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Large private agricultural projects and job creation: From discourse to reality. Case study in Sella Limba, Sierra Leone

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ABSTRACT

Large private agricultural projects are described by their promoters as “win-win” partnerships: investments supposedly make it possible to increase agricultural productivity in developing countries, and to create thousands of jobs in the industry. These arguments, which are used in Sierra Leone where the priority of the agricultural policy is to attract foreign capitals, rely on the conviction that lands occupied by large private agricultural projects are “under-farmed” or even “unused” and that, therefore, their opportunity cost is nil. However, where family farms are well-established, the differential between the jobs created and those destroyed must be examined carefully. This is what we propose to do in this article, by examining the case of an ethanol and electricity production unit relying on an industrial sugar cane plantation of more than 12 500 ha, in the centre of the country. By analysing family farming in a control region close to that of the project, we show that family farming supplanted by the project would enable more farm labourers to make a living than the number of jobs potentially created by the industrial production unit.

1. Introduction

Large-scale agricultural land grabbing by public or private actors has been increasing since the 2007–2008 surge in agricultural prices on unprecedented proportions (Technical Committee on Land Tenure and Development, 2010). Since 2000, transnational deals have been concluded for nearly fifty million hectares according to the Land Matrix database.[1] This movement concerns mainly developing countries where private investors look for opportunities to make significant profits while diversifying their portfolios. Land grabbing has raised a various range of interconnected issues: local, national and global governance; social rural class differentiation, agrarian structure, etc. (Borras and al. 2011). At a broader level, it reactivates the classic agrarian question of labour and capital (Oya, 2013). Given that the historical European path of a massive transfer of labour from agriculture to industry and services is not likely to be replicated simply in the contemporary developing African countries (Losch and Fréguin-Gresh, 2013), are large-scale agro-industrial corporations likely to tackle the challenge of an inclusive agricultural growth, especially regarding to rural youth employment?

Three arguments are presented in support of these investments: (1) Global agricultural (and energy) production needs to rise to face the ever-growing needs of humanity(CAS, 2010; World Bank, 2007). (2) Almost one billion hectares of good quality land is “available”, especially in Africa and Latin America (Fischer et al., 2002). (3) In these regions, neither states nor farmers have the capacity to invest and access modern technologies (CAS, 2010; FAO, 2009; UNCTAD, 2009), and global investors alone are able to bring the capital required for addressing these challenges (Deininger and Byerlee, 2011). In light of such considerations, in the last two decades, international institutions have prompted targeted countries to adapt their national legislations to favour massive entry of foreign capital into the agricultural sector. “Win-win” narratives have been developed, and the promise of high levels of job creation and income generation is supposed to make these investments acceptable for local populations. In this article, through the study of an emblematic agro-industrial project in Sierra Leone, we examine the impact of large-scale corporate agricultural projects on job creation or reduction in developing countries.

In Sierra Leone, the president elected in 2007 made a priority of attracting foreign capital in the agricultural sector. In 2008, the Sierra Leone Investment and Export Promotion Agency (SLIEPA) was created, a special agency independent from the Ministry of Agriculture, Forestry

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[1] See www.landmatrix.org, accessed on 23 January 2018.

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and Food Security (MAFFS). The promotional campaign of the SLIEPA applies the global arguments presented above to the Sierra Leonean case. So-called traditional agriculture deemed unable to answer the productivity challenge leaves 89% of the arable land "uncultivated".[2] More specifically addressed to potential investors, the arguments of the SLIPEA aimed to highlight the comparative advantages of this small country, among the poorest in the world, in relation to other producers of tropical agricultural products. First, land is cheap in Sierra Leone: approximately 12 USD per hectare and per year, much less than in Brazil or Indonesia. Then, labour cost is lower than in South Africa or India and the SLIEPA promised investors a "flexible labour law". Finally, the Government guarantee "very attractive rates" and five years tax holidays on company profits. These provisions constitute a minimum, insofar as the government is prepared to negotiate better conditions on a case-by-case basis (Baxter, 2013). This promotional campaign seemed to bear fruit: although it arrived late in the international competition to attract foreign direct investment because of a long civil war between 1994 and 2001, Sierra Leone made up for lost time. The Land Matrix database shows that more than 24 international private agricultural projects are under negotiation or approved in Sierra Leone and that land under contract is above 750 000 ha. As such, Sierra Leone is second on the continent for surface area under contract in relation to its agricultural surface area (after Liberia) and fourth in relation to its population (after Gabon, Congo and Liberia).

In the centre of Sierra Leone, an electricity and ethanol production unit originally operated by Addax BioEnergy, a subsidiary of Swiss group AOG, is a flagship project for the Government. It includes a large-scale sugarcane estate and an ethanol processing factory. The project covers 15 500 ha, of which 12 500 ha are for sugar cane, 1 000 ha for the plant and various infrastructures, and 2 000 ha for buffer zones (CES, 2009). However, we will see that the surface area impacted by the project exceeds the surface area actually mobilised. According to Chouquer (2013), a 50-year lease was signed for a 57 000-ha concession in order to prepare a potential second phase with double the surface area planted with sugar cane. The planned rental comes to 12.5 $ per hectare per year, of which half is paid to the identified land owners[3] and half to the regional and national administrations. The project is to lead to the production of 85 000 m^3 of ethanol intended for the European market and 15 MW sold on the national electricity grid.

The impact study specified that at full capacity 2 200 permanent workers and 2 500 seasonal workers would be recruited in Sierra Leone for the plantation and the plant (CES, 2009). The Memorandum of Understanding signed with the government anticipated the creation of 3 000 jobs for the first phase and 1 000 more for the second phase of the project. The Government put these figures forward when promoting the project.

Foreign investments in large agricultural projects in Sierra Leone and the Addax BioEnergy project in particular have been the subject of several academic works. Authors have examined local governance issues created by the establishment of contracts between national administration-backed multinationals and local populations (Millar, 2015a; Yengoh et al., 2016). They have noted the difficulties local populations have in negotiating the best "deals". The women appear especially vulnerable and are seen as actors with a lot to lose in these agreements (Millar, 2015b; Yengoh et al., 2015). Maconachie and Fortin (2013) have questioned the "sustainability" of these investments, in relation to the type and number of jobs created in particular. Finally, the literature is critical to varying extents of the government's policy defined as "liberal". It has questioned the conditions under which these large agro-industrial projects operate, but not the economic bases on which this policy relies, in relation to job creation for rural youth in particular.

A brief review of large private agricultural projects in developing countries suggests that where they lead to substitute family farming by corporate farming assertions about jobs creation must be taken with caution. A method for rigorously assessing the net creation of jobs through this type of investment is then proposed. A counterfactual scenario is established to estimate the number of people who should have been able to work in peasant agriculture by cultivating the same ecosystems. For this purpose, in the third section, a detailed study of the local agriculture in a region close to the area of the Addax BioEnergy project puts forward the complexity of the family farming system. This analyse finally lead to estimate the differential between created and destroyed jobs in the fourth and last section.

2. Land grabbing and agricultural investments: job creation or eviction?

According to most governmental and multinational agencies, the beneficial injection of capital in the agriculture of developing countries is a powerful leverage for the creation of direct jobs in agriculture and for income generation (salaries, rents paid to eligible parties), both underlying a "win-win" partnership (CAS, 2010; Cotula et al., 2010; Deininger and Byerlee, 2011; FAO, 2009; Von Braun and Meinzen-Dick, 2009). Others denounce the destructive potential of this type of investment, particularly through the processes of eviction and the consequent massive job loss (for example: "Land and Development" Technical Committee on Land Tenure and Development, 2010; De Schutter, 2009; Li, 2011). Diverse situations must be considered.

2.1. Job creation

In frontier situations, land takeovers and agricultural development occur to the detriment of large forested lands with very small populations, as for example in Indonesia with oil palm plantations, in the Amazonian Basin with extensive cattle breeding development or in the Brazilian *cerrado* with soya cultivation. In these situations, the nature of the established production systems determines their capacity to create jobs: low in the case of extensive cattle breeding or mechanised agriculture; significantly greater for certain perennial plantations where many tasks remain manual (harvesting palm clusters or tapping rubber trees, for example). In Indonesia, for example, oil palm plantations development is said to have led to the creation of a job for every 2 ha of land, i.e. 1,7 milluon job (Deininger, 2011).

Other "net job creator" projects are found with certain large-scale irrigation development projects. When the authorities no longer finance such infrastructures, they call on private investors that benefit from large land concessions under advantageous conditions. When these new infrastructures lead to the cultivation of formerly desert areas, like on the Peruvian coast for example, and their water usage does not penalise anyone upstream or downstream, then there is indeed net job creation. A last scenario is that of agro-industrial investments strengthening the processing industry and the marketing of agricultural production intended for exportation or domestic market. Investments may be profitable for small and medium family farms by offering them a more secure outlet for their production. The case of certain oases on the Peruvian coast, where fruit and vegetables are produced for export (artichoke and asparagus, among others), illustrates this situation (Marshall et al., 2012). It is in this type of situation that so-called "contract farming" is presented as being a priori compatible with the maintenance and development of modest-size family farms whose income can be increased and secured. Finally, many industrial processing units partly supplied by local farmers could be mention in Sub-Saharan Africa: cotton, palm oil, rubber and so on. The effects of this type of project on employment and income must also be analysed on case-by-case basis (Delarue and Cochet, 2013).

[2] See the SLIEPA website: www.investsierraleone.biz and the presentation "Sierra Leone: Africa's New Investment Destination" in particular, accessed on 7 May 2016.

[3] How the "identified land owners" have been identified is not specified in the project description.