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Rethinking 'Development Investment' in Nigeria's Agricultural Land

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Large-scale land investment is happening all over Africa, and is particularly prevalent in Nigeria. These large-scale land acquisitions are a growing phenomenon. Often called land grabs, these acquisitions can actively harm local populations, through abuse of their rights and threatening local food systems and livelihoods. The impacts of these investments must be reviewed. In order to support real and sustainable development, the Nigerian government must confront the negative implications of this practice, and chart a new course towards agricultural investment. All parties involved in land deals can support a better process. The following four steps are positive actions that can be taken:

- The central government can impose a moratorium on land deals and investments to stem the current tide until the system can be updated;
- Investors should acquire 'deep knowledge' of locals' indigenous systems and structures before making an investment in land;
- The central and local governments should insist on 'due process' which involves following a set of principles – valid consent, non-coercion, and recognizing the primacy of locals – in order to ensure land acquisitions are legitimate;
- The central and local governments should plot new policy directions in agricultural development over the long term to strike a better 'balance' between the competing needs of local landholders and land investors.

1 I would like to thank Ngaire Woods, Taylor St John, and Geoffrey Gertz for their valuable comments. All remaining errors or omissions are mine.

THE NIGERIAN GOVERNMENT ENCOURAGES INVESTMENT IN AGRICULTURAL LAND

Since 2000, large-scale investments in agricultural land have grown in many countries across Africa. Recent figures from Oxfam showed that an area the size of London was being sold to investors every six days. (CITE) Sub-Saharan Africa is the most common destination for such investments, accounting for over 60% of the global foreign land deals, while 62% of about 1217 publicly reported land deals across the world – covering a total area of about 56.2 million hectares – are located in the region. Nigeria, Africa's biggest economy and most populous country, is a major destination for this type of investment. Returns on investment are high in Nigeria. The country is ranked fourth globally in UNCTAD 2012 World Investment Report in returns on investment at an average rate of 35.5%, compared to the global average of 7%. The Nigerian government encourages foreign investment in agricultural land. The government aims to attract more than $30 billion worth of such investments per annum.

The country's leaders and ruling elite suggest that foreign direct investments (FDIs) in the sector will be indispensable in helping the country – and particularly the rural areas – to develop. This thinking is based on very thin evidence, and might represent a dangerous illusion on the part of the country's leaders. Undeniably, these investments provide opportunities for leaders to promote the sector within the larger agenda of economic development, and try again to 'fix the agriculture paradox.' This vision is supported by investors' claims to be improving food security and rural development in host communities.

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In contrast with these claims, a growing body of research suggests that most of these investments raise serious concerns as they are conducted in ways which disrespect and abuse people's rights, livelihoods and resources. It is important to note that not every deal for a land investment is a 'land grab'; much depends on the local context, and whether the processes undertaken reflect the free, prior and informed consent of local landholders. A 'land grab' is defined as the forced acquisition of land without valid consent and reasonable commitment to the future survival of the dispossessed. Under this definition, most recent large-scale land acquisitions are, in fact, land grabs. The processes undertaken by most of the investors, acting in concert with government officials and the local elite, often exclude and/or marginalise the land-holding locals. These locals usually have multi-generational attachments – socio-economic, political, spiritual and cultural – to the lands in question. Large-scale land acquisition is not a recent phenomenon, but the contemporary acquisition of land is notable for its unprecedented scale and speed.

"MODERNIZING" INVESTMENTS AND THEIR IMPACTS

There has been a dominant perception in Nigerian government circles since 2000 that large-scale commercial agriculture (via plantations) is crucial for 'modernizing' agriculture in the country. The New Nigerian agricultural policy argues for a transition from subsistence, peasant-based agriculture and small-holder farming to 'agribusiness'. At this point the central government stopped 'treating agriculture as a development project' and began, instead, to treat it 'as a business' by stimulating greater investment by private sector in agriculture. This new development strategy has attracted agricultural land investors for both food and biofuels production. Though accurate information is difficult to find for those tracking this development surge – particularly since many transactions have a largely clandestine nature – available records suggest that at present more than half a million hectares of prime farmlands have been acquired (either bought or leased in the long-term) in Nigeria by investors. Often such investments involve the growing of commodity crops, primarily for export.

Investors claim to be – and in some cases are - creating jobs, increasing export earnings and transferring technologies to host communities. Yet for local people, these benefits often do not materialize. Furthermore, the contexts in which land deals were concluded initially cast a long shadow over future enterprises. There are serious imbalances among investor-companies, government and local landholders. Many land deals are negotiated without participation from the (weak) local landholders, and without transparency. In many cases, there have not been free, prior and informed consultations with locals, or any form of voluntary and non-coercive engagement with locals. These basic principles for legitimate land acquisition - valid consent, non-coercion and the primacy of the locals – are absent. I documented the complete absence of these principles in the case of the Shonga Farms in Kwara state, Dominion Farms in Taraba state, and Wilmar International Farms in Cross River state. In each of these cases – as with so many others across the country – the locals were never consulted. Their prime land was taken to make way for the new large-scale commercial farmers without their consent.

Local peoples have encountered violent ejections and dislocations from their lands. In some cases, they were resettled on 'marginal' lands where they could not undertake their traditional farming activities. Compensations were never paid, nor were the future survival of the displaced given serious consideration. Large-scale acquisitions, like those of Shonga Farms, Dominion Farms and Wilmar International Farms, are called 'development investments' in government terminology. These enterprises may facilitate economic development. Some development-induced displacement may even be necessary. Yet their land acquisition processes can be managed in a way that would provide much stronger support for development, and less harm to local people.

At minimum, the transactions that do the most harm to local communities can and should be stopped. For instance, in Gasol community, 45,000 people were evicted when 30,000 hectares of community land were leased to Dominion Farms. In Shongaland, 1,289 local farmers in 28 communities were uprooted to make way for foreign farmers, invited by the government, who were given 200,000 hectares of choice agricultural land. Investments like these lead to greater poverty, hunger and hardship for locals. This type of investment is anti-developmental, and can be avoided.

POLICY RECOMMENDATIONS

The national government can impose an immediate moratorium on large-scale land investments. This would provide the government with time to create a more robust framework for large-scale land acquisition in Nigeria.

- Investors should acquire 'deep knowledge' of indigenous systems and structures before making an investment in land. This 'deep local knowledge' of the investment environment is especially important for the long-term viability of the investment. Gathering such knowledge will assist the investor in developing its business plan as well as addressing key socio-cultural and environmental issues associated with the investment.
- National and local governments should insist on strict adherence to 'due process'. Due process means adhering to three principles: (a) valid consent, (b) non-coercion (throughout the entire process), and (c) the primacy of the locals. This should also include more robust periodic monitoring and evaluation of the impact of the investments on the host communities. Many negative impacts associated with such investments can be avoided through adherence to 'due process.'
- National and local governments should work toward developing agriculture in a way that is sustainable and beneficial to both local landholders and land investors. Any sustainable development policy requires striking a better 'balance' between the competing needs of local landholders and land investors. There are already examples of 'better balances' struck in other African countries. Two important examples are:

  1. Investing in local small-holder farmers – not only or always in their farmlands. Many companies successfully source agricultural produce from family and/or local small-holder farmers by giving them attractive incentives. In this way the investors secure critical supplies, while local livelihoods are improved at the same time. Considerable evidence shows that investments can be structured in ways that support local farmers to improve productivity and market access.
  2. Structuring investments in farmland as joint ventures, in which local landholders become stake-holders in such investments. For instance, in Mali and Zambia, some smallholder farmers' associations own shares in the company they collaborate with, which gives them both monetary benefits and voice.