



Title: Foreign Land Deals in Africa- Implications and Institutional Panacea

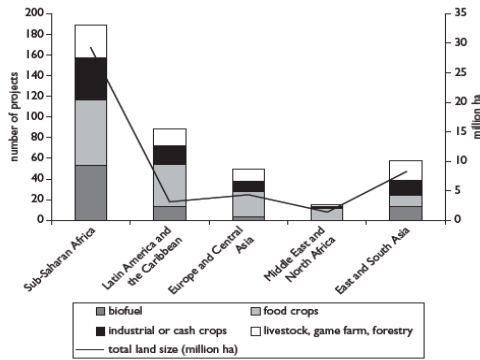
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Introduction



Sources: Brütrup (p.3) and Deininger et al (p.52).

One of the driving forces for foreign land deals in Africa has been attributed to the presumed availability of ‘ridiculously’ cheap lands. Lands in Africa are the cheapest compared to anywhere else in the world. For example, land in Zambia, which is the most expensive in Africa is only about one-eighth the price of similar land in Argentina or Brazil, and less than one-twentieth in Germany. This study explored the implications of Large Scale Foreign Land Acquisitions (LSFLAs) in Africa especially with regards to agricultural export and food security. The study employs data from African Development Indicators (ADI) and Freedom House on 16 selected African countries where instances of LSFLAs have been reported. This study observed that most LSFLAs are made in countries that have weak institutional quality and poor governance. Agricultural land was found to have strong significant influence on agricultural export, food export and food import but its influence improved when it was interacted with institutional quality. Thus, stronger institutional framework can act as panacea to managing land resources from the standpoint of LSFLAs. This will require strengthening institutional framework through sound legal and procedural measures that will protect local rights and take into account the aspirations of stakeholders during negotiations.

Results & Discussion

Table 4.1: Indicators of Land, Institutional Quality and Food Security

s/n	Country	arlandp		Agrivalu		Net Food Export (\$M)		RQ	
		1998	2008	1998	2008	1998	2008	1998	2008
1	Angola	0.22	0.19	13.03	6.64	-356.20	-1148.57	5.90	16.90
2	Cameroun	0.39	0.32	25.33	19.47	115.36	78.43	26.30	26.10
3	DRC	0.14	0.11	47.48	42.47	-182.54	-486.15	1.00	5.30
4	Egypt	0.04	0.04	17.11	13.22	-2474.65	-3487.00	15.60	21.30
5	Ethiopia	0.16	0.18	52.56	43.83	-105.29	-109.07	12.70	19.80
6	Ghana	0.20	0.18	40.23	29.05	357.23	471.06	47.30	55.00
7	Kenya	0.16	0.14	31.23	21.05	-196.89	-243.92	35.00	50.70
8	Madagascar	0.20	0.16	30.58	24.81	-38.19	-81.28	21.50	41.50
9	Malawi	0.23	0.21	35.58	30.11	-47.23	147.34	44.40	38.60
10	Mali	0.45	0.39	46.47	36.54	-55.12	-155.44	37.60	40.60
11	Mozambique	0.23	0.20	30.84	30.47	-157.31	-275.43	36.60	35.30
12	Nigeria	0.25	0.25	49.00	33.00	-839.68	-1964.84	18.00	29.50
13	Sierra Leone	0.12	0.17	61.80	50.21	-128.15	-109.31	9.30	20.30
14	Sudan	0.50	0.48	46.35	26.25	135.26	-745.62	7.80	7.20
15	Tanzania	0.27	0.22	33.76	29.71	-262.38	-343.14	37.10	38.20
16	Zambia	0.53	0.43	21.14	18.95	-138.71	-52.84	49.30	41.10
	<b>Average</b>	<b>0.26</b>	<b>0.23</b>	<b>36.41</b>	<b>28.49</b>	<b>-273.41</b>	<b>-531.64</b>	<b>25.34</b>	<b>30.46</b>

The implication of our result is that agricultural land is essential in promoting agricultural export and handling the issue of food insecurity but the extent to which it becomes very useful lies in the nature of institutional quality of the country. In the selected African countries context, the need for strengthening institutional framework cannot be over emphasised. Though there was no direct LSFLDs case study using this agricultural land as proxy, one could find some empirical evidence to suggest stronger institutional framework as panacea to managing land resources from the standpoint of the issue of LSFLDs. Thus, institutions matter.

The result also found past value of food export and import to be statistically significant in explaining the current food export and import. That means as land grab deepens, food security becomes more a critical challenge to the host countries.

$$Y^k = \beta_{it} + \infty Y_{it-1}^* + \Phi Aglnd_{it} + \dot{\varphi} freed2_{it} + q Agval_{it} + \nu Exchr_{it} + \pi fre\_agland_{it} + e_{it}$$

Conclusion

The study concludes by recommending the need for strengthening institutional framework especially the promotion of reliable legal and procedural mechanism in order to protect local rights and take into cognisance the aspirations of citizens. It also calls for assessment of social and environmental impacts as well as transparency in decision-making whenever there are transactions involving land deals.