

## Chapter 60

# Foreign Land Acquisitions: Household Livelihood With Some Evidence on Nigeria

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### ABSTRACT

*This chapter focuses on the impact of foreign land acquisition on the livelihood of the host communities. The chapter investigates Presco Industries, which has been in existence for the past 23 years in Obaretin and Ologbo Estates in Edo State. The impact on employment, entrepreneurship, community relation, environment, and farming, which are the main sustenance of rural communities, are also considered. The result of the Binary Probit Estimator employed shows that the existence of the company in the communities has not offered any significant impact on the livelihood of the people. All indicators of economic wellbeing are not significant for all the households. Therefore, there is need to incorporate the host communities' economic sustenance into the programmes of large-scale agricultural business before land acquisition.*

### INTRODUCTION

The means to economic well being of African people determine their livelihood. In traditional African society, the people are mainly farmers. Farming provides all live support for the people ranging from food supply to medicinal herbs. The early 1980s saw many African countries entering into extreme poverty trap with unemployment and stunt economic growth characterising their economies. The crises occurred as a result of world economic glut in which Africans became the major sufferers as they were producers of primary products with high elastic demand. Their foreign earnings depreciated heavily and they became entangled in loans from various financial institutions both at home and abroad. The government could not meet the demand of the economy which resulted in excessive cutting of government expenditure cum with high corrupt practices.

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The subsistence farming commonly practised cannot sustain the households' needs because the households became the major recipients of the effect of the economic hardship. Recent statistics reveals that over 70.0% of Nigerians are poor and very high in the rural areas where large number of people resides. The rural areas have abundant supply of arable land that can be used for farming activities but the use of crude farm implements make this unreliable. The livelihood of the people can be improved through cultivation of the land and this can be achieved through large scale use of the land. The emergence of large scale land users for agricultural activities provides the opportunities for rural households to have their livelihood improved. Advantageously, they are the major suppliers of the arable land to the users. They can offer their land in return for employment, increased agricultural productivity, and increased income earnings.

The focus of this chapter is to examine the impact of foreign land acquisitions on the livelihood of the host communities. To achieve this, the chapter will investigate the impact of Presco Industries Limited on the livelihood of the people of Agbomoba and other neighbouring communities in Edo State. The company acquired 18,000 hectares of land in the communities 23 years ago and intensive cultivation of the land for palm trees and palm oil production began 2001. The chapter achieves the following objectives: to identify the contribution of Presco Industries in terms of gainful employment; to examine whether the presence of Presco Industries has created social fragmentation in Agbomoba and the other communities; to examine the long term viability of Presco Industries in the communities; and to identify the possibility of Presco Industries enhancing even development in the communities.

## **BACKGROUND**

Large scale land acquisition deals with acquisitions of several thousands of hectares of land for agricultural activities. This has become a common phenomenon in the recent times with demand rising from three major factors: food security for the citizens of the investing countries; energy security as a result of European Union's energy policies of capping greenhouse gas emission and other climate change incidents and therefore the need to produce bio- fuels; and the financial returns. Sub Saharan Africa has abundant land supply which is cheap in nature compare to elsewhere in the world. The cheap nature of this land comes from the fact that their money is highly depreciated (Brown, 2013). The continent has the largest reserves of arable land in the world (Wouterse et al, 2011). The total land deals in Africa alone accounted for over 134 million hectares of land in 2012 (IRIN, 2012).

Africa has large labour force in agriculture with 80 million small scale farmers supplying 95% of African food needs (Sindayigaya, 2012). The people of Africa are specially noted for farming. More than half of the sub- Saharan Africa involve in farming and in countries such as Burundi, Uganda, Rwanda and Burkina Faso, it is as high as 40% - 50% of the population (Block, 2010). It accounts for 32% of the gross domestic product and 65% of the labour force. There is low productivity and this comes from declining real prices on world market for agricultural exports; and from protectionism in countries that are members of Organisation for Economic Cooperation and Development. African countries are plagued with low income earning activities and there is high need for investment that will create avenues for rapid growth.

Large scale agriculture investment on land can provide means to end the problems of poverty and unemployment. These large scale acquisitions of land for agricultural activities can create sustainable economic development through the proceeds derived from the leasing. It will also provide employment opportunities and technology transfer that has hindered large scale utilisation of land for farming activi-

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