

**THE IMPACT OF LARGE SCALE FOREIGN LAND ACQUISITIONS
ON RURAL HOUSEHOLDS:
QUALITATIVE AND QUANTITATIVE EVIDENCE
FROM ETHIOPIA**

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Four pathways of influence of LSLA on rural households' welfare

1. Rural households' access to land and other natural resources
2. Returns to land controlled by rural households
3. Returns to rural households labour supply
4. Prices of agricultural goods consumed by the household

Sources of qualitative evidence

- National laws and policies
- Reports from human rights organisations, local media
- Qualitative evidence from academic literature
- Analysis of all 17 publicly-available LSLA contracts between the Ethiopian Ministry of Agriculture and foreign companies

1- Access to land

- Article 40.3 of the Ethiopian Constitution (1995)
- Rural Gambella and Benishangul-Gumuz inhabited by indigenous communities practicing traditional agriculture
- Since 2010 villagization programmes in both Benishangul-Gumuz and Gambella
- Investment contracts:
 - Only Ministry and investor mentioned in the agreements
 - Full and exclusive use of land and natural resources
 - Land leased for 25 years with possibility of renewal

2. Returns to land

- National development policies not supporting smallholders in areas targeted by LSLA

3. Returns to labor

- Inadequate working conditions and wages
- Preference for migrant workers instead of local communities

4. Price of agricultural goods

- Market access threatened by depletion of natural resources and export-oriented LSLA production

Quantitative evidence - Dataset

- Land Matrix land acquisitions
 - Year of signature of the contract
 - Location (regional level)
 - Size of land acquired (hectares)
 - Nationality of the acquirer
- LSMS-ISA rural development
 - LSMS-ISA, World Bank
 - 4,000 households in rural Ethiopia
 - Two rounds of interview: 2011 and 2013

Variables from LSMS-ISA

1. Rural households property rights over land
 - Certification
 - Area (hectares)
2. Returns to land controlled by rural households
 - Value of field if rented to 3d party(Birr)
3. Returns to rural households labour supply
 - Agricultural work (hrs/w)
 - Other work (hrs/w)
 - Wage work (hrs/w)
4. Prices of agricultural goods consumed by the household
 - food expenditure in the past 7 day
 - Non-food expenditure in the past year

Econometric approach

- Gambella and Benishangul-Gumuz: separate 'treatment' regions
- Difference in Difference with Coarsened Exact Matching weights
- Matching strata defined by 2011 data on: hh size, education of head of hh (y/n), possession of land certificate (y/n), average rainfall and type of terrain
- Dependent variable: outcome of each variable in 2013 in the treatment regions relative to the outcome in the other regions . 2011 value as control

Quantitative results

- In Gambella no robust evidence of loss in land rights, but increases in hours spent on non-agricultural, non-wage work and non-food expenditure
- In Benishangul-Gumuz:
 - strong evidence of a loss of land rights (measured as field area, land value or number of land-title certificates).
 - Hours spent on work for household production fell (agricultural and non-agricultural), offset by an increase in wage work hours on average
- Benishangul-Gumuz: more investments in the study period and observable LSLA effect

conclusion

- Strength/distribution of rural land rights essential for impact of LSLA on rural households
- Qualitative evidence shows challenges for all defined determinants of household welfare
- The quantitative evidence provides a mixed picture on the short term effect of land acquisitions on land ownership and certifications
- Next 'waves' in WB rural households dataset will allow to evaluate the changes on longer term

THANK YOU