The Land Matrix dataset documents potential and enacted land transactions/deals across the world. The inclusion of a deal in the database means that such deal has a transfer of rights to use, control or own a piece of land through sale, lease or concession. It entail the conversion of land from local community use or provision of important ecosystem service to commercial production and involves a foreign investor including joint ventures of foreign investors with domestic firms/individuals (Anseeuw, *et al* 2012).

The dataset from GHSWBN covers about 5,054 households across the 36 States in Nigeria including Federal Capital Territory-Abuja. It entails agricultural activities (e.g. pre-planting, planting and post-planting as well as land holdings), households' characteristics (e.g. socio-demographic, education, employment/income activities) and communities features (e.g. facilities and level of development), among others. This will help in carrying out comparative analyses on the adjustment strategies across the selected communities based on empirical analyses across level of development in the communities (urban/semi-urban and rural), household heads (male/female), among others.

5. Results and Contributions

A cursory look at the Land Matrix data shows that Nigeria is one of the Africa countries that are targeted by foreign land investors. In fact Nigeria is among the top 20 most targeted countries globally. Other countries like Ethiopia, Kenya, Mozambique, Tanzania and Zambia have received some analyses on the implications of FLAs. However, considerable focus has not been on Nigeria, which makes this study timely and relevant. This effort is deemed essential with a

² A new version of the Land Matrix Database is being be launched 15th May, 2013.

view to providing empirical analysis on households adjust to shocks emanating from FLAs and how institutional and political settings influence the process. Existing literature (such as: Aabo and Kring, 2012; Anseeuw *et al*, 2012a; Azeki *et al*, 2011; Brüntrup, 2011; Cotula *et al*, 2009; Deininger *et al* 2011; FIAN, 2010; Norfolk and Tanner, 2007; Sulle and Nelson, 2009; Nolte 2013) do not focus on Nigeria. Ariyo and Mortimore (2011) made effort using the case of Shonga District in Kwara State. Therefore, this study focusing on other locations and States in Nigeria with different approach is an important complement to extant works.

The anticipated results of the study are a better understanding of the internal and external factors that shape FLAs and their impacts, and propositions how to manage (or refuse) them in the interest of households in the host communities. This includes the analysis of the political economy (power relations) shrouding FLAs at the international and local level (*forces from above*) and insights into their impacts cum adjustment mechanisms of households in the communities (*voices from below*). Propositions will include on improving the institutional framework through sound legal and procedural measures that will protect local rights and take into account the aspirations of local farmers during negotiations of FLAs. The assessment of transparency in decision-making and compensation of displaced land users on how to adjust their livelihood strategies is also receiving attention.

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