# Land acquisitions and Agribusiness in Africa: Towards mapping a new food and biofuel production capacity and possible jobs for the Youth

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## Abstracts

Large scale land acquisitions by investors either foreigners or indigenes has been a controversial issue with mixed experiences in Africa. The phenomenon was most pronounced from 2007 to 2010 which years associated with global financial, economic and food crises. What does the investment trend in Africa reveal with respect to nature of agribusiness? And how can the youth benefit from such investment? The specific objectives of the paper is to examine: the magnitude of land acquired for agribusiness in Africa by sub regions, the hectrage acquired across the sub regions for specific crop or groups of crops cereals; above all examined possible ways for youth empower with such investments. Secondary data were sourced from land matrix data base which contains data on land trade from 2000 to 2017. Descriptive statistics were employed. Results of land trade/leases ranked Central Africa, first with 17737645 hectares; West Africa second with 17467464 hectares and East Africa third with 16003057 hectares. These values represented 27.36%, 26.50% and 24.69% of all hectares of land traded in Africa. Hectares allocation to agro-enterprise investments results reveal that mixture of food crops accounted for 17.21%; mixture of cereals was 4.18%, rice mono-cropping 3.59% and cassava mono-cropping 0.51% while fodder and livestock took 1.88%, acacia and Eucalyptus trees took 3.51%, Jatrpha 7.57%, cotton for textiles 3.00%; sugar cane 3.90%, oil palm 8.48%; flowers, fruits and vegetable 2.09 % and others non classified 10.90%. The paper draws analogy to illustrate that the magnitude of investments in African land through agribusiness do not automatically mean jobs for African youths. It showed how ensuring youth right on African land can be derived from the traditional share cropping arrangements, real asset option model, local content models, heritage and identity model, as well as share certificates models as in business cooperation. It further cited examples of some implemented land rights for youth via scholarships and other cooperate social responsibility by non agribusiness firms and wonders why agribusiness firms are yet to do the needful. The paper is of the opinion that youth capacity building, empowerment and decent job creation should be part of enforced contract agreement in purchase and lease of African lands.

Key words: Land Investments; Contract Agreements; Youths Right; Empowerment; Africa.

## Introduction

Africa is characterized with increasing population, unemployment, poverty and large available lands often used below full potential. For instance it was noted that between 2009

and 2010, sub-Saharan Africa (SSA) possessed about 45.2% of the total world uncultivated land; Latin America and the Caribbean had 27.7% and the rest had very negligible proportions (Cotula *et al.*, 2009 in Fischer and Shah 2010). The interest in African land is not only because the continent has the highest potential uncultivable land but the lands are very cheap compared with other places (Mkpado 2013b). SSA lands among other things are to support her increasing and varying population densities. Klaus *et al.*, (2011) aptly noted that low population density possibly from 2000 to may be 2050 was characterized countries selling more lands like Madagascar, Sudan and Mali; while in Nigeria the high population density did not prevent land trade and leases also. Despite large gaps that exist in productivity levels across the zones, with farmers achieving about than 30 percent of potential yields in most parts of Sub-Saharan Africa foreign investors still target the lands.

Increased investors' interest in agribusiness in Africa including food crops and bio-fuel, can provide opportunities for Africa to develop her large primary sectors and reduce high levels of rural poverty as well as reduce gaps in productivity through gains in technology transfers and attract more infrastructures (Mkpado, 2013a). Possible benefits of land deals in the short run for a number of countries are the proportion of the total transferred/acquired area allocated to domestic investors, land rents, employments, commitments on the agreements prior to investment as well as development of infrastructure; tariffs on emerging imports and exports (Klaus *et al.*, 2011; Cotula, 2011; FAO, 2010). This can provide opportunity to set a new record because decades of low investment in the agricultural sector of developing countries has led to stagnant productivity and low production levels, thereby creating a pressing need for more capital. The FAO (2010) had calculated a minimum of US\$ 30 billion of additional funds are needed annually in order to achieve the goal of halving the world's hungry by 2015.

What are the possible lasting benefits SSA needs from the growing trend of land deals? SSA has an abundant of teaming population of youth majority of which are unemployed and trapped with the unpleasant nets of poverty which can stifle future opportunities for youth capacity building. Can relief come from business deals with her largest available resourceland? Besides those possible benefits on the short run, statutory benefits will outlive the short run term and extend to the long run. The statutory benefits can be derived from the salutary right on land. The land has been supporting the livelihood of the people from century to century. The land also has a way of regenerating itself and adjusting to shocks that leads to lower yield. Thus in a traditional setting the land is its own risk manager and provides its own insurance for the benefits of its owners; although the capacity of the land to do these can be over stretched by increased anthropogenic activities. It is desirable that the investments made on lands need to take care of the resulting externalities. The externalities do not just refer to environmental externalities such as pollution, emissions and biodiversity disturbances; but more important the social externalities. The social externalities emanating from disfranchisement of rights and benefits one can derive from his/her father's land. Land had provided resources for people to exist, then the sale/lease of such land need to take into considerations some obligations and responsibilities to support the fruitful living of the

owners of the land. Bohnstedt, (2012) reported an ugly situation where a company signed a lease contact agreement solely and directly with governments without any lease payments for the landowners or any other form of benefit to the community; even though the company in question had been given tax exemptions on agricultural imports, machineries and profits for the first ten years of operation. There was no record to show the company's obligations to the community and the people were in ciaos situation.

Land deals in developing world and SSA in particular has raised a number of issues. The main issues or the bones of contention centred on management of the phenomenon to achieve sustainable social and economic development. Taking care of the future generations is one of the major indicators of sustainability of development. The first step to caring for future generations is investing for the benefits of today's youth. How can the agribusiness investments on SSA land provide opportunities for youth capacity building and jobs creation? The paper examined hectarage and nature of agribusiness investments in Africa as well as ways of ensuring that youth gains the anticipated benefits from such investments.

#### **Explanation of Basic Terms**

Foreign land acquisition is also called land grabbing when the local people do not participate in and the process of land trade. This is a phenomenon that is experienced on greater scale since 2007 upwards. It is often used to described the acquisition of large scale of land by foreigner(s) in another counter

Agribusiness is used to describe all forms of profit seeking activities associated with agriculture. It includes all income generation endeavours associated with agricultural production either in input markets and farm units, agricultural products via processing and marketing, services for the agricultural sub sector, agricultural trade and renting or marketing of agricultural factors of production or equipments, tools and machinery. Agribusiness involving subletting of lands, integrated farming, processing and exportation of locally assembled agricultural goods. It also includes the speculative demand and holding of land. This has made investors to demand more land than they actually needed. In West Africa, new trend of agribusiness involved ecotourism with irrigated crops specifically plantation crops.

Hectarage is derived from hectare which is a unit of measurement of land. It equals 100 acres or 10, 000 square meters

Food crops refers to any crop that is a major component of food consumption or can be eaten as a staple food or used as major food stuff.

Mixed cropping refers to the art of planting different types of crops on a piece of land

Integrated cropping is a type of mixed cropping where by the some residues of a particular crop is used to advance the production of another.

Mixed farming is the art of rearing animals and planting crops on the same piece of land

Integrated farming is a type of mixed farming where by crop residues or even major crop output are used to advance the rearing of livestock and livestock residues are used to advance the production of crops.

Biofuel crops a number of crops used to produce biofuel like Jatropha, oil palm. Included in these crops are plants for biodiesel.

## **Materials and Methods**

Secondary data were sourced from land matrix data base which contains data on land trade from 2000 to 2017. Descriptive statistics were employed in data analysis. Results were presented to cover the sub regions in Africa.

## **Results and discussion**

Sub Regions	Hectares	Percentages			
Central Africa	17737645	27.36782605			
Eastern Africa	16003057	24.69148978			
North Africa	10677864	16.47512534			
Southern Africa	2926005	4.514601339			
West Africa	17467464	26.95095749			
Total	64812035	100			

#### Table 1: Hectares involved in land trade by zones from 2000 to 2017

Source: Authors computation from land matrix data base 2017

Table one presents hectares involved in land deals by zones from 2000 to 2017. The result of land deals by sizes across zones ranked Central Africa, first with 17737645 hectares; West Africa second with 17467464 hectares and East Africa third with 16003057 hectares. These values represented 27.36%, 26.50% and 24.69% of all hectares of land deals in Africa. The magnitude of foreign land acquisition in Africa is not fully understood as there can be land deals that miss the record. This is especially of the domestic investors. Thus, a comprehensive list and percentage of land deals land in Africa is yet to be presented. Thus a comprehensive view of the nature of crops or group of crops involved in foreign land acquisition in Africa and update of contemporary land deals. Many authors (Cotula, 2011; FAO, 2010; Cotula, *et al.*, 2009; Klaus *et al.*, 2011) have cited some crops and groups of crops involved in African land grab but such literature were based on on available data then. Table 2 is an update of the hectarage allocation according major crop or group of crops involved in the agribusiness.

Sub	Mixture of	Mixture of	rice only	cassava	fodder	Acacia/	Jatrpha	Cotton	Other	sugar	oil palm	teak	flowers /fruits
Regions	Food	cereals		only	Alfalfa	Eucalyptus			Agribusin	cane			/vegetables
	crops								ess				
Central	470820	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	0.0 (0.0)	6700	0.0 (0.0)	0.0 (0.0)	542639	0.0 (0.0)	2308545	14353141	55800
Africa	(0.726)		. ,		· · ·	(0.01033)		· ·	(0.8373)	. ,	(3.562)	(22.1458)	(0.0861)
Eastern	3822765	172909	445381	22220	944500	1466945	2429425	1667254	1305378	1129024	882921	988748	725587
Africa	(5.898)	(0.26678)	(0.687)	(0.03428)	(1.4573)	(2.2633)	(3.7484)	(2.5725)	(2.0141)	(1.7420)	(1.3623)	(1.5256)	(1.11953)
		. ,	. ,	. ,	. ,		. ,	. ,	. ,	. ,			
North	2995873	1970007	0.0 (0.0)	0.0 (0.0)	272503	0.0 (0.0)	0.0 (0.0)	213347	3642985	245080	32000	1306069	0.0 (0.0)
Africa	(4.6224)	(3.0395)			(0.42045)			(0.3291)	(5.62085)	(0.3781	(0.0494)	(2.0152)	
	. ,	. ,			. ,			. ,	. ,	4)	. ,		
Southern	183913	432896	0.0 (0.0)	0.0 (0.0)	4046	196584	902386	35000	570510	0.0 (0.0)	0.0 (0.0)	30485	37720
Africa	(0.2837)	(0.6679)	. ,	. ,	(0.00624)	(0.3033)	(1.3923)	(0.0540)	(0.8803)		. ,	(0.04704)	(0.0582)
West	368315	136110	1883099	313890	0.0 (0.0)	610155	1577135	15000	1001671	1159845	2272356	4280627	534426
Africa	(5.6828)	(0.2100)	(2.90547)	(0.4843)		(0.94142)	(2.4334)	(0.0232)	(1.5455)	(1.7896)	(3.5061)	(6.604679)	(0.82458)
	. ,	. ,	. ,	. ,		. ,	. ,		. ,	. ,	, ,	,	
Total	11156521	2711922	2328480	336110	1221049	2280384	4908946	1930601	7063183	2533949	5495822	20959070	1353533
	(17.2136)	(4.1842)	(3.59267)	(0.51859)	(1.88398)	(3.51845)	(7.5741)	(2.9787)	(10.8979)	(3.9097)	(8.4796)	(32.33824)	(2.0884)

Table 2: Hectares involved in land trade by types of agribusiness from 2000 to 2017

Source: Authors Computation: Values in parentheses are percentages

Hectares allocation to agro-enterprises investments results reveal that mixture of food crops accounted for 17.21%; mixture of cereals was 4.18%, rice mono-cropping 3.59% and cassava mono-cropping 0.51% while fodder and livestock took 1.88%, acacia and Eucalyptus trees took 3.51%, Jatrpha 7.57%, cotton for textiles 3.00%; sugar cane 3.90%, oil palm 8.48%; flowers, fruits and vegetable 2.09 % and others non classified 10.90%. Cassava had the least which was 0.52%. Fodder crops accounted for 1.9% while Acacia/Eucalyptus accounted for 3.5%, cotton cultivation took about 3.0% and others took about 10.9%. Sugar cane cultivation involved about 3.9%, oil palm 8.5%, teak 32.3% and fruits/flowers/vegetables cultivation took 2.1%. Food crop cultivation dominated the land investments across all the zones or sub regions. Teak cultivation had a fair share across all regions. Oil palm cultivation was prominent in the entire regions excerpt North Africa. Livestock farming featured more in Central and North Africa. While cotton cultivation featured in the entire region except Central Africa. Cassava production was highest in West Africa. East and West Africa had the highest proportion of land devoted for Jatrpha and sugar cane cultivation.

## Nature and magnitude of investments in agribusiness in Africa and jobs for the youth

The magnitude of investments in African land through agribusiness has not automatically mean jobs for African youths. OECD (2010; 2011) included employment creation in the document for Responsible Investment in Agriculture. The employment recommended may have not been very effective because the document is not binding on the investors as investors have the freedom to obey or disobey. There is need to systematically and legally ensure that agribusiness investments responsibilities includes employment opportunities for the youth. Africa has large population of youth which was expected to grow by 42.5 million from 2010 to 2020 (Word Bank, 2013). Sub Sahara African youth of 18 to 24 years unemployment rate rose from 13.82% in the year 2000 to 14.06% in 2010 during peak periods of land deals and reduced to 12.95% in 2016 (ILO, data base, 2017). ACET (2017) reported Kelvin Balogun saying that almost half of the 10 million graduates annually from the over 668 universities in Africa do not get job. It is common knowledge that poverty, unemployment and violence resistance against many land investments in Africa abound (Mkpado, 2013a). It is evident there are many abuses of land rights and even the youth are disfranchised on land. Such situations exist when the so called community leaders, elites and politicians aid land acquisition and leases due to selfish gains (Olokoyo et al., 2015; Odoemene and Une 2015). In Uganda, it was reported that the communities without foreign land investment seem to have better relative outcomes of welfare indicators. The presence of these land deals can lead to deterioration of social amenities like roads and other infrastructure as there can be more pressure on existing facilities without repairs or maintenance (Osabuohien et al., 2015). The profit maximization motives of the private companies do not allow them to do the needful without compelling legal commitment with attached penalty and good supervisions. Thus, modern agribusiness needs to learn from ancient practices.

Agribusiness is not new in Africa; what changed is its nature and magnitude. In traditional African agribusiness such as share cropping, land rights are extending by owners to the

cultivators who in turn bring to a share of the harvest(s) according agreements to the land owners. Thus, the real land rights and some fruitages of the land always and indefinitely belong to the real land owners. This share cropping model showed how youth rights on African land are traditionally ensured. The contemporary land trade/lease need to appreciate and adopt this beautiful cultural practice in Africa as it helped to maintain peaceful coexistence and business operations.

The real asset option (RAO) model which is developed from real options model (Arnold and Crack, 2003) is based on the premise that land as a real asset and can only be given out for equivalent real asset(s). The assets are measured based on their capacity to stand the test of time and not wither with inflation rate. When land is used for investment it should be such that the profit will translate into real values. In this case land owners will like their children employment and capacity building opportunities to be equivalent to the real value of the land given out and not just cash payment.

Local content models: these models have developed from a simple notion of including locally sourced labour and raw materials into the production process to local ownership and local partnership. The local content model is to ensure that during the use of African resource, there should be jobs created for her citizens, open opportunities for equity with local or indigenous partners and investments in local supply chains. It also means that incentives for the use of African natural resource should be unambiguously stated (Wilson and Akshaia, 2014; Mkpado 2013). Local partnerships and ownerships had the highest votes in the debate for local content and the emerging investment realities in Africa (Wilson and Akshaia, 2014). The use of local content in terms of raw materials and labour needs can be ensured through legislative processes. This will help to make positive externalities reach Africa. This will in turn lead to development; provided investment protection policies are put in place.

Heritage and identify model: The model is meant to identify people based on the land they inherited and occupy. Lands are inheritance just as genes are inherited from parents. Genes nurtured by environments continued to maintain the identity of individuals, communities and even nations. The communities and nations are known by distinct or unique names with which they drive their social and even political identity. Intrinsic to peoples' identity is the land they occupy. It is a common saying that displacement of peasant cultivars constitute a clear case of human right abuse (Mkpado and Egbunonu, 2015; Olokoyo *et al.*, 2015). From the foregoing it is necessary that youth have rights to the massive investments on African land.

Share certificates models as used in business cooperation ensures wide range of business ownership. The rights and privileges of the youths can be captured in certificate or other documents containing the details of agreements on land deals. Copies of such certificates will also be given to relevant agencies for monitoring the implementation. Responsible and responsive contract laws for governance of land investments need to be formulated, implemented and monitored. The era of licentious operation of investors in agribusiness should be gone forever. This is necessary to protect the youth and future generations of Africa.

Examples of some implemented land rights for youth via scholarships and other cooperate social responsibilities by non agribusiness firms are available in oil companies' operations in Nigeria. Oil companies in Nigeria have programs and projects for the benefit of the host communities. These include employments, scholarships, credit to farmers and other royalties. It is evident that magnitude of investments and gains of the oil companies differs with respect to agribusiness enterprises, each business will perform according to its capacity. In order to motivate agribusiness enterprises to live up to their expectations, they need to learn from the companies that are doing so. The agribusiness firms need to increase their value chain of production not export of raw materials in order to provide employment for the youth.

What are the possible jobs for the youth with the growing agribusiness investments? African youth can do all possible fruitful jobs in agribusiness. There is no need to relegate them to do the dirty, casual and unskilled jobs. African youth possess the capacity to be members of different teams in charge of operations of inputs supply chains, farm production and processing processes as well as the product distribution value chains. They need to be part of the processes of acquiring land such as negotiating, purchasing and leasing of land contracts. There is also need to have youth representation in monitoring and supervision of implementation of land contracts for youth empowerment.

#### Summary and conclusion

Land is a basic inheritance and identity of people. It is essentially the main source livelihoods that support human existence from generation to generation. Land investments in agriculture cut across all sub regions in Africa. The cultivation of food crops, oil crops, tree crops for timber and biofuel crops dominate the trend. The contemporary land deals involved large proportions of land in each African sub region and it is yet to be used to improve the welfare of African youth. Reestablishment of displaced peoples in their choice livelihoods, helping them adapt to new environments and coping with the associated psychological, social and health implications will require proper legislation, supervision and lots of money but it worth the efforts and resources. The land rights of African youth which definitely will affect their future cannot be given to chance. Proper legislation and supervision for ensuring that contracts for land investments in agribusiness recognize and respect the rights of future generation is needed. The paper is of the view that youth capacity building, empowerment and decent job creation should be part of primary contract agreement in purchase and lease of African lands.

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