

**Foreign Direct Investment and Socio-Economic Development of rural  
people: The case of Medigrow (MG) Health Cannabis Farming Project at  
Ha Marakabei in the Maseru District**

**By**

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**Certification**

This is to certify that this work has been read and approved to have met the requirements for the Department of Development Studies in the faculty of Humanities at the National University of Lesotho for the award of Master of Arts in Development Studies.

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I further declare that this paper is the result of my own independent research study and that, in all cases, the material from the work of others used is acknowledged.

Signed..... Date.....

## **Dedication**

I dedicate this dissertation to my two children, Tankiso and Rethabile Toai. I wish to inspire and motivate them to never quit or get tired of learning. It is never an easy task but it is worth doing. I hope that one day each one of them will see that even if education cannot solve an array of problems, it can unlock the doors for a better future.

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## **Acronyms**

AGOA	Africa Growth and Opportunity Act
AU	African Union
CRC	Community Representative Committee
CSR	Corporate Social Responsibility
EFTA	European Free Trade Association
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FGD	Focus Group Discussion
FPC	Foreign Private Capital
GDP	Gross Domestic Product
HLPE	High Level Panel of Experts
IFC	International Financial Corporation
IMF	International Monetary Fund
IT	Information Technology
LAA	Land Administration Authority
LHWP	Lesotho Highlands Water Project
LNDC	Lesotho National Development Corporation
MNCs	Multi-National Corporations
OECD	Organisation for Economic Co-operation and Development
PSC	Project Steering Committee
SACU	Southern African Customs Union
SAP	Structural Adjustment Programmes
TNCs	Transnational Corporations
ToC	Theory of Change
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organization

## **Abstract**

This research study sought to investigate the widespread assertion that FDI has a positive impact on socio-economic growth and development of the rural communities in developing countries. The research study focused on MG Health project which is an agricultural investment dealing with medicinal cannabis farming at Ha Marakabei. The study sought to unpack the contributions of the project towards the social and economic emancipation of the local people for sustained growth and development. It concludes that one of the community barriers to development, unemployment, has been partially addressed through job creation for the local people. However, the majority of the people are still unemployed hence the prospects for long-term development still remain a challenge. The wage rate is too low to enable the workers to have better take-home salaries which can sustain their lives. However, findings suggested that the consistency and stability of income has a positive prospect for improved livelihoods and steady economic growth in the vicinity of Ha Marakabei.

The study employed qualitative research method to investigate the community's experiences and perceptions towards the MG Health cannabis project. Furthermore, the study used both primary and secondary data collection methods. In this research, face-to-face interviews, focus group discussion as well as interview schedule comprising of open-ended questions were used as data collection techniques. Stratified and purposive sampling techniques enabled the researcher to select and sample the seventy three study participants to represent the Ha Marakabei community with its differentiated clusters.

Furthermore, the study concludes that the project has deprived the local indigenous smallholder farmers' access to their agricultural land thereby stifling their household means of production and food security. The project has adversely affected the environment by destroying the diversified plant species used for medicinal purposes by the community. Additionally, the project has also brought negative behaviour (substance abuse, teenage pregnancy, stealing and theft) especially for the youth in Ha Marakabei community; this situation is not beneficial to the society's upbringing. Finally, the study recommends that to fast track the long-term socio-economic development of the rural people, the central government should monitor and revise the wage rate for unskilled labourers and the compensation for the farmers' land. It should ensure compliance and adherence to the governing policies (investment policy). There should be proper contract management strategies with clear time lines to enable a conducive win-win situation for both the project and the community.

## CHAPTER ONE

### INTRODUCTION TO THE STUDY

#### 1.1 Introduction

Projects are considered as the major drivers for the development geared towards the improvement of human life. According to Matli (2005), human development can be achieved through various types of development projects depending on the problems at hand and the opportunities, the needs, the objectives, the target communities as well as the availability of the resources and funds. This affirms the formulation of the conventional market reforms initiated to encourage the countries to open the trade policies to allow Foreign Direct Investment (FDI) flows into to their respective locations in order to boost their domestic economies. Consequently, the economies of the host country are believed to thrive on the advent of FDI and are empowered and strengthened, thus enabling them to address the domestic development problems. Agricultural development through FDI has given hope for many countries hence the legalization of cannabis farming for medicinal use to boost the socio-economic development of the host countries.

The last couple of years marked a significant performance by Lesotho as a country in attracting foreign direct investment (Litjobo, 2014). Lesotho is ranked among the biggest textile exporters to the United States of America (USA) market through African Growth and Opportunity Act (AGOA). This has put Lesotho at the apex of successful countries in attracting FDI in Sub-Saharan Africa with its FDI inflows, mainly in the textile and mining sectors. In 2008, Lesotho became a free trade partner to the European Free Trade Association (EFTA) which includes the countries such as Norway, Liechtenstein, Iceland and Switzerland. Furthermore, Lesotho enjoys the reciprocal free trade with members of Southern African Development Community (SADC) as well as the Southern African Customs Union (SACU) (National Investment Policy of Lesotho, 2015).

Most empirical research literature on FDI with regard to the host country suggests that FDI is an important source of the capital which complements the domestic private investment. Additionally, FDI is associated with job creation and enhancement of technology transfer as well as the boosting of economic growth in the host countries. It is also believed that FDI has

a positive impact on the host country's economy through the generation of the revenues that may support the development of safety nets for the poor (Chowdhury and Mavrotas, 2005). The rural poor populations are, in most cases, lagging behind, as opposed to the urban populations, in terms of the opportunities and development. The study is intended to examine the assertion that FDI is fundamental in bridging the development gap between the rural and urban populations.

## **1.2. Background**

This chapter gives the historical background of FDI on the global, regional and the country (Lesotho) levels. Previous modes of living in the communities around the Ha Marakabei area play a major role in determining the extent to which FDI in agricultural development has affected the livelihoods of the rural populations in Ha Marakabei. The chapter comprises the study background, statement of the problem, justification, objectives, scope, time frame and organisation.

The practice of illegal cannabis cultivation has been predominantly profound in Africa for decades for household income. Families have relied on illegal cannabis cultivation for support and to take care of social needs (such as education and health). This has been the key source of income for impoverished rural areas in communities all over the African continent. It is estimated that over 30 000 tons of cannabis are produced each year in Africa (Uwakonye, 2020).

The community of Ha Marakabei lies in the deep valley at the centre of the mountain Kingdom, Lesotho. It is situated in the southeast of the capital town, Maseru, close to the banks of Senqunyane River, between the Molimo-Nthuse and the Mokhoabong Pass. The Ha Marakabei community depends largely on subsistence agriculture for its survival. These communities grow crops such as maize, wheat, peas, beans and sorghum. Livestock rearing also plays a vital role as the means of income from the sale of wool and mohair as well as domestic animals. Thus, the smallholder farmers around this area rely on wool and mohair pay cheque obtained on a seasonal basis after animal shearing. Illegal cannabis has been grown by some smallholder farmers as a means of income to cater for household needs such as education, health services and other necessities. According to Uwakonye (2020), illegal cannabis has been a key source of income for many impoverished households in the African continent.

Lesotho is counted among countries in Africa that have agreed to open up her economy to attract foreign investment. According to UNCTAD (2003), Lesotho relies largely on employment and export in the manufacturing sector which is FDI export-oriented in nature for its economic growth. The fact that Lesotho is the signatory and beneficiary to some international trade and investment such as AGOA has provided an advantage for improved FDI in the manufacturing sector. (UNCTAD, 2003).

Thus, FDI is considered to be a profound source of economic development as well as social emancipation which improves the well-being of the rural populations. FDI is often associated with the noticeable technological transfer and labour empowerment as well as managerial skills development to the local people. Conducive investment climate enhances a sustainable increase in FDI inflows in developing countries. As such, developing countries benefit from increased FDI flows as it is regarded as a fundamental drive in helping and supporting sustained growth in poor communities.

Sub-Saharan Africa is enormously transforming in its food and agriculture sector (Husman & Kubik, 2019). Among the milestones of this transformation is the rapidly growing importance of private sector in agricultural production, processing and retail. According to Wouterse *et al*, (2011), FDI in Sub-Saharan Africa amounted to more than US\$30 billion while it was about US\$22 billion in 2006 and US\$17 billion in 2005. It is highlighted that the 2008 food crisis has forced most investors around the world to look out for investment opportunities from abroad. More than a dozen investment funds plan to invest annually about US\$2 billion in arable land and food production in Africa (Husman & Kubik, 2019).

FDI is associated with notable spill-overs ranging from technological transfers, labour empowerment and managerial skills improvement. The implication is that, the more FDI inflows the more prospects for growth and development emanating from employment and sustainable household income. Nonetheless, FDI in food and agriculture in developing countries have seen acquisition of land from local peasants and this has, in many cases, pros and cons as shown in Table 1, highlighting both the opportunities and the risks that are allied with FDI.

**Table 1. Associated Opportunities and Risks to FDI**

Opportunities	Risks
Access to capital and technology for increased agricultural production	Restricting or denying peasants' access to strategic resources, engendering conflicts, and jeopardizing livelihood security
Development of infrastructure in rural areas	Undermining production for local consumption and food security
Employment opportunities (on and off the farm)	Undermining local genetic resources and environment through monoculture and use of pesticides
Improvement of food security Stabilization of global food prices	

Adopted from: Wouterse *et al.* (2011).

During the late 1960s, (UNCTAD, 2003), the rationale behind the formation of the Lesotho National Development Corporation (LNDC) was to among other things, promote and enhance investment especially to boost the development of the productive sectors of the economy (manufacturing, processing, mining and commerce). After the period 1970, Lesotho experienced fairly stable FDI inflows even though at a minimal level. It was also highlighted that the inflow of FDI barely surpassed US\$4 million on average. It was only the induced IMF stabilisation programme of the 1988 that rescued the Lesotho's poor performance in FDI inflows and unstable growth. This has resulted to the significant increase of US\$21 million in FDI inflows which was never recorded before. It was further highlighted that the subsequent years managed to maintain the annual inflows at the rates which were higher than the pre-1988 period but not exceeded the 1988 peak. In 4, the massively pouring investment fostered a noticeable increase of annual inflows of FDI to US\$43 million annually. This gave the justification for privatization of some of the state-owned enterprises (UNCTAD, 2003).

The World Trade Organization (WTO) trade policies launched in the past decades were geared towards enhancement of inward investment environment. The African Growth and Opportunity Act (AGOA) also attempted to expand the level of FDI in Lesotho. The current phase of AGOA allows Lesotho and other beneficiaries to export duty-free goods to the European Union (EU) and the United States. This has complemented the Agreement under which the EU offers duty-free access to most products made in Lesotho. In addition, Lesotho has provided another incentive for FDI, through privatization of state-owned enterprises; the

privatization was an indication that the government has committed to economic reforms (UNCTAD, 2003).

It is assumed that the trade privileges that have led to the current increase in FDI inflows in Lesotho suffer from uncertainty issues upon the expiry of such privileges. The multi-fibre agreement is the typical example of those privileges which has introduced the export quotas that ended in 2004. According to *Economist Intelligence Unit* (2006), there was a significant drop down (20 %) in employment creation in the productive sub-sectors (clothing and textile) in 2005 which informed that producers were faced with difficulty in their businesses. The situation called for immediate action by the government to attract more investment by introducing a tax levy on exports beyond the Southern African Customs Union (SACU) region. The LNDC played a major role in facilitating motivation and launching of an investment campaign (UNCTAD, 2003).

FDI is regarded as an important source of capital, it also complements the domestic investment and creates new job opportunities for the local people; it adds to the technological enhancement and transfer as well as to the economic growth. It is assumed that FDI is a fundamental source of growth and plays the key role in bridging the resource low-income countries and it has assisted several countries to avoid accruing debts while at the same time directly tackling the root cause of poverty (Ibi Ajayi, 2008). The present study examines the degree to which the cannabis farming project has managed to help the local people of Ha Marakabei to build resilience against poverty.

### **1.3. Statement of the Problem**

The rural community of Ha Marakabei is faced with high prevalence of unemployment and poverty which call for effective intervention. There is economic development stagnation facing this rural community due to socio-economic problems. There are approximately around 70% of the community is poverty stricken while youth unemployment ranges from 60 to 65%. There is also low agricultural production to sustain households' consumption which also translated into lack of cash crops and food insecurity. Despite all the other efforts including the private sector investment such as the medicinal cannabis farming project existence in the area, some households still struggle and are still not fully out of the poverty trap. Provision of services,

clean water and sanitation, health services, education, roads infrastructure are still challenges in the rural areas. If these problems are not addressed decisively, all the existing and the future cannabis foreign investors will take advantage of local cheap labour and exploit local natural resources without the rural communities benefiting and attaining growth and development from the investment.

The role of FDI in the host country is to serve as an important source of capital, it complements domestic private investment and is usually allied to the creation of new employment opportunities and enhancement of skills and technological transfer. It further boosts the overall economic growth (Chowdhury & Mavrotas, 2005). FDI is believed to have prospects of the necessary elements that can stimulate growth with favourable implication for poverty reduction. According to Chowdhury and Mavrotas (2005), FDI may reduce adverse shocks (to the poor) that emanate from financial and/or income instability and may generate revenues that can support the development of safety nets for the poor.

#### **1.4 Aim of the Study**

The first aim of the study is to identify the extent to which the project has provided sustained incomes, capital formation and provision of social services to the communities of Ha Marakabei.

The second aim of the study is to identify the negative impact of the cannabis farming project at Ha Marakabei.

#### **1.5. Objectives of the study**

- a) To investigate the contribution of the MG Health project to the development of the Ha Marakabei community.
- b) To study the impact made by the project on the livelihoods of the local communities.
- c) To examine the development opportunities created for the local communities around Ha Marakabei.

d) To assess the extent to which the agricultural cannabis farming has affected the lives of farmers renting out their fields.

### **1.6 Justification of the study**

Recognizing the advent of the emerging agricultural industry and the influx of various cannabis companies into the country, it was considered important to investigate the social and economic contribution of the cannabis project in the Ha Marakabei Area. This study explores how cannabis farming created employment opportunities for the rural people as well as increased investment in the education and health sectors. This study was also carried out to identify whether there are policy gaps that policy-makers could be informed about so that these could be revisited or rectified. Some small-scale farmers have rented out their fields to the project; therefore, it is important to investigate whether the deal was in favour of the local people for their sustained growth or not. The study was intended to inform the decision-making bodies of the government and suggest remedial solutions where necessary such as policy area, monitoring and evaluation and project impact assessment by stakeholders.

### **1.7 Scope of the Study**

The focus of the study was on the Cannabis farming project at Ha Marakabei. The study focuses on the commitments of the cannabis agricultural project as stipulated in the contract. It also focuses on the positive and the negative impact of the project on the local employees, the farmers who have rented out their fields to the project, the social service centers (schools, Health, Police around Ha Marakabei and the business community. The focus of the study was on the emergence of the life sustaining prospect of the agricultural development through the cannabis farming project at Ha Marakabei. The research intends to inquire and give an account on the degree to which the agricultural investment in cannabis farming has turned things around for the better in household livelihoods of the rural people at Ha Marakabei.

### **1.8 The Study Organisation**

This research study comprises six chapters. The first chapter provides an introduction to the study. The second chapter reviews the existing literature on the topic. It also presents the conceptual framework from which the various key terms used in the study are defined. In the

theoretical framework presents the theories on which this study was based and how they were applied. The third chapter is on the research methodology; it states which research methods were employed and explains the research design, the data collection tools, the data analysis as well as the limitations and ethical considerations of the study. The fourth chapter summarises the research findings derived from the data analysis in accordance with the stated research objectives. The fifth chapter discusses the findings in relation to the literature review and the theoretical framework. The sixth chapter gives the conclusions and recommendations.

### **1.9 Chapter Summary**

This chapter outlines the introductory part of the study by giving details on the importance of development projects in uplifting the socio-economic lives of the rural people. It also provides the background on various ways in which FDI has contributed to the development of rural people in developing countries. It goes further to provide the aims and objectives of the study as to what the study intends to achieve. Furthermore, this chapter gives the justification in regard to why the study is worth taking. Finally, it offers the scope (areas of focus) the study intends to cover as well as how the study is organized (study organisation).

## CHAPTER TWO

### LITERATURE REVIEW

#### 2.1. Introduction

This chapter assesses different assertions and perceptions made in the literature related to the present study. It discusses the theoretical framework from which the study derives its foundations. The theoretical framework presents the relevant theories adopted and incorporated in the study to form basis for its arguments.

#### 2.2. Theoretical Framework

The theoretical framework of the study provides a significant foundation drawn from the definitions and discussions made from both the Theory of Change (ToC) and the Neoclassical Theory (NT)/Classical Economic Theory (CET). The relevance of these theories in explaining the FDI contribution and/or impact to social and economic development are discussed.

##### 2.2.1. Theory of Change

The ToC highlights the importance of implementing and evaluating the development programmes. It serves as a framework within which to assess the impact and to better understand the change brought about by development programmes. According to De Sliva *et al.* (2014), the theory of change is an approach to developing, implementing and evaluating the programmes of development. In order to appreciate the contributions of the company to the lives of the rural people of Marakabei, ToC provides a better framework to assess the degree of change and how this change has affected the people's lives. The ToC was widely adapted in the early 1990s as a framework through which community development programmes can be assessed (De Silva, *et al.*, 2014).

It is further noted that the ToC is used for impact assessment at the programmatic level, providing an overview and evaluation criterion to better understand change within project portfolios by the donors as well as the research fraternity. Thus, in order to efficiently assess the impact of the cannabis farming project at Ha Marakabei, the ToC provides the necessary framework to set the baseline for the study. The study is intended to evaluate the manner in which the project has laid down and implemented its activities in such a way that the outcomes

may foster the development of the people living in that area. Therefore ToC plays an important role in terms of the selection and collection of the data required to fulfill the needs of the study as well as the framework for the analysis of such data.

As highlighted in De Sliva *et al.* (2014), the ToC supports the development processes through collaboration of various key stakeholders in the project planning phase in order to scrutinize and to address the proposed strategies to achieving the desired impact thoroughly. Stakeholder engagement is the central pillar of the project; Israa (2018) adds that taking into account stakeholders' expectations and interests is central to project success. This helps the project team to identify and to manage the community outlook. It also helps the stakeholders to know their roles and responsibilities to enable the smooth running of the project. However, project negotiations are usually done by the top officials of the relevant ministry at the national level, thereby neglecting the local stakeholders and communities who are directly affected by the project. Consequently, this has an adverse impact on project success and can lead to unfulfilled development targets.

The Ha Marakabei community which comprises the chief, the councilor, the smallholder farmers and other members have their development hopes and needs from the MG Health cannabis farming project; the latter has its objectives. These have to be harmonized to reach a consensus in order to meet the ultimate goal which is social and economic development for the benefit of the people. Therefore, the theory of change provides effective and efficient processes and the impact assessment framework that guide the implementation and evaluation, both of which are vital for addressing the barriers to the implementation of the project (De Sliva *et al.*, 2014).

Additionally, the crucial component in project implementation/management is the stakeholder analysis. This indicates that knowledge of the needs and demands of the project by the stakeholders is fundamental for project success. The theory of change further highlights that provision of accurate information about how, why and whether an intervention/project is feasible plays an important role (De Sliva *et al.*, 2014). The feasibility analysis or investigation of a project forms an integral part in making a decision as to whether the implementation of an intervention can be achievable or not, given the situation at hand. Therefore, the study will assess the degree to which the project feasibility study has been done because that is the basis

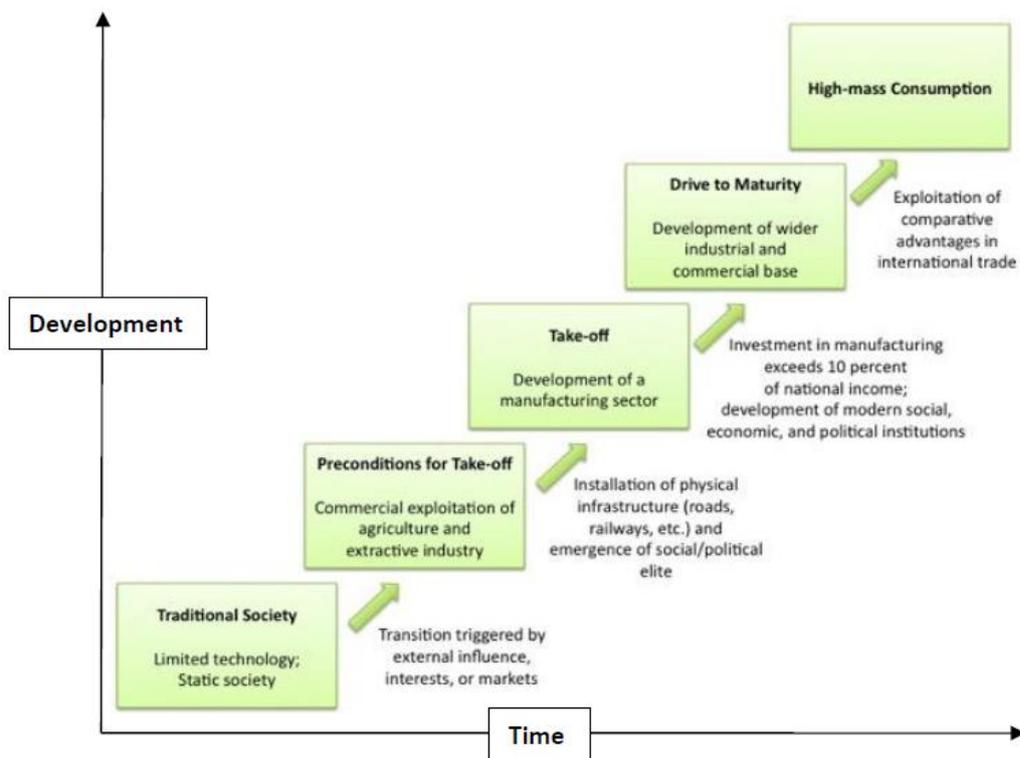
to determine the investors' willingness to invest or not. This implies that the MG Health willingness to invest suggests the rural community's possibility for growth and development.

Reinholz and Andrews (2020) argue that the initial ToC for a project comprises the services of assumptions on how change will occur and these assumptions are investigated and revisited as the project progresses. The limitation of ToC is that it assumes a project is a programmed phenomenon running smoothly through predetermined steps. ToC tends to overlook the many challenges that the project encounters ranging from the human factor as well as the natural and unforeseen hurdles.

Nonetheless, the study adopted the ToC to investigate the patterns of change in human social development. In this study it was adopted to investigate the change brought about by the cannabis farming company through the creation of employment opportunities for the local people since its inception. In order to study the degree to which the project activities had positive or negative impact on the lives of community of Ha Marakabei, the ToC was applied by drawing a link between those activities and their outcomes. This portrayed the patterns of change in the individuals' life and that of the rest of the community.

The study was intended to examine the project long-term impact on those smallholder farmers who rented out their fields. The ToC is useful in examining the short-term and intermediate term outcomes referred to as the preconditions which are intended to be met in order to achieve the ultimate long-term outcome of the change effort (Reinholz & Andrews, 2020). Prior to the project implementation, the local people from Ha Marakabei lived and depended on subsistence farming with the use of traditional agricultural methods. In order to investigate the effects of change brought about by the project, the study assumes that there should be a transition from one stage to another. Arendonk (2015) claimed that transition to the second stage is triggered by external influence, interests and markets. Those preconditions (stated in the theory) were useful in determining the change emanating from the cannabis project. Figure 1 portrays the development stages in the traditional communities.

**Figure 1. Development stages**



Adopted from Arendonk (2015).

The economic growth stages given in figure 2.2 portray the development path against time which is the most effective and efficient approach to determine the impact of change (Arendonk, 2015). According to Arendonk (2015), it is within the guidelines of the TOC that developmental change can be realised and studied; additionally to measure the degree to which the goals are met, Project Manager(s) use performance indicators to assess whether the project implemented activities have met their intended goals. Furthermore, project achievable goals must be set, the project beneficiaries identified, as well as the degree of change from which conclusions can be drawn and the length of time in operation set (Reinholz and Andrews, 2020).

According to Valters (2015), the ToC is an ongoing process of reflection to investigate change and how it is brought about as well as its implication on the roles that people play in a particular setting. This study was intended to study whether there is change which is brought about by implementing the cannabis farming project, how this change has taken place as the project progressed, how the change has impacted on the people and communities' well-being. The ToC helped the study to unpack the issues of community engagement in the implementation of the

project. ToC serves as a framework for strategic planning, communication, accountability and learning (Valters, 2015) through which the project can be assessed.

### **2.2.2. Neoclassical Theory or Classical Economic Theory**

On the other hand, classical economic theory argues that FDI spurs long-term economic growth through increased per capita income. According to this theory, growth is achieved through the variables such as research & development (R&D), technological transfer, new job creation, infrastructure development as well as managerial skills transfer (Elibariki, 2007).

Elibariki (2007) emphasised that according to the neoclassical theory (NT), FDI boosts income growth by increasing the amount of capital per person. This suggests that FDI spawns long-term growth through the variants such as research and development (R&D) and human capital. Elibariki goes further to demonstrate that, through technological transfer to their affiliates and technology spillovers to unaffiliated firms in the host country, Multinational Corporations (MNCs) can speed up the development of new intermediate product varieties, raise product quality, facilitate international collaboration on R&D and introduce new forms of human capital.

According to the classical economic theory, foreign investment is completely advantageous to the host economy (Abate, 2021). The implication is that, pursuant to the classical theory (CT), it is through the economy that investment is made and benefits mostly from foreign firms. This study was geared to investigate the credibility of this assertion from the various researchers that FDI mostly benefits the host economy. Based on its assumption that foreign investment brings in capital inflows to the host economy the CT was employed in the study. The classical theory suggests that foreign investment enhances the availability of capital to the host country and this promotes economic development for the host economy.

Nonetheless, the antagonists of the classical theory argue that the bringing in of capital to the host country swallows in the local capital capabilities. Thus the host country's capital that could otherwise be used for investment would no longer suffice. Instead, foreign investors export their high profits obtained from the investment to their homes of origin. Therefore, the view that foreign investment is wholly beneficial to the host country on the basis of capital flows needs to be investigated. The claim is that only the foreign investors or shareholders gain from the investment (Abate, 2021).

Technological transfer is the variant through which, according to the classical economic theorists, FDI boosts economic growth and development in the host economy. They propose the idea that foreign investment enhances the transfer of knowledge and skills that are not available in the host country. The classical theory further proposes that the host country benefits from the investment due to the diffused technological transfer. The assumption is that the workers from the host nation learn how to run the technology that is being used in the investment. Furthermore, the workers use their technical knowledge and skills in similar fields in their various locations within the host country (Abate, 2020). This theory assists the researcher to study the extent to which the MG Health project has diffused and imparted knowledge and skills to the local employees from the Ha Marakabei community.

Abate (2020) contends that the CT of foreign investment bases its argument on the creation of growth due to the new employment opportunities which emanate from foreign firms. One of the main development challenges in developing countries is the high unemployment rate which is detrimental to growth and development. The CT suggests that, through foreign investment, the host countries are able to solve an array of problems caused by unemployment. Consequently, this theory helped the study to investigate the degree to which the MG Health project has managed to curb the high unemployment rate and assisted in the fight against poverty for the people of Ha Marakabei through job creation.

However, in developing countries the FDI seeks cheap labour and the extraction of raw materials. This has an adverse impact on development because poor communities can hardly survive on their own due to small wages which are not commensurate to the work done. If people have weak buying power, then such economy can hardly suffice. Subsequently, the theory will guide the study to analyze the compensation structure for the employees of the company. Some researchers such as (Abate, 2020) have argued that the creation of new jobs is of less importance as labour is usually cheap. Additionally, the workers are not fully paid and the rate of wages is very low compared to the service rendered.

Another stance in favour of foreign investment by classical economic theory is that of the transfer of managerial skills to the host country, particularly the skills in the management of large projects. The CT argues that bad management practices hinder the project process and often lead to project collapse. Therefore, classical theorists allude that foreign investors may

recruit local experts in higher project management positions (Abate, 2020). Accordingly, the present research study employed this theory to explore the level of managerial skills defused to the local employees of the company. This is cardinal for innovation and improved quality of product or service.

Abate (2020) suggested that foreign companies can recruit the local employees to occupy managerial positions such as project assistants to foreigners in the project structures. Therefore, the theory helped the study to investigate whether some local employees from Ha Marakabei have been trained and incorporated into the management structures of the company. Advanced and proper managerial skills can enhance adherence to good practices and ultimately increased productivity much needed for poverty alleviation and economic growth.

Furthermore, CT argues that foreign investment ensures the development of infrastructure in the host country. The reality is that the government focuses on developing the necessary infrastructure for the benefit of domestic investment (Abate, 2020). However, this may be limited to the financial constraints from the host country. Foreign investors may also build infrastructure facilities in the host country. Based on the assertion of this theory, infrastructure development is the key to attracting more business to foster economic activities for the growth and development of rural communities. According to this theory, upgrading of infrastructure is a significant benefit to the host country and it is crucial for growth and development (Abate, 2020).

Most rural communities lack infrastructures such as roads, schools and health facilities. This is detrimental to the development of those locations. It is against this premise that the study employed the classical economic theory to explore whether there has been infrastructure development made to enhance the development of the Ha Marakabei area. Abate (2020) claimed that, classical theorists suggest that foreign investment upgrades the facilities such as transport, health and education for the benefit of the entire community. The theory posits that development of infrastructure enhances economic development, especially for the developing countries. The World Bank acknowledged the importance of the classical economic theory by incorporating it into its guidelines geared towards a greater flow of foreign direct investment for sustainable benefit of the world economy, especially the economies of the developing countries (Abate, 2020).

### **2.3. Literature Review**

The literature review gives empirical data on agricultural FDI inflows and their impact on economic development on the global, continental and regional spheres. IMF (2003) highlighted that, the European/Industrial Countries had dominated the FDI inflows and outflows in 2000. FDI inflow into developing countries grew by an average of 23% a year during 1990–2000. Contrary to that, FDI inflows to the developing countries reached an estimated US\$225 billion annually since 2000. This chapter reviews the literature on the role of FDI in agricultural development, especially in the developing countries. Agricultural FDI contributes significantly to economic growth through increased GDP and serves as a pillar for poverty reduction. The recent shift in policy that led to the legalising of the medical cannabis farming opened new opportunities for small farmers and pulled them out of illegal practice (Jelsma et al, 2021).

There exists a noticeable gap in FDI inflows amounting to US\$2.5 trillion in areas of water use and irrigation, sanitation, infrastructure for agricultural production in developing countries (Sikandar *et al*, 2021). The allocation of government expenditure in the agriculture sector dropped from 0.42% in 2001 to 0.28% in 2018, while the developing countries aid to agriculture fell from 25% of all sectors aided by donors in the mid 1980's to 5% in 2018 (Sikandar *et al*. 2021). This is an implication that the agriculture sector needs a serious attention towards its development if developing countries are very keen to combat the raging poverty and unemployment mostly in the rural communities.

FDI in agriculture has played a vital role in socio-economic development in many countries. In Nigeria, for example, the economy depended mostly on agriculture for its national output and job creation. The agriculture sector was the major contributor to the country's GDP with the average of 38% between 1996 and 2004, with crops accounting for 80%, Forestry 3% and Fishery 4%. This sector has offered around 65% of new job creation for adults. The total of 80% of agro-industry enterprises relied on this sector for raw materials and export earnings. Agriculture sector further contributed significantly to the national food self-sufficiency and accounted for over 90% of the total food consumption requirements. It (agriculture) helped to maintain a healthy and food secure nation and also served as a source of food and nutrition for household (Oloyede, 2014).

According to Dauda (2007), FDI enhances increased productivity in the host country which ultimately benefits the local income groups through higher wages and expanded employment. It also provides lower product prices to Consumers, rent to local resource owners and higher tax revenue or royalties to the government. However, this appears to be in contentions with the cheap labour and low wages paid to the local employees by foreign firms as portrayed by the classical economic theory. The average growth rate of agricultural production in Nigeria estimated at 5.2% annually between 1990 and 1997 (Oloyede, 2014). Further outstanding improvements were recorded in domestic food supply and agricultural export with the volume of 71.5% in the pre-Structure Adjustment Program (SAP) to the 84.1% post SAP era. These developments came after the 1986 budget that proposed economic recovery programme which included comprehensive SAP (Oloyede, 2014).

Nonetheless, low agricultural production was not the only problem facing development in Nigeria. Poor infrastructure development posed a great challenge to economic growth. In order to respond to the mammoth infrastructure deficit, Nigerian's Plan was to attract \$600 billion in foreign direct investment threshold year of 2020. In 2014, the country only managed to secure \$9 billion of FDI in infrastructure development. However, there were some situations observed as impediments to FDI flows to Nigeria such as the rule of law. Fundamentally crucial was the enactment of laws that protected businesses and provided incentives for investors. Hence conducive environment to attract foreign investors was required especially for developing countries where most economies could not suffice on their own domestic capital (Oloyede, 2014).

Smallholder farmers and rural households in Africa were still faced with the challenge with regard to access to financial services for agricultural business transaction for inputs. The ratings for access to finance indicated that, out of 39 member states only 5%, demonstrated a positive progress of 100% (Mauritius and Seychelles) while 95% is lacking behind with only 30% achievement. This is an indication that FDI is needed in most parts of Africa to boost and revive agricultural growth to enhance economic development and help in poverty reduction (AU, 2019).

The agribusiness sector which consisted of agricultural and food processing in developing countries have nearly doubled the FDI in-flows between 2000 and 2006 from US\$ 5 billion up to US\$9.1 billion respectfully (Weissleder, 2009). In Ethiopia, the East African Country with

almost 40% of its population living below poverty line, the economy relies on agriculture which contributes almost half of the country's GDP at 60% of exports and the sector created 80% of new job opportunities. It is further noted that almost 83% of the rural households cultivate less than 2 ha per household and 53% less than 1 ha. Among the agricultural produce, as noted by Weissleder, coffee plays a major role in terms of export flow and it accounts for 3% of the GDP and a quarter of the population depends on it for a living (Weissleder, 2009).

UNCTAD (2003) indicated that an increase in FDI in-flow which amounted to \$4 billion (26%) was received by the Central African Sub-region in 2007. It is also noted that much of These FDI inflows were targeted mainly the infrastructure development as well as the primary and secondary service sectors of the economy in this region. In addition, Gunsekera & Newth (2015) proclaimed that bilateral and multilateral aid in global agricultural share experienced a decline from 22% between 1979 to 1981 to a minimum of 5% in 2003 to 2005 whilst it slightly recovered by 6% in 2009. It is assumed that the decrease in aid to agriculture and low public investment in agriculture by developing countries created a very large public investment gap which needs to be catered for in order to strike a balance between demand and supply. In order to achieve production-led agricultural growth there has to be significant increase in investment in agriculture, rural infrastructure development and market (Gunsekera & Newth, 2015).

Furthermore, rural poor farmers holding investment contracts received annual rental from less than \$13.8/ha in Cameroon (HLPE, 2011). It is observed that in some locations contracts allow for a five year rental fee. Most importantly, where the fees are low, investors may be expected to commit capital to develop infrastructure such as irrigation canes, roads and processing plant. Therefore, it is important as stipulated by the advocates of the theory of change to investigate the rate of change and its impact on target populations. Some of the smallholder farmers at Ha Marakabei are also directly affected as they have rented their fields out to the MG Health project.

Job creation is one of the top benefits that agricultural investment is hoped to afford to the local people. Subsequently, rural development will then take off from local employment as it is the key factor for economic growth. However, things do not always turn out as anticipated. For example, in the Democratic Republic of Congo it was discovered that an out-grower-based sugar cane plantation was expected to generate 0.351 jobs/ha and 10 000 ha maize plantation less than 0.01 jobs/ha while in Ethiopia the average employment creation was 0.005 jobs/ha.

Surprisingly, in Madagascar a large project planned only 0.006 jobs/ha while the pre-project partner of land use each hectare supported approximately 1.25 farm households (HLPE, 2014).

Gerlash and Liu (2010) indicated that, Uganda's main agricultural FDI focus was on coffee processing, cultivation of flowers and fish processing. Additionally, agriculture accounted for 13% of the GDP in 2008 while agricultural products contributed 50% of the country's export. This implies the potential held by this sector that needs to be unleashed in order to attain economic development and alleviate poverty from rural communities in developing countries. Thus FDI is believed to have the potential to uplift host the country's economy for growth and development of the rural people.

According to Gerlash and Liu (2010), the majority of FDI inflow is in Mali which accounted for an estimated 86% from Lybia, South Africa, China and the United States. This shows that Mali was at a better position as far as the FDI inflows are concerned. In 2009, foreign investors were in demand for 173 605 hectares of the land required for food production. The leasing of the land was done on 50-years contractual basis which also has the provision for extension for a term of 99-years long-term lease (Gerlash and Liu, 2010). Therefore, this study is intended to explore how the project has affected the livelihoods of those who used to farm and cultivate on the same land where the project has taken over.

Suleman (2009) indicated that of the 19.7 million people living in Madagascar, 71% lived in the rural areas. Its economy largely depended on agriculture with the contribution of 26.5% to the GDP. It also had 2.95 million hectares of arable land from the total of 582 thousand square kilometers. A Korean company, Daewoo, signed a lease of 1.3 million hectares of arable land in 2008 for a 99 year period at normal cost. The projected investment was estimated at US\$ 6 billion which signifies the biggest agricultural FDI in the history. The project had the potential to create between 45 000 to 70 000 new jobs. Unfortunately that project could not see the light. The reasons for failure include, among others, lack of community consultations (farmers, rural community & civil society involvement), feasibility study not done and the land tenure system; the absence of a balanced deal that benefits each party fairly (Suleman, 2009). The ToC emphasizes the importance of stakeholder involvement to enhance project success.

The literature showed that Madagascar has agriculture as one of the key pillars of the economy and has 40% of its exports from this sector. It is further highlighted that 70% of Malagasy

people are engaged in agricultural activity. In 2008 Madagascar experienced a spectacular increase of 81.9% of export to the U.S market, from \$492 million in 2007 to \$1.1 billion. The main export products were vanilla, coffee, wood products and fruit (Tovonjatovo and Dong, 2015). This indicates the importance of the agriculture sector towards economic development of the nation.

On the other hand, in Madagascar it is reported that agricultural FDI contributed less than 2% of GDP in 2007 whereas the total land required for FDI was 1.7 million hectares in 2009. Agricultural FDI managed to create 4 000 new employment which contributed to maintain food self-sufficiency. The country planned to triple its rice production for the domestic market while exporting 20% of the produce (Tovonjatovo and Dong, 2015). Even though there were some new jobs that benefited the few, that figure was not commensurate with the land acquired by foreign investors; this may have left many smallholder farmers without substantive income and enough piece of land to produce for household subsistence. Hence the purpose of the study was to find out the impact of the MG Health project on the socio-economic development of the rural community of Ha Marakabei holistically. Specifically, the study sought to find out the prospects of the development of life sustaining projects through the cannabis farming project at Ha Marakabei.

Investment can have adverse environmental impact ranging from displacement of Local Cultivators, illegal investor encroachment in fertile wetlands and displacement of up to 30% of the population. Another example is Ethiopia's flower industry which was said to be one the largest rose producer after Kenya. It has affected the environment through the use of pesticides and fertilizers, degraded water quality and waste disposal. In Mozambique the sugar-cane bio-fuels project of 30,000 ha was given priority to access to water from the massing dam at the expense of smallholder farmers who are mostly affected during the dry seasons (HLPE, 2011).

It is reported that in Indonesia 70% of oil palm plantation are placed on former forest land and more than half of the growth since 1990 – 2005 has been at the expense of forest and major losses of carbon to the atmosphere (HLPE, 2011). Large Seale plantation focus was on single crop bringing monoculture over the previously diverse habitats, less biodiversity as opposed to natural plants would mean that environmental services would not be met through carbon

storage of soil fertility and the smallholder farmers would be forced to give up on their subsistence production and rely on food from the market (HLPE, 2011).

In contrast, HLPE (2011) stated that, Daewoo Logistics (foreign company) in Madagascar had planned to acquire 1.3 million hectares of land for maize production even though the project failed due to intense contention at the national level. The project aim was to contribute significantly to increased production. On the one hand, the VARUN Project invested US\$ 1.2 billion in the leasing of 170 000 hectares of land where 13 associations which represented 250 000 farmers had sealed a signed deal/contract. The VARUN project was reportedly paying the rent of 30% of the yields which was approximately the same as what the farmers had before at a lower risk than with the farming contract where the needs and yields are clouded with uncertainty. Subsequently, this had a negative impact on the farmers as it resulted in loss of jobs contrary to what FDI is perceived (HLPE, 2011).

The study by Gerlash and Liu (2010) further highlighted that in Sudan agricultural investment reached an average growth of 23% from the period 2000 to 2008, while the annual growth increase of US\$ 256.5 million in 2005 to 2008 was recorded. It was also noted that the share of agriculture in total FDI was 2% due to the investor varying levels of risks loathing. Thus, foreign investors take the issue of an appropriate environment very seriously as it plays a vital role towards their investment success. Hence the policy-makers should formulate and regulate the market grounds for the players' convenience.

The study conducted in Sudan revealed that, over 6 500 jobs were created from 2000 to 2008 while in Uganda 3,000 jobs were offered by 11 TNCs in the agricultural sector in 2009. In Ghana, employment creation through FDI in agriculture was estimated at booming 180 000 jobs in the period 2001 to 2008. Projects varied in the degree to which they were able to generate new job opportunities. The Markela Sugar Project in Mali was projected to create over 5 000 direct new job opportunities and 20 000 indirect job opportunities (Gerlash and Liu, 2010). This implies that, there were prospects of growth emanating from employment creation through agricultural FDI.

Furthermore, in Morocco, less than 1% of the total FDI inflows into the country in its agriculture sector were recorded. Around 150 foreign-owned TNCs operate in the agro-food sector which accounts for one third of the production as well as 30% of job creation. Foreign

investors acquired 38 731 hectares of state farm land while 90% was owned by FDI and 9% belonged to contract farming. Foreign companies were said to have invested heavily in early tomato industry which accounted for 15% of the cultivated area and around 40% of the total export (Gerlash & Liu, 2010).

In Ghana, agriculture was said to be the largest sector of the economy. Its contribution amounted to 22.4% of the GDP on average in 2013 and slightly declined to 22% in 2014. During the basic price period in 2006 the agricultural sector accounted for 23% of the GDP (Iddrisu *et al*, 2015), giving livelihoods support to 56% of the workforce. Agricultural FDI inflows accounted for 5% of the total FDI projects in the period from 2000 to 2008 (Gerlash and Liu, 2010).

The main contributors in foreign investment inflows in Ghana are the Asian investors who boosted the economy through increased investment that accounted for 37% of the total FDI project in agriculture. Most significantly, the 2010 population and housing census report portrays that 41.2% of the active workforce was employed in the agricultural sector in Ghana (Iddrisu et al, 2015). Agriculture in Ghana and the rest of developing countries is regarded as the rural phenomenon on which 70% of the population depends for a living (Djokoto, 2013), hence the importance of the study to investigate the contribution made by the MG Health project to local population at Ha Marakabei.

It is noted that, in Ghana, the food and agriculture industry plays a major role in the economy as witnessed in the period from 1990 to 1999 where this sector contributed a whopping 41.3% on average in GDP and 12.2% of national tax revenue. Nonetheless, the sector's contribution to GDP has dwindled from 35.4% in 2006 to 34.5% in 2007 and to 33.5% in 2008 with a slight increase at 34.07% in 2009 (Awunyo-Vitor and Sackey, 2018). Hence there is a positive growth trend as demonstrated by the agricultural FDI in Ghana.

FDI in agricultural processing, food and inputs industries has drastically increased from US\$577 million in 2000 to US\$3, 680 million in 2008 in Egypt. The land reclamation and agricultural production attracted 38.3% of FDI with poultry production dominating (Gerlash and Liu, 2010). The average FDI contribution during 1992-2007 from private investment in agriculture accounted for 18% (Hanafy and Marktanner, 2018). Thus, the alarming growth rate

signaled a positive economic development in Egypt from which other developing countries can replicate to revive their economic growth.

Despite the 1.3 billion jobs created through the agricultural sector worldwide, there is still a severe unemployment problem troubling the rural areas (World Bank, 2008; Gerlash and Liu 2010). Creation of new job opportunities is the central aim of sustainable agricultural development which is also crucial for poverty reduction. Employment creation, especially in the rural areas where most of the poor people live is an expected outcome of international investment in agriculture. Introducing the legal Cannabis market has the potential to add value to agricultural production in the rural areas. It also offers tremendous possibilities to boost rural employment, incomes, poverty deduction and nutrition improvement (Jelsma et al. 2021). For example, legal cannabis production in USA managed to solicited 211 000 full-time jobs in 2009 (Uwakonye, 2020).

Elibariki (2007) explains that, in contrasts to the downfall in FDI inflows in Sub-Saharan Africa, FDI inflows in Tanzania has increased significantly reaching a high of US\$224 million in 2001 and jumped to US\$6,028.8 million by the end of 2005 placing the country among top FDI recipient countries in Africa. According to Elibariki (2007), FDI accounted for 85% of Foreign Private Capital (FPC) in Tanzania. However, expansion of FDI in the agricultural sector is faced with various challenges, chiefly, lack of adequate infrastructures development resulting in high energy and transport cost making the country's commodities less competitive. Subsequently, 90% of FDI in agriculture was being directed to crop sub-sector (Elibariki, 2007). This indicates how lack of infrastructure development could negatively impinge on rural development of poor communities.

Agriculture accounts for 45% of GDP in Tanzania and is the main source of support for livelihood, from which over 80% of the population residing in rural areas depends on. Moreover, agricultural production contributed around 21.3% of the total export earnings in 2005. It is strongly emphasized that since 80% of the population in Tanzania resides in rural areas and agriculture is their mainstay of living, any effort to reduce poverty must include activities to improve agricultural productivity and rural farm incomes. Agriculture accounts for 2.1% of the total FDI inflows into the country despite its impressive growth rated at 5.5% in 2005 (Elibariki, 2007).

### **2.3.1 Lesotho's FDI Literature**

It was estimated that Africa alone produces around 38 000 tons of cannabis each year and it was said to be the world biggest producer and consumer. Furthermore, the promise from strong legislation and regulatory framework suggests that the industry could generate up to an estimated \$7.1 billion annually by 2023 (Uwakonye, 2020). Uwakonye highlighted that Medigrow claimed that improving the lives of Basotho was their company's motto and this was done through community development initiatives and entrepreneurial opportunities for the surrounding communities of Ha Marakabei. Hence the study intends to employ the theory of change mechanisms to investigate the impact of change in that area.

Additionally, the initiation of the educational programme in the local community for the current and future company employees, with emphasis on English, Mathematics and Problem solving strategies serves as the milestone social contribution to the community. It also empowers the locals for future employment opportunities. The company (MG Health) has contributed IT infrastructure and hardware and teacher staff to local schools to run winter programmes in order to prepare students for their exit. In order to address the accommodation problem, Medigrow/MG Health has initiated the housing development project for the residents to have rental housing for the employees who come from outside the Ha Marakabei area (Uwakonye, 2020).

Uwakonye (2020) highlights that currently the Canadian Company, Medigrow/MG Health has invested \$22 million (M370 million) for its cannabis project in Ha Marakabei. The funds have enabled the construction of 500m<sup>2</sup> greenhouse, leasing of more than 12 hectares of land, construction of production building for cannabis drying, milling, extraction, distillation, packaging and assembly and test laboratory. The projected \$11.8 million was in the pipe line for expanding the cultivation area to 10, 000m<sup>2</sup> for constructing a cloning and nursery (Uwakonye, 2020). All these activities, though not started, have prospects for employment creation for the local people.

A combination of equity and unsecured loan of 20 million rand was offered by Xantho Investment Consortium from which 5.2% was set aside to assist the qualifying Lesotho investors to get exposure into the cannabis production. In 2018, the Canadian company, Supreme Cannabis took 10% share from Medigrow and established a joint venture for products marketing and managed to raise \$6 million by the end of the same year (Uwakonye, 2020).

Empowering the local small farmers through the various means such as loans is cardinal for economic growth and improved food security for the poor communities.

In a study undertaken to investigate the impact of the Lesotho Highlands Water Project (LHWP), the survey showed that 34.4% of household sold cannabis as opposed to 29.6% who were selling *joala* (home brewed alcohol made from sorghum), while 3% received their income from the sale of commercial beer. The average monthly income from marijuana and alcohol accounted for nearly 70% of household income. Marijuana is currently estimated to be cultivated at 10% of the arable land and accounts for 60% of the arable crop net revenue. Foreign investors are trusted to maintain the income of the rural people who are, in most cases, disrupted by the project operations (Bloomer, 2019).

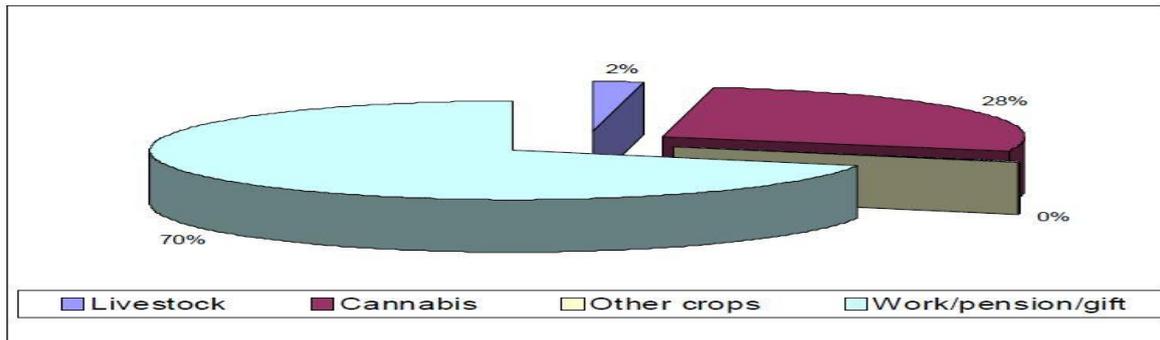
In 2017, the government of Lesotho started licensing cannabis production and the license cost around \$13 000 while per capital income was \$2,925 in the same year (Duvall, 2017). The British owned Medi Kingdom is the principal company with others from Australia, Canada, South Africa, and U.K. The US has started export production which was finalized in 2018 with license fee at US\$ 71,000 per license. The government in Zimbabwe published regulation that allowed cannabis production at US\$50,000 application fee in 2018, although the fee was later reduced to US\$10,000. A pharmaceutical company in 2019 was said to have received a license worth of US\$46,000, while per capita GDP in 2017 was \$2,428 (Duvall, 2017). According to Uwakonye (2020), the fees to manufacture, supply, export and transport medical cannabis and other cannabis products amount to M500 000 (Lesotho Maloti). This excludes the local small farmers who cannot afford the fees.

The enquiry on the livelihoods of Botsoapa residents in Lesotho revealed that out of 33 households with a total population of 176, around 94%, are engaged in subsistence agriculture for a living. Six percent of the households in Botsoapa were without cultivable land for agricultural production. The 2006 crop survey highlighted that roughly 15.3 hectares (39%) of the total arable land was planted with cannabis (Bloomer, 2009).

Moreover, cannabis accounted for the estimated 28% of the annual income for the village. The trends of cannabis in the rural village portray declining employment opportunities due to seasonal price fluctuations and long-term decline in cannabis value. Evidence showed that prices dropped from the high of M500 per 25kg prior to harvesting to a low of M150 per 25kg

during harvesting. This has a negative implication for households and sustained food security. The overall agricultural productivity data from the study at Botsoapa depicted that the 10 most productive households accounted for 74% of the total cannabis produced by the village. The income contributions of cannabis amounted to 27% of the total income received in Botsoapa village (Bloomer, 2009). However none of the assessment made prior the study have focused their attention on the income generated through cannabis production.

**Figure 2: Income Sources for Botsoapa Village**



**Fig. 3:** Breakdown of primary income sources for Botsoapa, 2006. N=33 households.

Adopted from Bloomer (2009).

#### 2.4. Summary

The presented data in this chapter depicts the utmost importance in agricultural production as the primary means of livelihoods for the majority of people found in rural areas in developing countries. Agricultural FDI has played a vital role in contributions made to boost economic growth and improving the social lives of many people from global, continental and Sub-Saharan Africa. Nonetheless, the agricultural sector has been receiving the smaller shares of foreign direct investment despite this sector’s potential and significant contributions made to GDP in many countries. The literature shows that some countries, especially the African countries has done tremendously well in terms of attracting agricultural FDI which has ultimately increased productions for domestic and export markets. In some parts people enjoyed employment created through FDI in the agricultural sector.

Furthermore, the introduction and legalization of medical cannabis farming contributed to the increased revenues collected from the fees charged for license fees. It also adds value to agricultural production in most countries’ rural areas and provided great opportunities for small farmers. Cannabis farming plays a vital role in boosting rural employment as well as poverty alleviation and bridging of the nutritional gap for the poor people in rural areas. However, the

deals which were sealed between the foreign investors and the host countries small farmers did not favour the land owners as in some parts where they received small amount in rent as opposed to what they initially got from their production.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3. Introduction**

This Chapter discusses different research methods used in undertaking this research study. It discusses the research design, the data collection methods, the targeted study population and the adopted sampling procedures. Additionally, this chapter discusses the ethical considerations followed in undertaking the study as well as the study limitations.

#### **3.1 Research Design**

A research design is the plan of action for subject selection, research areas and procedures for data collection aimed at answering the research question (Boru, 2019). According to Mukherjee (2017), a research design assists the researcher to choose the problem appearing in the research or study like when, what, how much, where and why, which are mostly important inquiries for a research study. The study is intended to unpack the basis of the study problem resulting in persistent poverty and unemployment due to stagnation with regard to the socio-economic development of the rural communities. It is important for the researcher to study the diverse contributions of the MG Health Cannabis project and assess its impact on socio-economic development of the people around that area and establish the root cause towards slow progress in growth and development. People at Ha Marakabei are still faced with the problem of food insecurity and low agricultural production. This has triggered the interest of the researcher to explore the contribution of cannabis farming project on the lives of people around Ha Marakabei area.

Silva (2017) stated that qualitative research values the interpretations that individuals made of the situation around them and the meaning that they attribute in their natural context. The prime reason to employ qualitative approach is because it uses interviews which encompass face-to-face interaction for probing of details. Furthermore, the use of semi-structured interviews also enhances in-depth information on human experiences and relationships between the variables which produce qualitative data. Lastly, the fact that these investigations are based on a case study predetermines the use of qualitative method.

#### **3.2 Data Collection Methods**

This study used two sets of data being the primary data collection method; data was collected from the respondents and the secondary data collection method; the data was collected from written materials. These are, according to Adejuni (2010), two major methods of data collection.

### **3.3 Primary Data Collection Methods**

The study employed face-to-face interviews as the data collection technique for primary data collection where semi-structured questions and focus group discussions were used.

#### **3.3.1 Interviews**

Jacob and Furgerson (2012) explain that interviews enable the researchers to gain an insight into the past life experiences, learn the perceptions of the study populations and discover the distinctions of the stories. Thus, interviews are conducted to gather information in response to the research questions hence it is a tool for collecting data. Data was collected through a face-to-face individual interview schedule. Face-to-face interviews enabled the researcher to read the non-verbal response and reactions and this was helpful in analysing the data. In order to conduct these interviews, the researcher prepared a set of questions in the form of interview schedule comprising open-ended questions. Furthermore, some interviews had to be done through focus group discussion; this is what focus group discussions are for. This type of interview stimulated discussions among the group and it saved the researcher's time as opposed to other modes of data collection. Nonetheless, the disadvantage of this method of data collection is that some groups are not easy to manage and order is not easy to maintain.

### **3.4 Secondary Data Collection**

This portrays data which has been availed by the previous technical publications such as manuals, handbooks, data sheets, books, journals and official government documents (Pandey and Pandey, 2015). These data have been collected by the previous researchers for various studies or purposes and have been used before. Thus, it is possibly the second time for these data to be used in this study hence it is called secondary data.

### **3.5 Study Population**

According to Majid (2018), study population refers to the study target population that the research study is intended to conduct investigations from. It is fundamental for the researcher to maintain objectivity in dealing with the study population. Instead of studying the entire

population considered for the study, a sample is drawn with the objective of generalizing the study findings from a sample of the target population. Thus, for the purpose of this study, the target population included the local employees of the cannabis farming company (MG Health) from Ha Marakabei and the nearby communities, smallholder farmers renting their fields to the project, the local business owners, community leaders, local schools, the health centre, security personnel and the management of MG Health project.

### **3.6 Sampling**

Sampling is a process of selecting a statistically representative sample of individuals from the entire target population of the study (Majid, 2018). Sampling is an important tool to cut to size the population of interest while at the same time ensuring inclusiveness and representativeness of the larger group. The sample of respondents is drawn from various clusters of different categories to ensure representation. Thus all those who form part of the targeted research population are sampled (Majid, 2018). A sample of 73 respondents (1 project representative, 20 local project employees, 18 land owners, 16 livestock farmers, 5 business owners, 2 teachers, 2 chiefs, 1 councillor, 3 unemployed youth, 2 nurses, 2 police officers) was selected in order to meet the study purpose and to gather sufficient information from which the conclusion was drawn. Stratified sampling was used to divide the research population for the current serving local employees into sub-populations to ensure that each cluster of the society is well represented.

Local employees from Ha Marakabei and local business owners with various categories were stratified and sampled to participate in the study interviews. Furthermore, in order to identify the key personnel from the cannabis project and the owners of the fields who rented out their land to the company, local schools and local leaders were purposefully sampled due to the relevance of information held by each one of them. Thus, purposive sampling was used to identify the participants for the key interest to the study. According to Palys (2008), stakeholders sampling is commonly used to identify the major stakeholders involved in the project management and the ultimate recipients of the project outcome.

### **3.7 Ethical Considerations**

It is important to take into consideration the ethics of life that exist between the researcher and the study participants. A mutually shared consensus between the two parties is the key factor to ensure safety and confidentiality (Sanjari *et al.* 2014). Thus the respondents were well-

informed of the purpose of the study and they willingly agreed to participate. Furthermore, Sanjari et al. (2014) emphasised that some important ethical concerns to be careful of during the research include anonymity, confidentiality and informed consent. The researcher ensured that participants' personal information was kept confidential thereby not disclosing or mentioning their names and contact details. The researcher observed the community structures by first introducing himself to the area chief who then permitted the respondents to be contacted and interviewed. This is the key factor in rural communities because no one can enter the village without first reporting to the chief who would then grant permission. This made it easier for the researcher to collect data within the community. The chief assigned his office assistant to accompany the researcher to identify the farmers who wanted to rent their fields out to the project.

### **3.7.1 Anonymity, Confidentiality and Consent**

It is a violation of anonymity to give out identity of others without their permission (Morse, 2002). Therefore, the researcher ensured and guaranteed the protection and safety of the study participants by not disclosing their identities. Walford (2018) emphasised that the confidential and anonymous handling of research participants' data is regarded as the norm for research conduct. The participants were vividly informed that whatever they said would strictly be used for the purpose of the study and not for anything else.

Additionally, the study participants were informed that their identities would never be disclosed without their consent. This implies that the researcher considerably observed the rights of the participants. The respondents understood that they voluntarily took part and were at liberty to withdraw at any time. Participants have the right to confidentiality and anonymity unless so willingly waive that right (Walford, 2018). The confirmation letter from the University was produced with clear details of the purpose of the study and to introduce the researcher to the study participants. During the Focus Group Discussion, the researcher made sure that he obtained the consent of the focus group discussion (FGD) members to use their picture(s) in study data presentation. They were further informed of their right to withdraw anytime they felt uncomfortable.

### **3.8 Limitations of the Study**

Due to the remoteness of the place of study, it became costly for the researcher to pay for transport and accommodation. The company/project local employees who form part of the

research population were not easily accessible due to time constraints and some could not take part in the study due to fear of victimisation. Face-to-face interaction with the respondents took a lot of time as the researcher had to pick them one by one at various locations. The mountainous terrain made it even more difficult to travel due to absence of roads, forcing the researcher to walk to some places.

The respondents were more often personal and biased when talking about the project and the researcher had to always try to maintain and derive objectivity from the response. Some respondents were the victims of the workers' strike which got them fired from the project and were bitter and negative about everything regarding the project. The FGD comprised of people from the same school who were colleagues and share many things together. The challenge they posed was that they kept on losing track and focus of the study and being playful around, shouting their mottos that identifies them. Nonetheless, the researcher successfully managed to gain control of the group and brought it back to the topic.

It was not easy to interview livestock owners who look after their animals because they leave home early in the morning and come back late in the evening. Travelling across the hills on foot looking for the farmers who rented their fields out was not easy due to the terrain and lot of rain that got the researcher injured when falling into the gully trying to step on slippery stones.

### **3.9 Summary**

This chapter delineates the methods of data collection and the procedures employed in this study. It has stated that the research follows the qualitative approach with minimal inclusion of the quantitative method. It further highlighted that, in-depth face-to-face interviews and Focus Group Discussion data collection tools were used to collect the data. The study employed the purposive sampling technique to gather data from the Ha Marakabei community. The researcher administered the questions to the respondents. The collected data for this study was from the Ha Marakabei area comprising different villages.

## **Chapter 4**

### **Data Presentation and Analysis**

#### **4.1 Introduction**

This chapter presents the data collected from the Ha Marakabei area. There are eleven villages in this area under the area chief. The study employed the thematic method of data presentation due to the qualitative nature of the research study. Thematic Analysis, according to Braun and Clarke (2012), allows the researcher to see and make sense of the collective and shared meaning provided in a data set. The main themes of the study were drawn according to the research objectives while the sub-themes were developed from the study questions. Data from the field was first coded while simultaneously taking into consideration the issues of confidentiality and anonymity when presenting the research findings. The main focus of the study was to address the following study objectives;

- To investigate the contribution of the MG Health project to the development of the Ha Marakabei Community.
- To Study the impact made by the project on the livelihoods of the local communities.
- To examine the trends of development opportunities and sustained growth paths for the local people
- To assess the extent to which the agricultural cannabis farming has affected the lives of the farmers who rented their fields out.

This chapter is divided into five main sections. The first section presents the household characteristics; the second one presents the interviewees' demographic profiles; the third presents the data management; the fourth presents the research findings. The last section is the summary of the chapter.

#### **4.2 Household Characteristics**

The sample for this research study was drawn from the affected rural community around the Ha Marakabei area.

People at Ha Marakabei are still holding to their traditional norms and values. Almost every household has a residential site and owns one or two fields for agricultural activities. This therefore constitutes what can be referred to as private possession of land. Private land control is under the auspicious of the area chief who ensures its proper use through the help of the Community Council within his jurisdiction.

Customary land tenure practised in this community allows the passing of land rights to the male child through inheritance from one generation to another. People at Ha Marakabei communally share land and resources such as grazing land, rivers, firewood, thatching grass, wetlands, springs and wells which are all under the authority of the Chief. Everybody has equal access to use these resources for their household needs.

The Community of Ha Marakabei leads a simple traditional rural life and most people are unemployed; it has no stable and reliable means of income. The household means of income largely depend on the sales of wool and mohair, livestock, crops and vegetables. Smallholder farmers and households practice traditional crop farming methods of production with poor yields which result in food insecurity for people in this location (Moody, 2008).

The services in this remote location are generally poor. Households engage in traditional modes of survival such as the use of firewood and cow dung for cooking. The LHDA has provided electricity connection to every household of Ha Marakabei but most people either cannot afford to pay for it or are not used to using electrical appliances. As such they are still holding to their traditional ways. Furthermore, infrastructure development also remains a challenge; there are no road networks for ease of access to other locations.

The communities at Ha Marakabei like many others within the country still practise the traditional division of labour; that is, household work is clearly defined by gender. Females (women and young girls) are responsible for all household duties while men and young boys carry out most of all the physical strength demanding duties.

#### **4.3 Participants of the Study**

The study participants were drawn from the Ha Marakabei community. There were seventy three participants who took part in this study. One participant was from the MG Health project

while twenty local employees from the project were selected to take part in this research. Twenty land owners and seventeen livestock farmers were selected for the study. Five local Business owners, three unemployed youth, two nurses and two police officers also took part in this research. Lastly, two chiefs and one councillor were selected to represent the community leadership.

Thus, the sample represented different categories of people in the Ha Marakabei community to assess their views and perceptions towards the project. A Focus Group (FG) comprising a small number of teachers was also interviewed through a Focus Group Discussion (FGD).

Table 2 presents the demographic characteristics of the study participants and the codes representing each of the participant. Coding was used to keep the data anonymous and confidential.

**Table 2: Demographic Characteristics of the Participants of the Study**

<b>Respondent Code</b>	<b>Sex</b>	<b>Age Range</b>	<b>Status</b>	<b>Level of Education</b>	<b>Place</b>
PRO-01	Female	26-35	Project Representative	Tertiary	Ha Marakabei
PE-01	Male	18-25	Project Employee	High School	Ha Marakabei
PE-02	Male	26-35	Project Employee	High School	Ha Marakabei
PE-03	Female	26-35	Project Employee	High School	Ha Marakabei
PE-04	Female	36-45	Project Employee	High School	Ha Marakabei
PE-05	Female	18-25	Project Employee	High School	Ha Marakabei
PE-06	Male	26-35	Project Employee	High School	Ha Marakabei
PE-07	Male	18-25	Project Employee	High School	Ha Marakabei
PE-08	Male	26-35	Project Employee	High School	Ha Marakabei
PE-09	Male	26-35	Project Employee	High School	Ha Marakabei
PE-10	Female	26-35	Project Employee	High School	Ha Marakabei
PE-11	Male	36-45	Project Employee	Tertiary	Ha Marakabei
PE-12	Male	26-35	Project Employee	High School	Ha Marakabei
PE-13	Female	18-25	Project Employee	High School	Ha Marakabei
PE-14	Female	26-35	Project Employee	High School	Ha Marakabei
PE-15	Male	26-35	Project Employee	High School	Ha Marakabei
PE-16	Male	36-45	Project Employee	High School	Ha Marakabei
PE-17	Female	26-35	Project Employee	High School	Ha Marakabei
PE-18	Female	18-25	Project Employee	High School	Ha Marakabei
PE-19	Male	26-35	Project Employee	High School	Ha Marakabei
PE-20	Female	26-35	Project Employee	High School	Ha Marakabei
FM-01	Male	36-45	Farmer - Land Owner	Secondary	Ha Marakabei
FM-02	Male	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-03	Male	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-04	Male	56-65	Farmer - Land Owner	Primary	Ha Marakabei

FM-05	Female	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-06	Female	56-65	Farmer - Land Owner	Primary	Ha Marakabei
FM-07	Male	56-65	Farmer - Land Owner	Primary	Ha Marakabei
FM-08	Female	66-75	Farmer - Land Owner	Primary	Ha Marakabei
FM-09	Female	46-55	Farmer - Land Owner	Secondary	Ha Marakabei
FM-10	Female	36-45	Farmer - Land Owner	Secondary	Ha Marakabei
FM-11	Male	36-45	Farmer - Land Owner	Primary	Ha Marakabei
FM-12	Female	66-75	Farmer - Land Owner	0	Ha Marakabei
FM-13	Male	56-65	Farmer - Land Owner	Primary	Ha Marakabei
FM-14	Male	36-45	Farmer - Land Owner	Primary	Ha Marakabei
FM-15	Male	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-16	Female	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-17	Female	56-65	Farmer - Land Owner	Secondary	Ha Marakabei
FM-18	Male	46-55	Farmer - Land Owner	Primary	Ha Marakabei
FM-19	Male	56-65	Farmer - Land Owner	Primary	Ha Marakabei
FM-20	Male	46-55	Farmer - Land Owner	Primary	Ha Marakabei
LFM-01	Male	36-45	Livestock Farmer	Primary	Ha Marakabei
LFM-02	Male	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-03	Male	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-04	Male	36-45	Livestock Farmer	Secondary	Ha Marakabei
LFM-05	Male	56-65	Livestock Farmer	Primary	Ha Marakabei
LFM-06	Female	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-07	Male	36-45	Livestock Farmer	Primary	Ha Marakabei
LFM-08	Male	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-09	Female	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-10	Male	26-35	Livestock Farmer	Primary	Ha Marakabei
LFM-11	Male	26-35	Livestock Farmer	Primary	Ha Marakabei
LFM-12	Female	56-65	Livestock Farmer	Primary	Ha Marakabei
LFM-13	Male	36-45	Livestock Farmer	Primary	Ha Marakabei
LFM-14	Female	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-15	Male	36-45	Livestock Farmer	Primary	Ha Marakabei
LFM-16	Male	46-55	Livestock Farmer	Primary	Ha Marakabei
LFM-17	Male	46-55	Livestock Farmer	Primary	Ha Marakabei
BUS-01	Female	46-55	Business Owner	High School	Ha Marakabei
BUS-02	Male	36-45	Business Owner	Primary	Ha Marakabei
BUS-03	Male	36-45	Business Owner	Secondary	Ha Marakabei
BUS-04	Female	46-55	Business Owner	Primary	Ha Marakabei
BUS-05	Female	36-45	Business Owner	High School	Ha Marakabei
TEA-01	Female	46-55	Teacher	Tertiary	Ha Marakabei
TEA-02	Male	46-55	Teacher	Tertiary	Ha Marakabei
LEA-01	Male	56-65	Chief	Secondary	Ha Marakabei
LEA-02	Female	36-45	Chief	High School	Ha Noha
LEA-03	Male	46-55	Councillor	High School	Ha Marakabei
UY-01	Female	18-25	Unemployed Youth	High School	Ha Marakabei
UY-02	Female	26-35	Unemployed Youth	Secondary	Ha Marakabei
UY-03	Male	18-25	Unemployed Youth	Secondary	Ha Marakabei
NUR-01	Female	26-35	Nurse	Tertiary	Ha Marakabei
NUR-02	Female	46-55	Nurse	Tertiary	Ha Marakabei

POL-01	Female	36-45	Police Officer	Tertiary	Ha Marakabei
POL-02	Male	36-45	Police Officer	High School	Ha Marakabei

*Source: Field Survey, March 2022.*

#### **4.4 Participants' Demographic Profiles**

The study data was collected from different clusters of people around the Ha Marakabei area as the key participants, The demographic characteristics of participants comprised age, gender, status as well as educational qualifications. Some participants were employees of the project, others were land owners renting their fields out to the project while others were indirectly affected by the project in various ways (Table 1).

##### **4.4.1 Age of the Participants**

The findings show that the ages of the respondents ranged between 18 and 75. Most participants (76.7%) were aged between 26 and 55. The least number of participants (2.7 %) were in the 66 to 75 age group. In the age group 18 to 25, there were seven participants (9.7%). In the age range between 56 and 65, there were eight (11%) participants. Most participants in the age group 36 to 55 were farmers while those in the 26 to 35 were mostly young employees of the project. There were ten (13.7%) females and twelve (16.4%) males in the age range between 46 and 55. The most dominant age group was the age range between 46 and 55 with a total of twenty-two (30.1%) participants. This group comprised mostly of farmers in their two different categories (livestock farmers and farmers renting their fields) who represented the large number of all the participants.

##### **4.4.2 Gender of Participants**

The data shows that male participants were dominant in all age groups except in age range between 18 and 25 where female participants comprised of four participants (5.5%) while the males comprised three participants (4.1%). Nonetheless, the study finds that there were two females and zero males in the oldest age range between 66 and 75. Four (5.5%) were females while thirteen (17.8%) were males in the age group between 36 and 45. The data further shows that there were ten (13.7%) females and twelve (16.4%) males in the age group 46 to 55 while the age group 26 to 35 had seven (9.6%) females against nine (12.3%) males. Males were more concentrated in the age range between 36 and 45 as well as in the range between 46 and 55. The most dominant gender was males with forty-two (57.5%) participant against thirty-three (45.2%) of female participant. This could be due to fact that most men; (as heads of household),

owned land and livestock; and more male employees from the project were interviewed in the study.

#### **4.4.3 Participants' Level of Education**

The study finds that almost all the participants had reached various levels of education ranging from the primary to the tertiary levels. However, one participant had not attended school at all. The data further illustrated that out of thirty-one (42.5%) participants who has attained primary school education, twenty-four (32.9%) were males while seven (9.6%) were females. Furthermore, from the total of nine (12.3%) of those who had secondary school education, four (5.5%) were women while five (6.8%) were men. The data shows that out of twenty four (32.9%) high school level participants, 12 (16.4%) were females and 12 (16.4%) were males. Lastly, out of seven (9.6%) participants who have attained tertiary qualification two (2.7%) were males while five (6.8%) were females. People who has attained primary school education has the dominant number, thirty-one (42.5%) of all the participants. This could be attributed to the assumption that people in rural areas consider education as only the ability to read and write, hence they got married and look for other means of survival after they completed primary school certificate.

#### **4.4.4 Community Leadership (Chiefs and Councillor)**

The study finds that among the participants were two chiefs and one local councillor. There was a male chief in the 46 to 50 age group whereas the female chief was in the age group 36 to 45. The community councillor was a male in the 46 to 55 age group.

#### **4.4.5 Farmers**

Two categories of farmers, those who rented their fields to the MG Health project and livestock farmers participated in the study. A total of thirty-seven (50.7%) of them rented their fields out to the project and seventeen (23.3%) reared livestock. The Farmers who rented their fields to the project were between 36 and 75 years of age whereas the livestock farmers' age was between 26 and 75 (Table 4. 1) with twelve (16.4%) of them aged between 46 and 55. These two categories of farmers were depended on agricultural production as their primary means of production for their households' livelihoods.

#### **4.4.6 Teachers**

According to the data, two teachers, both aged between 46 and 55, participated in the face-to-face interview. The male teacher came from Marakabei High School while the female teacher came from St. John the Baptist Primary School.

#### **4.4.7 Local Employees**

The twenty local employees from the MG Health project comprise eleven male employees and nine female employees from the Ha Marakabei community. The male employees were aged between 26 and 35 years while the females ranged from 26 to 45 years of age.

#### **4.4.8 Business Owners**

The study finds that of the five (6.8%) business owners who participated in the study, three (4.1%) were females aged between 35 and 45 while the two (2.7%) males were aged between 26 and 35.

#### **4.4.9. Focus Group Discussion (FGD)**

A FGD was employed in the study to validate information obtained from face-to-face interactions and to gather in-depth information based on group perceptions on the MG Health project. It comprised five women and three men all with teaching background from Noka-Ntso Primary School. The male participants' age ranged between 35 and 45 while that of the females ranged from thirty-six to fifty-five. Members of the FGD and the researcher during the interview are depicted in Figure 3.

**Figure 3. FGD at Noka-Ntso Primary School**



*Source: Field survey at Noka-Ntso Primary School, March 2022*

## **4.5 Research Findings**

The MG Health (Pty) Ltd Company, formally known as Medigrow (Pty) Ltd Company was established in the last quarter of the year 2017 at *Tsaile* in the Ha Marakabei area. The study investigated among other things, the contribution of the project towards the development of the rural communities in the area, the contribution made towards infrastructural development in the area, the impact of the project on economic development of the community and how it has affected the lives of the land owners who are renting their fields out to the project.

### **4.5.1 Economic Contributions towards the development of the rural people**

One of the objectives of this study was to find out whether the MG Health project contributed to the economic gains of the people in the area. The study found out that the project contributed in various ways in developing and improving the lives of the rural people in this area. These include, creating employment for the local people, provision of stable income emanating from labour engaged in the project, skills development for increased employee competitiveness as well as the business sector empowerment for increased economic activity.

#### **4.5.1.1 Local Employment**

The PRO-01 respondent from the MG Health highlighted that, the company has contributed to the economic development of Ha Marakabei area through job creation for the local people. It has boosted the local economic development of the area through employment to enable the local people to sustain their lives. Employment has been an important support from the project to curb high rural unemployment which has translated into poverty and the low standard of living over the past years.

PRO-01 indicated that the company's contribution in reward of job opportunities to enhanced development of Ha Marakabei area has seen 173 local people hired as part of the total of 291 employees of the company. Thus, over 59 percent of job opportunities were created for the local employees from Ha Marakabei.

The LEA-01 and LEA-02 also supported the assertion that the project has contributed towards the development of the Ha Marakabei area and many people are employed by the project. LEA-01 added that even though more work is yet to be done to improve people's lives, many people were able to build new homes with bricks and corrugated iron sheets. Thus, there is some improvement to people's lives as a result of this investment. LEA-02 said:

*“The project has brought change in people’s lives as the rate of people loitering around due to unemployment has decreased. It has contributed to the development of this area now that some people are employed and are able to provide for their family needs. It has also increased the cash flow within the area; it is ultimately a boost to our local economy. Business has benefitted, as people gain buying power from their salaries.”*

According to PRO-01, MG Health had promised more job opportunities than it offered to the local people but the only challenge they encountered was the local people’s educational background. This was further supported by everybody who participated in the project that initially, before take-off, the project had promised to hire people without any conditions. Nonetheless, they all agreed that the project has hired local people and contributed in the fight against poverty and hunger.

The study found that despite the fact that the MG Health did not employ everybody in this area, the contribution made through job creation has affected people in this area both directly and indirectly towards the attainment of socio-economic development of the entire community. The project has directly and positively affected those who have been employed towards improving their lives through income earning. They were able to buy goods and services for their families and to pay for their children’s education. This was confirmed by the FGD members as well as TEA-01 & TEA-02 that more children were being send to school and they were also able to buy uniforms because people earn income from their employment.

The study further finds an indirect contribution made by the project to the lives of those who were not employed in the project. They are able to sell locally produced goods such as vegetables, fruit, livestock and clothes. Those who have at least one member of the household employed also benefited from the income earned; and those with different kinds of business also benefitted from the increased cash flow within this area. The community leadership (LEA-02) added that the project has not affected the lives of its employees only but the general community also benefitted and the people’s lives have improved.

PRO-01 highlighted that, one of the requirements from the EU as the product regulator is that the company should hire eligible candidates with suitable educational background. According to PRO-01, this has been a challenge as most local people did not have any qualification suitable for the job. The company has now offered special training lessons which were tailor-

made for the local youth so that they can qualify for employment in the company upon successful completion and passing of the aptitude test.

UY-02 lamented that the company had initially promised to hire all employable persons at Ha Marakabei but that has not happened as they only employed people who have done Form E. This has left many local youth unemployed due to low literacy level that made them ineligible for work. According to UY-02, the company employs people from outside Ha Marakabei and this has resulted in unfriendly relations between the project and the community.

#### **4.5.1.2 Improving the local Income Sustainability**

The research study finds that the project has offered support and improved local income by ensuring consistency in the provision of income to the local employees throughout the project life.

The study participants confirmed that the company paid the salaries for the services that the employees rendered. The provision of income from the project has brought a significant change on peoples' lives and their welfare has improved. There was a general improvement which was brought about by the constant flow of cash in the community.

Some (40.0%) employees indicated that they were not satisfied with the salary that they were earning for their labour because the cost of living is high and the income does not cater for the household needs. This, according to these respondents, made life difficult; they struggle despite being employed. The other twelve (60.0%) employees argued that whatever they were receiving had a significant impact on their lives and things were not the same as they were prior to their employment. PE-16 indicated that;

*“With the salary I earned I was able to build a two-roomed house for my family and I hope to extend it as time goes on. My life has changed. I am now able to provide for my family and to meet the household needs. The salary may not be adequate but we receive bonuses for good performance. This makes our salaries better. Therefore, I can say the project makes a positive contribution towards human development in this area.”*

PE-11 pointed out that they were able to pay school fees, to buy medication and food for the families. This is what PE-11 said:

*“It is true that people were promised better salaries during the consultation processes which were never fulfilled by the company. For example, the four thousand maloti (M4, 000.00) was promised as the starting notch for the lowest ranking employees. This would stir development and improvement of people’s lives slightly faster with a significant spill over effect to the entire community”.*

However, PE-14 argued that, the company contributed enough for the benefit of the employees and the community at large given its current stage of production. PE-14 further emphasised that when the company has been fully established with guaranteed market for its product, it could then have a more significant impact that would be felt from both direct and indirect beneficiaries of the project. According to PE-14, the company has to be fully established for it to fulfil its promises to the community and to contribute towards the achievement of the desired growth and community development.

#### **4.5.1.3 Skills Development**

The findings further showed that the project offered its employees on-the-job-training to impart skills and knowledge on cannabis handling and care. However, there were no formal training to equip the local people with formal basic skills that would give them a certificate of attendance for future use. The training that they got put them at a better advantage for future employment in projects of the same nature as it built their personal experience. This contributed towards the development of the community through the acquired skills that would enable the local employees to fit at every level of employment in the medicinal cannabis projects production and handling. PE-11 confirmed that people got trained, when they were employed in the project, on how to handle, treat and nurture the cannabis plants till it reaches the cultivation stage.

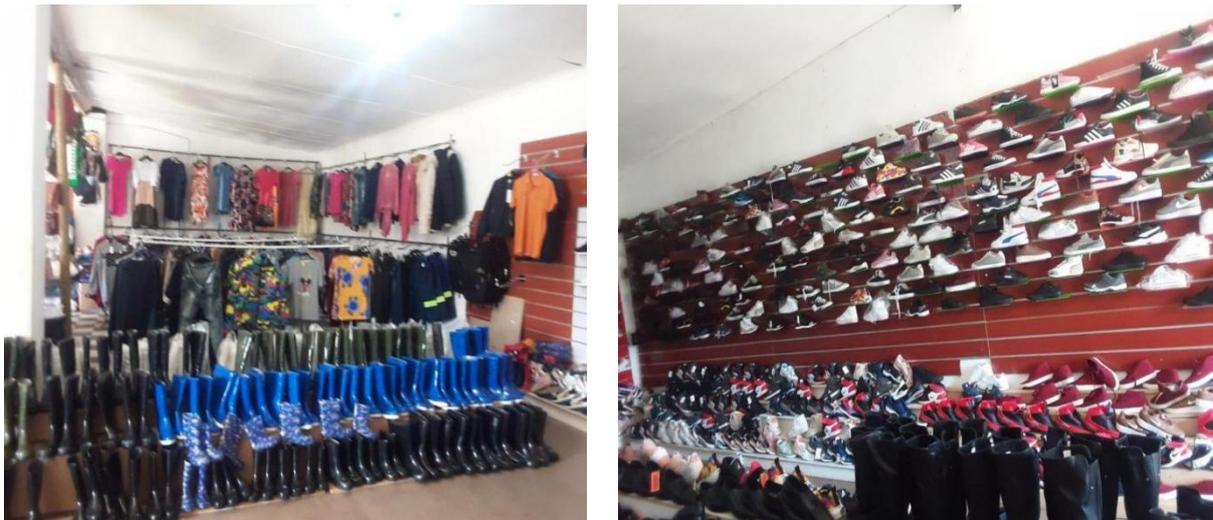
According to PRO-01 and PE-05, the project has groomed and recruited one local employee (from Ha Marakabei) who was at the managerial level. This was due to his/her level of education as most employees from this area have done tertiary education. UY-16 strongly argued that the company had hired non-locals to occupy the managerial positions so that they could manage the local employees from Ha Marakabei.

#### **4.5.1.4 Empowerment of local Businesses**

The study also investigated the extent to which the project has empowered and boosted the local businesses in order to foster economic development in this area. The study finds that the project has contributed differently to various types of business. For example, BUS-01 mentioned that for those who were selling clothing, no change can be attributed to the presence of the project because business is running as slowly as it has always been despite the intervention. According to BUS-02, the reason for poor business is that most people who work in the project come from outside the Ha Marakabei area. They buy the items that they need from the capital town, Maseru.

BUS-04 suggested that poor business may be attributed to different tastes of the individuals. The brands that the local businesses sell may not be the ones that the customers prefer. Figure 4 shows a well-packed clothing shop at Ha Marakabei highlight the cause of poor business.

**Figure 4. Clothing Shop at Ha Marakabei**



*Source: Field Survey at Ha Marakabei, March 2022*

However, the study finds a positive impact of the business for those who sell groceries and consumables. They have turned the place into a busy shopping area. BUS-05, who owned a grocery shop, stated:

*“Business is much better since the project came into operation though not hundred percent because some people bring some goods along with them from the capital city. Nonetheless, business is doing fine because consumables are needed at all the time.”*

The study revealed that alcohol sales have increased ever since the introduction of the project and the rate of alcohol consumption increased, especially among young people. The general observation from TEA-02 was that business was indirectly benefitting from the project since it has improved the community's buying power from the various businesses.

#### **4.5.1.5 Business opportunities for the local people**

The research study further investigated whether the project has created business opportunities for the locals in order to sustain economic growth in this area. It finds that the project has opened a business opportunity for one resident who has renovated his house for accommodation at Ha Tlali in the Ha Marakabei area and he bought some beds for the tenants. The study further finds that the non-local MG Health staff rented this place for accommodation and rent is paid to the owner of the house thereby creating a business opportunity for this household. PRO-01 explained that the initiative was affected by COVID-19 as the protocols no longer allowed congestion of people in one room. The place stopped operating. It may still be used as a hostel in future even if the project phases-out.

In addition, the FGD explained that all the farmers who participated in this study and the FGD noted that the project has created and opened a business opportunity for the farmers to sell their agricultural produce to the company to feed its employees. FM-07 indicated that,

*“Many people had in the previous year benefited from selling their produce to the project. This year I have planted a lot of cabbage and I have guaranteed market at the project to earn my living”.*

This was further supported by the FGD that the farmers were also given the opportunity to produce and sell (to the company) products such as vegetables, beans, milk. LEA-01 also highlighted that some people took advantage of the project and built rental houses for those people who were not from Ha Marakabei to rent. This increases the circulation of income which fosters growth and development of this area.

TEA-02 reiterated that the network coverage has also improved since the establishment of the project at the Ha Marakabei area. Thus, those who were interested to start business such as internet café and wireless money transfer that require wireless connections have an opportunity to do so. LFM-12 indicated that some people have opened local businesses after the establishment of the project. For example, TEA-01 indicated that the butchery only came after

the project took-off. This means that the owner of the butchery saw a business opportunity and took advantage of it.

#### **4.5.2 The Contribution of the Project on Cooperate Social Responsibility to the Community**

The second objective of this research study was to find out whether the MG Health project has contributed to pay-back of the Ha Marakabei community. The research study finds that the project made developmental contributions in various ways to improve the lives of the people at Ha Marakabei and provided social assistance to vulnerable households, the health sector empowerment as well as the education sector development, among other things.

##### **4.5.2.1 Social Assistance and Health sector Improvement**

The study finds that, during the difficult times of the COVID-19 pandemic, were given relief packages. The company gave 12kg mealie meal to each of the 300 vulnerable households for three consecutive months to build on their resilience against the aftermath of the pandemic. The participants, PRO-01, FGD, LEA-01 and LEA-02 as well as the farmers also mentioned that the company bought a coffin needed for the burial of a deceased member of one vulnerable household. Thus the project generally gave assistance to the vulnerable households of the Ha Marakabei community during the COVID 19 pandemic.

The research study finds that the project has assisted the Ha Marakabei Health Centre with additional procurement and supply of medication to respond to the influx of the patients as a result of the presence of the project in this area. NUR-01 and NUR-02 reported an increasing demand for medication due to the prevalence of the COVID-19 pandemic. The project helped with the supply of medication to the hospital. NUR-01 and NUR-02 further indicated that the project has bought the necessary equipment for the hospital to improve the quality of the health services.

##### **4.5.2.2 Education system development**

The study finds that, the MG Health Company has hired four teachers to assist the local youth with educational lessons to prepare them for employment eligibility into the project. It also finds that the project has renovated the office of the chief and furnished it with desks to be used as a classroom for the local youth. PRO-01 pointed out that the project has contributed in various ways to the improvement of education in the Ha Marakabei area. For example, at St.

John the Baptist Primary School, the MG Health project has constructed VIP toilets for both teachers and students in order to help the school to maintain hygiene, good health as well as environmental protection in the area. Additionally, TEA-01 also acknowledged the construction of VIP latrines in the school by the project. TEA-01 further indicated that the project has helped the school by electrifying the school computer lab. Figure 5 portrays some of the constructed latrines at St. John the Baptist Primary school.

**Figure 5: VIP Toilets at St. John the Baptist Primary School**



*Source: Field survey at Marakabei St. John the Baptist Primary School, March 2022.*

Furthermore, PRO-01 indicated that, the company has also assisted Marakabei High school with the establishment of a computer lab and bought a router for Wi-Fi connectivity for the school. PRO-01 claimed that the project has also bought second hand computers for the school to help students enhance their computer skills and knowledge. PRO-01 further reported that the project has maintained the pipe line connections for water maintenance to the school and installed a burglar door for the computer lab. According to PRO-01, the project had once assisted and facilitated winter classes for the completing students where private teachers were engaged.

The study findings are that the MG Health Company has funded the electricity installation in the computer lab and a burglar door for Noka-Nts'o Primary School. This was supported in the FGD. Additionally, the FGD highlighted that the project has improved education in the area as there was an increase in the number of learners who were attending school because the parents were able to cater for their educational needs. This view was also supported by TEA-02 who maintained that the schools in Ha Marakabei were benefiting indirectly from the project because the parents were financially able to send their children to school.

The research study finds that the project has encouraged the youth to attend school and go as far as Form E, at least after which local completers had employment in the project. TEA-02 emphasised that the local youth were eager to attend school because they hope to be employment in the project upon completion of their high school. Nonetheless, TEA-01 and PE-13 contended that the system used by the project or the fact that people were sure of employment immediately after writing their Form E examinations discourages the learners from furthering their studies. TEA-01 emphasised that,

*“This has a negative impact on students as they do not aim to get a better pass because even low performance is considered for employment and after the project life people with those qualifications will not have any future prospects”.*

#### **4.5.2.3 Provision of Banking Services**

The research study finds that the project management has approached the Lesotho Post Bank and persuaded them to open the branch at Ha Marakabei so that their employees may easily access the banking services. This initiative has also benefited the entire community as people make some savings in the bank for their household development. PRO-01 respondent observes that the project has encouraged the bank to have a branch in that area so that every employee may open his/her personal accounts with the branch.

#### **4.5.3 Contribution of the Project towards Local Infrastructure Development**

The study further investigated the contribution made by the project on the infrastructure development (for the community) such as road construction and maintenance as well as the provision of water and sanitation for livelihood improvement and development of the local community.

##### **4.5.3.1 Community Road Construction and Water and Sanitation**

According to PRO-01, the road to the chief's office was maintained for ease of access to the services by the community. PRO-01 further claimed that, due to heavy rains, the road got washed away but the plan was to revisit that road for rehabilitation. This assertion was supported by other study participants that the project has rehabilitated the road to the office of the area chief of Ha Marakabei before. LEA-01 also confirmed that the road to the office was rehabilitated some time ago even though it has been washed away by heavy rain. The study indicates that the MG Health Company installed about 500m<sup>2</sup> long pipe for water supply maintenance for the Ha Marakabei community because there was a problem with the pipe line connection. PRO-01 explained that, at the neighbouring village of Ha Noha, the project assisted the community by purchasing and installing a new solar pump machine to replace the old dysfunctional machine for the supply of water to the village. LEA-03 echoed the same sentiment.

Furthermore, the study finds that the company has already constructed and installed seventy two pit latrines out of the hundred which were to be constructed according to the project plan of action for the households at Moreneng village. According to PRO-01, the remaining twenty eight were in the pipeline for construction in the near future. The study participants attested that the project has constructed pit latrines for some households in that village though it was not everybody who benefited from that initiative. Contrary to that, some participants contended that pit latrines were mostly constructed in the villages where the area chief resides while other villages were neglected.

The research also revealed that, the company tried to construct communal toilets where two or more households could share, but the plan failed because it was totally disapproved by the community. According to UY-03, the community was not consulted to find out whether such arrangement would be suitable but the project made decisions which were not in favour of the community. Figure 6 shows constructed VIP toilets at Moreneng village.

**Figure 6: VIP Toilets at Moreneng Village**



*Source: Field work at Marakabei, March 2022*

#### **4.5.4 Socio-economic effects of the project on the farmers' households**

The third objective of the study was to investigate the extent to which the MG Health project has affected the lives of the farmers who rented their fields out to the project. Therefore both farmers, land owners and livestock farmers were interviewed to establish the extent to which the project has affected their food security, income as well as livestock in this area.

Agriculture serves as the backbone and primary source of food for the rural communities hence it is the means of food security. According to FAO (200), agriculture is the pillar of LDCs economies, sustaining their food security, export earnings and rural development. The research study finds that the project has rented out some farming land from the farmers and it compensated the farmers' production by paying substantial amounts of money to maintain the farmers' food security status. The findings are that the farmers got their annual rent as compensation for their forgone agricultural produce. Most farmers, especially those whose agricultural production was only on the project location, have lost tons of grain and other crops in production which was, however, substituted with pay.

The findings of the study are that for some farmers the rent was enough to sustain their food needs whereas for others it was not commensurate with the lost produce prior the project implementation. Some youth participants shared the view that the project has worsened their families' food security because they were no longer able to produce anything for themselves from those rented fields. This has negatively affected their livelihoods as they used to get a share of agricultural produce from their parents after cultivation. FM-17 indicated that the

compensation that they receive was not proportionate to the produce they used to get from their fields and was not enough to support their families.

#### **4.5.4.1 Rent/Compensation**

The finds that the MG Health Company has occupied all farmers' fields at *Tsaile* for cannabis production in return for annual rent charged per square metre for each farmer's field. The rent/compensation varies depending on the size of the field. It is paid to the farmers once annually with seven percent increase each year. Out of twenty farmers who participated in the study, eleven expressed their satisfaction with the compensation that they receive for their rented fields.

On the issue of rent, the findings are that, 55 percent of all the farmers who took part in the study emphasized that the financial contribution made by the project with the money they got was enough to cater for their household needs such as school fees, the uniforms, food and clothing. Another reason put forth was that, their agricultural production used to vary each year depending on various circumstances such as rain and drought which sometimes negatively affect the yields. The project pays them rent in full regardless of the weather conditions. For this group, positive change was brought by the project; the annual increment of seven percent made it better in response to inflation. Even those fields which were abandoned for a long time due to various reasons were treated in the same way in terms of compensation. This assertion was also supported by the FGD that the contribution made by the project was better than it was previously when some fields were abandoned and the owners are now benefiting and sustaining their families.

The other 45 percent of the farmers were discontented. They said that the rent does not satisfy their household' needs as the rate was too low. They emphasised that the cultivation that they used to get from their fields was far more useful than the compensation that they receive. Some farmers argued that they used to get three to four bales of grain while for others the yield ranged between two and three bales and these would sustain them to the next harvest time. The rate was calculated per square metre; it was seventy cents (M0.70) per square metre and varied depending on the size of the plot. It was given in a lump sum once a year.

According to LEA-01, the compensation was fair and the farmers were able to cater for their household needs. LEA-01 indicated,

*'I have built a big house with a garage from the compensation that I received for my field'.*

#### **4.5.4.2 Livestock**

PRO-01 from the MG Health Company acknowledged that the project has restricted animals from grazing on that land and in order to compensate for that loss, the project has decided to grow grass in some fields for the farmers to feed their livestock. All the farmers who participated in the study agreed that the project has affected their communal grazing land. It was the practice that during off-season when there were no crops on the fields, animals would graze on those fields. This was because to the existence of the project that they no longer have access to the grazing on that land.

#### **4.5.5 The contribution of the project to environment preservation**

Environment plays a major role in project implementation and it is one of the key factors that attract foreign investors, depending on what it offers (FAO, 2002). Therefore, the study also focused on the impact made by the project to preserve the local environment.

##### **4.5.5.1 Local Waste Management Initiative**

The study revealed that the project has installed dust bins all over the Ha Marakabei area. This finding was supported by PRO-01's explanation that the project has dispersed eighty dust bins around Ha Marakabei to maintain the upkeep of a clear environment. PRO-01 also indicated that the project has made a schedule to collect the waste from the refuse bins. Moreover, the findings of the study were that the project has also fenced a dumping site where the waste was disposed for safe keeping before they were burnt. Figure 7 shows the fenced dumping site while figure 8 shows the type of refuse bins used by the community.

**Figure 7: Ha Marakabei fenced Dumping Site**



*Source: Field Survey at Ha Marakabei, March 2022*

The MG Health project has provided and installed the security fence for dumping site at Ha Marakabei for local waste disposal and upkeep of the local environment as shown on figure 7 above. Figure 8 displayed the dust bin at Ha Marakabei bus stop also installed by the project.

**Figure 8: refuse bins at Ha Marakabei**



*Source: Field survey at Ha Marakabei, March 2022*

#### **4.5.6 Contribution and effects of the project on public safety and security**

The research study finds that the project has contributed to the improvement of the police station for quality service to the community and for appropriate working environment for the police officers.

The study finds that the Ha Marakabei police station has been refurbished from its dilapidated state; it is newly painted by the MG Health Company. POL-01 and POL-02 reported that the MG Health Company has painted the walls, the doors and the ceiling. The study finds that the project has also constructed the toilets, one for the office and two for police residents' families. POL-01 and POL-02 indicated that the project has helped with the cutting of the grass on the office surroundings. Figures 9 and 10 show the Ha Marakabei Police Office, the re-painted office and the newly constructed toilet for the officers.

**Figure 9: Ha Marakabei Police Post**



*Source: Field Survey at Ha Marakabei, March 2022*

The MG Health project has renovated and repainted the Ha Marakabei police station which was at the verge of dilapidation as can be seen from figure 9 above. The project has assisted the station with repainting and has further constructed a new toilet for the office (figure 10).

**Figure 10: Refurbished office and a newly constructed toilet**



*Source: Field Survey at Ha Marakabei, March 2022*

#### **4.6 The challenges brought by the Project to the Ha Marakabei community**

The findings are that the project had some negative effects on various aspects of life to the community. These are effects on the farmers' agricultural production and the sources of income, the society's tradition and culture, increased crime, substance abuse by the youth and damage to environmental diversity and natural species, for example.

##### **4.6.1 The farmers' agricultural production and source of income**

Rural smallholder farmers depend on agriculture for their household income. Therefore a decrease in agricultural production may affect household income. The data shows that smallholder farmers at Ha Marakabei, especially those who rent out their fields to the project, have lost tons in production and in a considerable amount of income from the sale of grain, fruit, vegetables, firewood as well as traditional medicines. FM-08 confirmed this assertion and adds that they used to have plenty of fruit to selling for a living. These were produced at *Tsaile* prior the project inception.

LFM-15 contended that the company gives five hundred maloti to the farmers as compensation for their loss of fruit trees and that was not enough, compared to what they used to get. LFM-15 went further to explain that some households could not afford to pay for their basic needs because of this loss. This has also affected the local businesses; their turnover has decreased because of reduced income flow from the fruits sales. BUS-04 pointed out that when more

people lose from the sale of their agricultural produce, business loses indirectly; it loses its clientele.

Another challenge was imposed by the loss of the grazing land which affects livestock production and its by-products. Those who relied on selling livestock, milk, wool and mohair were negatively affected. Thus, the acquisition of land by the project has affected the rural household livelihoods.

#### **4.6.2 Culture and Tradition**

The study further finds that the project is located on the land which was traditionally identified and used as site for the initiation school. Therefore, culture has been compromised for the sake of the project. Another place which did not match the previous one in terms of availability of water, accessibility of resources deemed necessary for use by the initiates had to be chosen.

The study also found that the location of the project was a prominent place for indigenous medicinal plants. The respondents acknowledged the loss of diversified traditional herbs from the natural environment in the project location. Traditional species such as “*Cheche*” (*Leucedia serica*) which was used as medicine as well as fire wood could no longer be accessed and harvested for various purposes.

Other findings of this research study are that the project has attracted migrants to Ha Marakabei to seek jobs while others seek business opportunities. The migrants bring different habits and attitudes which are harmful to the local cultures and values. TEA-02 claimed that the workers from the project have affairs with women and girls and these relations result in high teenage pregnancies and school drop outs. In addition, NUR-01 and NUR-02 observe a high rate of teenage pregnancy ever since the establishment of the project.

#### **4.6.3 Crime**

Projects can sometimes threaten public safety and security of the rural populations. They encourage migration of people from various places to seek employment in the project location. Some of these migrants may influence the locals, especially youth, negatively.

POL-01 highlighted that due to alcohol abuse among youth, the rate of people stabbing each other with knives has increased; the cases of robbery and house breaking have also increased.

This is mainly because people visit their homes outside Ha Marakabei when they are paid and criminals take advantage of their absence. Table 3 shows a statistical record of offences in three consecutive years from 2019 to 2021.

**Table 3: Crime Statistics at Ha Marakabei Police Post – 2019-2021**

Offence	2019	2020	2021
House breaking	9	12	15
Theft	5	8	12
Assault	34	35	21

*Source: Ha Marakabei Police Post, March 2022*

#### **4.6.4 Youth alcohol abuse**

The findings are that the project has negative effects on the local youth who abused alcohol because most of them were working while others had friends working on the project. This assertion was confirmed by POL-01 who indicated that young people abused alcohol because they were paid fortnightly for those working for MG Health. Furthermore, NUR-01 and NUR-02 observe that most project employees are young people who are, probably, sexually active. The rate of teenage pregnancy and STIs has also increased. The researcher could not get statistical figures for the increase in pregnancies and STIs due to the restricted access and absence of authorized personnel who could release such information.

#### **4.6.5 Damage to wetlands**

A hundred percent response from all interviewed farmers is that the project has destroyed the wetland that used to be the source of water from where the project is situated. This has affected the supply of natural water for animals, both domestic and wild. It also threatens the existence of the wild life in this area.

#### **4.7 The impact of the project on community social relations**

Projects can affect the relations within the communities in various ways due to conflict of interest. This often brews disputes emanating from personal as opposed to public interest. Furthermore, local politics can also have a bad influence on how things should unfold in project operations thereby neglecting the mandate and the operational manual of the project. Stakeholder involvement plays a major role towards project success as well as predetermined

mechanisms for conflict management. Therefore, the study further investigated the contribution of the project to all these issues as well its remedial efforts towards these problems.

#### **4.7.1 Lack of stakeholders' involvement**

The study finds that 51 out of 73 participants expressed their dissatisfaction towards the manner in which the project team handled the matters concerning the community. According to LEA-02, there was no fair treatment on leadership and the community due to the misunderstanding caused by some of the committee members. It was alleged that some of those who have rented out their fields seemed to agree on everything, such as the hiring of outsiders, even if it was not beneficial to the community LEA-02 argued:

*“I was chosen to represent the community but I was side-lined in the committee by other members because I was the only one who did not have a field. My views or suggestions were never considered therefore I decided to pull out of the committee. I learned that those members did not represent the community but rather they were protecting their master (the project) who feeds them at the expense of the people. The committee received a sitting allowance besides their annual field compensation/rent. Community leadership was excluded in the recruitment process yet they were the ones whom the people looked up to for intervening and mediating between the community and the project.”*

Furthermore, LEA-01 affirmed that there were misunderstandings between the project and the community; this affected the relations between these parties negatively. LEA-01 indicated:

*“The community has established a new community representation committee other than the one which only comprises field owners because the former did not represent the interest of the community”.*

The study finds that a few committee members and the chief had contracts while others did not. This caused a barrier to effective communication. The findings are that there is no effective and proper contract management which could enhance a mutual understanding of each party's obligation, based on the contract details. Further, the study finds that lack of information caused disruption and mistrust within the community. Some community members wanted the company to start with road construction whereas it prioritized construction of VIP toilets for the community, hence there was a conflict.

Additionally, some interviewees, especially the youth who have not been absorbed by the project, argued that the recruitment into the company was not transparent at all. They attested that the field owners' committee which was responsible for the recruitment was biased and used favouritism to hire the employees.

According to UY-03,

*“The field owners’ committee does not serve the interests of the community but serves those of the company and uses nepotism in employment.”*

Furthermore, UY-02 emphasised that,

*“There is no proper communication and relations between the community and the MG Health Management are not harmonious.”*

On the contrary, FM-07 contended that, the company was doing very well in terms of maintaining good relations with the community. According to FM-07, the company communicates everything to them as the community representatives. Nonetheless, all the youth respondents who were not working argued that the agreement was that the priority in hiring people would be given to the families of those who rented the fields. FM-07 further indicated:

*“The agreement was that the field owners (and not their families) would be given priority in job recruitment as the EIA report stated. People seem not to differentiate between the EIA report and the contract which does not say anything about employment.”*

This assertion was not supported by many of the interviewees including the FGD which proclaimed that, the agreement was that priority would be given to the field owners and their families in job opportunities. FM-07 stated that the relations with the project management was still good and the contract stipulated that there should be a mediator in case of misunderstanding between the two parties.

#### **4.7.2 Local politics intrusion**

The research revealed that local politics disrupted the relations between the project team and the community. Political intrusion caused havoc and discontent among the community members and the project team which translated into the loss of trust from one another. FM-07 lamented that certain members of the society who were politically motivated were deliberately causing confusion to the community, farmers and employees with regard to various issues such

as, the rate of compensation for their rented fields, corporate social responsibility issues to the community and the labourers' salaries.

Additionally, the research findings are that some local politician(s) were of the view that the scale used to determine the rate per square metre was too low compared to those that were used internationally. This has led to eight out of twenty farmers saying that the company was cheating them in terms of what they should be getting as rent. However, 60 percent of the farmers believed that the pay was far better than what they would be harvesting, given the current conditions of climate change that was negatively affecting production and worsening the situation of poverty and food security.

#### **4.8 Mitigation Strategies to conflict**

The study learned that in their effort to harmonise relations with the company, the community, through its leadership, established and elected community representative committee. The main purpose behind the formation of CRC was to address all matters arising from the community to the project management and vice-versa. From the study findings, the committee that was formed out of the field owners only was not effective and it was not representative of the entire community. Thus, it did not include people who were both directly and indirectly affected by the project.

#### **4.9 Chapter summary**

This chapter offered the deliberations on the views of all the participants of the study at the Ha Marakabei area. These views reflected on how the project has affected the social and economic lives within this area. It was discovered that the project has contributed in various ways to different sectors of the people and the community at large. The project has awarded job opportunities to a number of the local young people from Ha Marakabei despite the fact that many were still unemployed. The community has improved hygiene and the environment was kept clean since garbage was being collected and disposed safely. Some households had VIP toilets constructed within their yards as a benefit from the project. However, many households had still not received any help.

Additionally, the farmers are benefiting from the rent earned while others have lost it as the compensation was not commensurate to the agricultural produce prior to the project. There was too much unrest emanating from the community discomfort with regards to recruitment

processes into the project. The unemployed youth were bitter that the project has neglected them as the field owners committee instituted to serve the community did not consider them for employment due to nepotism. Business was improving because every fortnight workers were paid wages and this resulted in consistent cash flow. There was also an increase in youth alcohol abuse and unplanned teenage pregnancies in this area. Chiefly, there was lack of stakeholder involvement in the project and this brew discomfort within the community.

## **Chapter 5**

### **Discussion and Analysis of the Findings**

#### **5.1 Introduction**

This chapter seeks to discuss the research findings in connection with the main objectives of the study. It goes on to deliberate on how these findings are related to the theories adopted to shape this research. Furthermore, the research findings are discussed to establish the relationship to the empirical literature in order to reflect on similarities and differences to other studies done elsewhere on the contribution made by FDI in rural communities. The aim of this study was to investigate the extent to which the MG Health project has contributed to the socio-economic development of the rural people in Ha Marakabei. This Chapter is divided into four sections; the first section discusses the research findings on the economic contributions from the project; the second section discusses the findings in assessing the social impact of the project on the Ha Marakabei community; the third section discusses the study findings on the impact of the project on the farmers livelihoods; the chapter summary is in the last section.

#### **5.2 Economic effects of MG Health on the Ha Marakabei Community**

The findings of this research study show that MG Health contributed to the economic growth through job creation, improving income sustainability, local skills development, empowerment of the local businesses as well as creating business opportunities for the local community.

##### **5.2.1 Job Creation**

The findings of this research study are that the MG health has created jobs for hundred and seventy-three local employees from Ha Marakabei. This constitutes around fifty-nine percent of its total staff. This figure portrays a relatively positive contribution in terms of per capita income generated by the project to the community. In other African countries agricultural FDI has contributed new employment opportunities. In Nigeria, for example, this sector created approximately sixty-five percent new jobs (Oloyede, 2014). This shows a significant attempt by the project to create job opportunities for the local people as opposed to TNCs contribution of thirty percent of job creation in Morocco around 2010, to enhance community's buying power which leads to increased business activities in this area (Gerlash & Liu, 2010). This has

been supported by the Classical theorists in Elibariki (2007) who reiterate that foreign firms/companies spur long-term growth through the variables such as skills transfer and new job creation. Additionally, Adewami (2006) emphasised that, foreign firms create employment opportunities which ultimately improve the economic growth within the host economy.

Subsequently, the findings are that the project has assisted the local people to tackle the high unemployment rate which was one of the barriers to development in this area. This was achieved through offering jobs to the local people to improve their living standard as well as enhancing the local economic growth. People in this area used to seek employment from other locations, with very few lucky ones because of their literacy rate and the high labour market competitions. The findings show that the project has opened employment opportunities for the local people at Ha Marakabei even though many of them were still left behind out due to their educational background. This has been the barrier for these locals as the company needed people who had written Form E as the prerequisite for employment in the project.

**Therefore,** the findings acknowledged the assertion by Brincinkova and Darmo (2014) which stipulated that employment levels in foreign companies vary depending on the factors such as age, education, labour laws, wage rate, terms of trade etc. the issue of education has seen many young people being left aside due to the employer's education requirements for employment in the project. The literacy rate in this location prohibits swift economic growth and development in this area.

The issue of eligibility has challenged the project and made the project management to go against the promise of hiring everyone who was considered fit for work in this area. Most of the people in Ha Marakabei were not employable; they did not meet the required standard for employment in the project. Therefore, the pace of growth in this community was dependent on the number of those who got employed vis-a-vis the number of those who were unemployed. Nonetheless, the study finds out that some of those who had gone away to look for employment elsewhere have come back to seek employment in the project. The study finds that people's lives have changed especially those who have got jobs in the project. The job opportunities in the community have helped most households to take care of their family needs such as food, education and health. Thus, the project has contributed in the fight against poverty and local unemployment.

### **5.2.2 Improving Income Sustainability**

The study finds that the farmers' household livelihood is affected in various ways ranging from good to better. The Farmers who had their fields rented out to the project have gained a stable source of income to service their household needs. This affirmed the assertion by Jelsma *et al.* (2021) that the introduction of legal cannabis production offers some possibilities to boost rural employment and income. The lump sum rent is given as a once-off annual payment and calculated on the basis of each square metre. The amount of rent/income given to the farmers differs according to the overall size of the plot.

The rent was paid to hundred and eleven land owners from Ha Marakabei. Each of them represented his/her own household. The compensation was calculated at M0.70 per square metre. The study findings are that the rent for each individual owner ranges from M897.77 to M69, 075.16 depending on the size of land. Thus, for those with bigger land, the income is fairly good for the household development and it can foster change in their lives. This means that expanded employment for this group of land owners who have a reliable source of income from the project are successful in the fight against poverty. Additionally, this is confirmed by the Classical Economic Theory in the writings of Elibariki (2007) who reiterated that FDI stimulates income growth through increased capital per person.

The study further finds that the income earned by the local workers makes a great impact not only on the employees of the project but also on different sectors of the community. This contribution and provision of stable income to these clusters of the community has prospects for long-term growth in this area. It increases the cash flow and the buying power of the local people who ultimately give support to the local small and medium size businesses. Most participants in this study share a general feeling that the company has brought change in people's lives in the community. They attribute their argument to the fact that there are no more serious cases of poverty where some people go without a meal every day. Additionally, the local businesses benefit from the cash flow emanating from the income earners.

On the other hand, the study finds contrasting views on the issue of the decency of pay in both the farmers' rent and the workers' salaries. Some farmers and employees have the opinion that the compensation and salaries are not enough for them to make a living and to take care of their household's needs. For these farmers, the rate per square metre was quite low compared to the one from the Department of Land Administration Authority (LAA). The research study finds

that one of the farmers who participated in the study alleged that the informant told them that the rate of payment should range between M8.00 and M16.00 per square metre, as opposed to the M0.70 that they receive. However, the research investigations found that the rate of payment differs depending on the use of the land (that is whether it is a residential land or is used for agricultural purposes). The study finds that the rate of payment should range between M5 and M10 per square metre in that location. This implies that there is lack of project monitoring by the government to ensure that investors adhere to the domestic policies and principles.

According to the study findings, negotiations were made prior to the project implementation where the issue of the rate of payment as well as many other logistical arrangements were discussed. The promise to the farmers was that the rate would be reviewed and adjusted annually but that has never happened till the time of the study. On the other hand, some workers showed their dissatisfaction with regard to the amount of money that the company pays them. The workers' salaries start from M2, 400.00 upwards excluding the daily work performance bonuses. Thus, for those who could not meet the targets or out-perform their tasks satisfactorily, the take-home pay is low.

Nevertheless, the study finds that, despite some challenges, the project has brought a provision of stable income to local people in this community. Therefore the project has contributed a suitable change to the rural people's livelihoods. The notion supported by Al-Dahir *et al.* (2009) paved the way for a long-term community development.

The locals, both field owners and project employees have a reliable source of sustainable income to live on. Mavrotas (2005) suggests that FDI can ease the adverse shocks on the lives of the rural poor who have unstable income and may spawn revenue for the sustenance of the development of social safety nets for the less fortunate. Both field owners and project employees have a sustainable income to help them cope with the shocks of life which they may encounter. This further translated into increased cash flow within the community as people around Ha Marakabei area gain the buying power. The Ha Marakabei community life has been touched positively by the project through the provision of income to the workers and field owners.

However, the assertion that income will stir the local economic growth cannot always suffice as there are other underlying factors in relation to income. These include, among others; the country's wage rate as stipulated in the policy, the compensation rate offered to the farmers, the position held by most of the local employees and their level of education. The level of education at this locale was low therefore people were subjected by their qualifications to occupy the lowest positions at the workplace.

### **5.2.3 Local Skills Development**

The findings are that the project contributed to the transfer of skills by offering on-the-job training to the local employees from Ha Marakabei and the rest of its staff. No formal or basic training was given to put the local staff at an advantage to acquire certificates. The Classical Economic Theory of Elibariki (2007) suggests that foreign investment has the potential to foster long-term development through technological and transfer of managerial skills. All project employees who took part in the study confirmed that each one of them got trained according to the needs of the various departments because there were different inter-dependent sections of the product life circle.

The local employees become perfect at what they do with regard to the routine work and improve on the acquired skills. The only problem was that the skills were limited and the workers could not multi-task and perform other duties to broaden their skills for future employment competition. The project is not keen to improve the local skills in order to increase human capability. This contradicts the assertion by IFC (2000) that, projects that focus on developing community skills and the capacity or improving the community income produce more yields. The study further finds that the project has a recruitment plan and has hired one local employee from Ha Marakabei to occupy a managerial position.

### **5.2.4 Local Business Empowerment**

The findings are that participants have a different perception regarding how the project has contributed to the development of local businesses. Some respondents feel that the project has no effect on how their businesses, mostly the clothing shops, are running. However, the fact is that business is still running, though at a low pace which was not anticipated. People run after fashion, the observation is that those local shops are not updated in terms of the latest fashion, especially for young people. Furthermore, the local shops are in stiff competition with those fashion shops in the capital town, Maseru. OECD (2002) suggests that, based on the

appropriateness of the policies from the host economy, FDI can help the creation of a more competitive business environment for development.

The present research study finds that the increased local cash flow has boosted and empowered the local grocery and liquor shops. This is because some employees receive their wages. Therefore, this has resulted in increased business activities in this area.

### **5.2.5 Creation of Business opportunities for the local people**

The study finds that the project has created various business opportunities for the locals. For example, at Ha Tlali village, the MG Health has renovated one resident's house for the accommodation of the project employees. The latter pay rent to the owner of the house. The house owner may continue to rent the house out after the project life.

In addition, the local farmers and members of the society are given the opportunity to produce and sell their agricultural produce to the company and to its employees. Classical theory supports this notion by adding that attracting more business to foster economic activities is significant for growth and development of rural people (Abate, 2020). This initiative is sustainable because those products are used to feed the project staff. This is a good opportunity for the community to produce and sell. To meet the demand, the local farmers or members of the community may join hands and engage in share cropping which would make it easier to produce through the sharing of the production costs as well as the profits. Furthermore, some people advantage from the project existence and started new businesses such as butchery, rental houses and other small businesses.

## **5.3 Project contribution towards cooperate social responsibility**

Another finding of this research study is that the MG Health project has contributed to cooperate social responsibility by helping vulnerable households, improving the health services and the education sector development as well as providing the banking services to the community.

### **5.3.1 Social Assistance to Vulnerable Households**

The study finds that the project has contributed and reached out to the needy households during the outbreak of the COVID-19 pandemic. The situation got out of hand and was even worse for the rural poor who lived from hand to mouth hence the call to donors and development

partners to assist and help the poor communities to build their resilience against the aftermath of the pandemic. The project has also provided a coffin for burial of the deceased from vulnerable household which was stuck with the funeral arrangements.

### **5.3.2 Assistance to the health sector development**

The findings suggest that the presence of the MG Health project has resulted in the increase in the number of resident migrant employees and those who are still searching for jobs within the Ha Marakabei community. This has been a challenge on local health centre as the number of people in need of health services has also increased. The local Ha Marakabei Health Centre was assisted by the project with additional procurement and supply of medication and other essential equipment. This confirms the assertion by OECD (2020) that foreign investors can improve resilience and accessibility of health care services.

### **5.3.3 Assistance to the education system development**

The findings of the research study are that the project has contributed in various ways to the development of the education system in this area. According to FAO (2013), the critical role of private investment includes, among other things, the implementation of the measures to support training and education of the rural labour and professionals. This affirms the move by the project to offer additional lessons to the local youth to prepare them for employment into the project. This initiative helps the youth to meet the required standards and to increase the number of the local employees in the project so that the community may improve its living standard.

Furthermore, the St. John the Baptist Primary School got assistance from the project in the form of newly constructed VIP toilets for teachers and students. This was also beneficial for the community hygiene and an up-keeping of the environment. The school computer lab has been electrified from the project though the facility was not operational during the time of the data collection for the present. This is in line with classical theorists' assumption that foreign investment upgrades the facilities like transport, health and education for the entire community to benefit (Abate, 2020). All these signalled project contribution towards the development of the community.

The study findings further shows that the project has provided internet services through a WIFI router and a burglar door for the computer lab at the Marakabei High School to help the school

and the learners with internet services. The water supply system to the school is now also maintained with a new pipe line installation for the provision of clean water. The project has further funded the installation of electricity at Noka-ntšo Primary School for the computer lab although it is still not functional. This assistance was geared towards the development of education which ultimately fosters the development of the local community. Provision of essential services is the key factor for the communities to realise and attain growth and development in the respective locations.

#### **5.3.4 The banking services provision**

The findings were that it was only the presence and the initiative of the project that the Lesotho Post Bank has opened a branch at Ha Marakabei. Management of the project has helped the local community and project employees by bringing banking services in this area. According to the literature in AU (2019) the smallholder farmers and rural household in Africa still face challenge with regard to access to financial services. Therefore, this has made it easy for both the project employees and members of the society to open new accounts with the bank to boost their household development.

#### **5.4 Local infrastructure development and water and sanitation**

There exists a noticeable gap, according to the literature, in FDI inflows in areas of water use and irrigation, sanitation, infrastructure for agricultural production in developing countries (Sikandar *et al*, 2021). The research study finds that the contribution of the project towards infrastructure development was quite minimal, especially on the construction and maintenance of access roads within Ha Marakabei community. This is in contrast with classical theory which argues that foreign investment ensures the development of infrastructure in the host country (Abate, 2020). Some work was done on provision of water and sanitation. This implies that the project has a vested interest in preserving and keeping clean water around this location. It was one of prime resource and reason for choosing that location.

The study finds that road maintenance was done by the project once in order to bring the services closer to the people and for ease of access to the office of the area chief. However, the road was washed away because its quality and standard were compromised. Another reason may be that the project has incurred lot of expenses in constructing the road from the main road to the project site, its first priority. Therefore, it was not considered to be ideal to spend more funds on the construction of the road as that would affect company productivity.

The MG Health has assisted the Ha Marakabei community with the installation of a new 500m<sup>2</sup> pipe for water supply maintenance and further bought and installed a new solar pump machine for the neighbouring Ha Noha village near Ha Marakabei. The findings are, further, that the project had planned to install 100 pit latrines for the Moreneng village out of which seventy two were already constructed. The pit latrines were given to every household as the village benefit. This is supported by the literature in Gunsekera and Newth (2015) which highlighted that there has to be significant increase in rural infrastructure development to foster growth. Classical economic theory also suggests that infrastructure development enhances economic growth in developing countries (Abate, 2020). However, the problem with such kind of assistance is that even those who could afford and those who already have toilets would want to get the cost-free ones. This delays the process of development because funds end up being spent where they are not needed the most.

### **5.5 Socio-economic effects of the project on the farmers' livelihoods**

The MG Health project has affected the entire Ha Marakabei Community both directly and indirectly. Farmers in this location form one group which has been directly affected by the project especially those whose land has been used by the project. The findings show that the farmers' food security, household income and livestock have been affected in different ways.

#### **5.5.1 Food Security**

The findings are that some farmers were not compensated for their lost agricultural production to take care of the household food needs. Agriculture is regarded as the pillar of developing countries' economies in sustaining their food security (FAO, 2000). Therefore FDI is supposed to appreciate that fact and strive to empower the local farmers. Despite this problem some still felt better given the effects of climate change on production. Climate change has resulted in unfavourable weather conditions which are detrimental to agricultural production. Therefore, they are better-off with the compensation than when they get nothing from their fields. Thus, for those farmers, the rent is enough to sustain the household food needs.

The research findings further show that during the good harvest season, most farmers with bigger land produce maximum of three to four bales of grain either maize or sorghum. The findings further show that compensation is based on square meters in each plot not on what the forgone produce each farmer used to get. If the compensation were done based on what the

farmers used to get from their harvest, these were the figures found; the current market price for 50kg of maize is M260.00 and bale of maize is made up of 5 x 50kg. Approximately, a bale costs around M1, 300.00 while 4 bales amount to M5, 200.00 which would constitute a monthly payment. Annually, the take-home payment for the farmers whose cultivation adds up to 4 bales would be M62, 400.00 plus 7 per cent annual increment being adjusted to cover for inflation. Thus, if the compensation were calculated based on what each plot of land used to yield, the farmers would then be able to buy agricultural material and equipment to improve the production of food from other pieces of land.

On the other hand, the study finds that household food security for the farmers who own smaller portions of land was negatively affected by the project; the share of compensation is relatively smaller. The farmers reiterate that they are food insecure because they get a small compensation for their rented land. This means that the existence of the project has affected and undermined agricultural production and food security for some local farmers in this area. Farmers no longer produce anything on their land; the traditional sharecropping which gives those with no agricultural land the opportunity to join hands with the land owners to have share of yields has been forgone. The literature (HLPE, 2011) has shown that large scale projects have tendency to force smallholder farmers to give up on their subsistence production and rely on food from the market. This implies that the farmers can no longer share crops with other community members or members of their extended families; they can no longer achieve the production that they used to get from their fields.

### **5.5.2 Livestock**

The study finds that most farmers depend on livestock for their household survival. Livestock served as a means of income through the sale of animals and their products such as milk, wool and mohair. Therefore, adequate grazing land is required to produce a good quality of livestock for a better market. But the grazing area has been affected by the project. This means that the quality of livestock produced by the farmer in this area was compromised and this leads to the loss of clients.

### **5.6 Contribution of the Project to Environment Preservation**

Environment preservation is fundamental in project implementation, hence the realization that development practitioners should observe and protect the environment within which they operate (Kataeva *et al.* 2021).

The findings of the research study are that the project has managed to install around eighty dust bins around Ha Marakabei to maintain a clean environment. Furthermore, the project also takes the responsibility to empty the bins and dispose the waste at the community's dumping site which is well fenced by the project. This initiative seems to be good though it could be problematic if the waste collector fails to collect it. The uncollected overflow of the waste bin at the Ha Marakabei bus stop, as it could be seen in figure 5 is a clear example of such a problem. The exposed waste is hazardous to the society's health and the environment. Keeping the environment clean is fundamental to project because the production of medicinal cannabis requires clean water which is free from contamination. One study participant recommended that the project has to try all it can to preserve the environment as it was the motivation for choosing this location which has an all-round supply of natural water.

### **5.7 The contribution of the project to public safety and security**

The study findings indicated that the project has contributed in this sector by creating an appropriate working environment for the local police post and its personnel.

This contribution by the project is an acknowledgement of the importance of a stable and peaceful environment, a development that allows and attracts foreign investment to operate. Peace and stability play a major role in encouraging and appealing to investors to operate in various locations. This is supported by Classical theory in Abate (2020) by suggesting that upgrading of infrastructure signifies an important gain to the host economy and it is also vital for growth and development.

### **5.8 Negative effects of the Project**

Development projects usually have some negative effects on certain aspects of the society's livelihood despite the benefits associated with them. The study finds that the project has adversely affected the local farmers' income, the society's tradition and culture, crime, substance abuse as well as the environment and wild life.

#### **5.8.1 Farmers' Income**

The project has negatively affected the sale of fruit, vegetables, herbal medicine as well as firewood from which local smallholder farmer used to generate income. The Local farmers have confiscated the rights of access to the project site where they used to collect plenty of

fruits, vegetables and traditional herbs to sell and for household consumption. Subsequently, the income that they used to get from the sale of these products has also been affected. This situation has further translated into a decrease in cash flow within the community; it was crucial for boosting the economic growth and development. This contradicts the literature in Bloomer (2019) which depicts that foreign firms are entrusted to maintain stability of income of local people because they are mostly disrupted by the project operations. It further contents with neoclassical theory in Elibariki (2007) which emphasised that FDI boost income growth by increasing the amount of capital per person.

### **5.8.2 Project impact on culture and tradition**

The study findings indicate that culture has been compromised because the project was located at the place identified for the initiation schools. Therefore, the search for new site had to be made but a lot is missed from that place, this situation has put pressure on the owners of the initiation school to find the means to get all the necessary resources unlike at the previous location where everything was at their disposal. Furthermore, the influx of the migrants working and seeking employment in the project from various the places also threatens tradition and culture, especially for the young people who can be easily influenced.

### **5.8.3 Project Effect on Crime**

High crime rate is detrimental to development whether social or economic in any society. The study findings show that the reported cases of crime have increased from 2019 to 2021. They include the cases of theft and house breaking. Some people resort to stealing as their means of survival while for others stealing is a short-cut to self-enrichment. This situation has a negative impact on rural development as investors fear for their lives. Crime hinders the opportunity for increased cash flow. Ultimately the development of the community is delayed or even remains stagnant.

### **5.8.4 Project Effect on Substance Abuse**

The study finds that the project has maintained a stable income for its employees who are mostly young people who abuse alcohol. Alcohol abuse affects their thinking capability and puts them at a high risk that may land them in danger. According to Prieto-Ursùo *et al.* (2020), excessive alcohol consumption leads to loss of rational thinking, increased risky sexual behaviour, fighting and physical aggression. This impedes local development because young people are the community's blood stream for development; they are young, active and strong.

### **5.8.5 Effects of the Project on Environment**

The research findings portrayed a hundred percent acknowledgement that the project has destroyed wetlands which were found in the project location. The has negatively affected natural supply of water as those wetlands provided water for people's use as well as domestic and wild animal use. According to the literature in HLPE (2011), flower project in Ethiopia has caused damage to the environment through the use of fertilizers and pesticides degraded the quality of water and waste disposal. It goes further to indicate that in Mozambique, the sugar-cane bio-fuels project has consumed all water from Massai dam at the expense of smallholder farmers. This indicates the importance of sound environment policies that enhance protection over the local environment to avoid damage while simultaneously taking advantage of the environment to attract investment for local growth.

### **5.9 Theoretical Application of the Research Findings**

The study finds a transitional change with regards to the livelihoods in this area. The traditional way of constructing household shelters has shifted to the modern style of building houses with bricks and zinc for roofing, as opposed to the use of stones and grass. This adds to the ToC referred to in Arendonk (2015) and suggests that societal development takes place over time as people transit from one stage to another. The findings further suggest that the farmers and employees use their income to build or improve their homes, to buy food and clothes and to pay for the children's school fees. The change in people's lives supports the notion of change as advocated by the theory of change. The implication is that community development is a gradual process that can be observed over time. This assertion has been supported by the majority of the participants who suggested that community livelihoods have changed from where they were prior the project.

Furthermore, the MG Health project has created over one hundred and seventy job opportunities for the local people from Ha Marakabei, imparted on-the-job training skills for the locals, managerial skills for one employee and made many other contributions. This supports the Classical Economic Theory (Elibariki, 2007) that foreign investment has the ability to project long-term development through variables such as technological transfer, new job opportunities, transfer of managerial skills as well as infrastructure development.

### **5.10 Summary**

The study findings show that the MG Health project has made a significant contribution to the creation of job opportunities for the local people at Ha Marakabei. The compensation from the rented fields also plays an important role in uplifting and sustaining the farmers' household livelihoods. The contribution is minimal on infrastructure development for the community, mainly because the investors have to spend lot of funds to develop (from the scratch) the infrastructure that would enable the project to operate smoothly.

## CHAPTER SIX

### CONCLUSIONS AND RECOMMENDATIONS

#### 6.1 Introduction

The aim of the study was to investigate the contribution made by the MG Health project towards socio-economic development of the Ha Marakabei community. The study sought to unpack the impact made by the project on uplifting the community livelihoods as well as the contribution that it makes towards economic development in this area. This chapter provides the conclusion to the research study and makes some recommendations on how best the FDI agriculture in cannabis farming can contribute effectively towards rural development.

#### 6.2 Key observations

The study concludes that the project has managed to contribute to the economic growth and development of the Ha Marakabei community through the creation of new job opportunities for the local people in order to ensure a stable income for them. These are the key pillars through which the communities can attain their long-term growth and development. This implies that the project has managed, to a large degree, to assist the community to tackle one of the barriers to development, a high unemployment rate, especially among the young people. Job creation was a fundamental strategy for this rural community to employ in the fight against poverty. Even though many young people were still unemployed, the community was realising some change in the livelihood modes.

The study concludes that MG Health has maintained the stability of income flow within the Ha Marakabei community. The stable income enabled proper long-term development planning for the local people and enhanced improved living standards for the rural community. The community of Ha Marakabei is still in its early stages of transition to modernity but things are starting to unfold. For example, now people build their homes using modern materials as opposed to the primitive use of thatch and stones. The use of electricity, which was installed in almost every household and an increasing number of businesses around this place, is proof of transition. The stable cash flow within the community has the potential to steadily foster long-term growth and development in this location.

The study further concludes that the project does not consider skills transfer and local capacity building as important means that could improve local competency. Instead, the focus is on providing the skills that can enable the workers to deal with cannabis for increased production. Improving rural knowledge and broadening of local skills are vital for the community's sustainable development. The study concludes that the employees' skills are only limited to the works in each section in which each one of them is deployed. The scope of knowledge is so narrow that it cannot open the opportunities for these locals for future employment elsewhere. They can only attain development over time due to lack of broad skills base which can pave the way for better jobs.

The project has failed to assist the community in terms of infrastructure development for the benefit of the local population. There is no tangible infrastructure besides sanitation improvement in one village; however, this initiative was also disrupted before it could get complete.

Another conclusion is lack of effective communication between the project management, the stakeholders and the community that may enable common understanding of each party's expectations and obligations. IFC (2000) suggests that having a sense of different expectations of the communities and other stakeholders can hinder the potential of the conflicts and common interest of the involved parties. There seemed to be lack of communication and channels of interaction that could set the targets and preferred priorities of the community straight.

The study concludes that the presence of the MG Health project has, to some extent, improved the business around Ha Marakabei so that there is an increase in the local business activity. Even though some businesses, especially clothing shops, were minimally benefiting from this development, others such as grocery and liquor were doing relatively well. Furthermore, the initiative by the project to buy locally produced goods from the farmers and the members of the society was a good move for creating business opportunity for the community. The problem seems to be the manner in which it was administered that victimises the farmers at the expense of others and discriminates against other people. This discouraged smallholder farmers who aspired to commercialise their agricultural produce to realise their full potential in business. The MG Health and the community lack clear strategy to level the grounds for smooth operations and good relations.

The advent of foreign investment in the host nation stirs hopes and expectations from both the government as well as communities in which FDI operations are conducted. It is believed that foreign investors will always commit to CSR in order to obtain a license or permission to operate (IFC, 2000). The study concludes that the project has made an important contribution towards corporate social responsibility for the local community of Ha Marakabei. The project has provided relief packages to the vulnerable households to improve on their resilience against the COVID-19 pandemic. The assistance was not just a relief on the community but it was also on government purse; there is always a short-fall in the budget that leaves the majority of the poor without assistance during the outbreak.

The research further concludes that MG Health has contributed to the social development of the local community through the improvements made to the local education sector. It was realised from the findings that partial work has been done by the project with regard to the introduction of the computer labs at their schools. The work was partially done because the two computer labs were still not working due to the shortage of other equipment needed such as computers, routers for WIFI connectivity etc. This may imply that the project has not completed what it has started because the ultimate target which was well functioning computer lab for the local schools was not met. In turn, those facilities could end up being *white elephants* and not being beneficial to the schools. This showed that the project and the schools management did not plan collectively to avoid the half done works which does not serve the purpose. Proper planning would have enabled the school to set its priorities straight so that from its budget, the project could choose to assist with something.

It was further realised and concluded that the once-off contribution was done to relief the local hospital from the shortage of medication to enable and maintain a healthy workforce as well as a disease-free community during COVID-19 pandemic. The community was the pool for the project workforce hence it was important to ensure that it was kept healthy. Likewise, unhealthy workforce would negatively affect production at the project site. The study concludes that the investor had vested interest in keeping a healthy society at Ha Marakabei. At the same time this was also beneficial to the community hence it was a win-win situation.

The study concludes that the services have been brought closer to the people with the help of the project. The project has facilitated the presence and establishment of the banking service in this area for the benefit of its staff and the community.

The study concludes that some smallholder farmers in Ha Marakabei have been positively affected by the project to varying degrees. The general observation is that most of them, especially the land owners, benefited from the compensation for their forgone agricultural production from their rented fields. There is a misunderstanding among the farmer with regard to the scale and the rates that should be used to determine how much each should get as compensation. This suggests the conclusion that there is a communication gap between the project management and the land owners. Furthermore, the study concludes that the food security of those who used to depend on share cropping has been put at stake as the land owners cannot share their compensation. This could be a barrier towards development; poverty may still remain a challenge to some members of the community.

The study concludes that the upkeep of the environment around the community in Ha Marakabei has been kept to optimum clean. The study concludes that measures were taken to preserve the local environment. The sustainability of this initiative is questionable as the study shows some hiccups with regard to waste collection, resulting in polluted surroundings at public spots. Another conclusion is that there is lack of coordination and interaction between the authorities from the community and project officials.

There is considerable irrecoverable damage to the wetlands and loss of naturally diversified plant species from project location. Finally, the study concludes that the rural community safety and security are threatened due to the unpleasant increase in theft, house breaking, and substance abuse. These crimes have bad implications for this location; it cannot attract or encourage other investors to bring projects for the benefit of the community.

### **6.3 Recommendations**

The following are the recommendation from this study

#### **6.3.1 Improvement in communication Channels**

There should be a clear line of communication between both parties (project management and the community) to enable effective and smooth information flow.

#### **6.3.2 Establishment of Project Steering Committee (PSC)**

There should be a project steering committee (PSC) which should include the representatives of the project stakeholders' interest in the project as well as a representation from the project. The main tasks of the PSC should include, among other things, coordination of the activities that concern both the project and the community to create an atmosphere for good relations and mutual understanding; to deal with recruitment issues that ensure transparency and avoid nepotism and victimization; to administer the contract and revisit the contract periodically for new amendments, including the rate of compensation.

### **6.3.3 Community Engagement**

There is a need for effective community engagement to highlight people's expectations from the project as well as their obligations to the project. This will enable prioritization of CSR matters to avoid conflict of interest and misunderstanding from either party.

### **6.3.4 Skills transfer**

The project should offer and conduct short-term courses to equip the local rural labourer with adequate skills and knowledge that increases their competency levels for future employment and/or upward mobility in the company. The MG Health should encourage diversified skills development for the local employees to broaden their scope of work and to enhance community development. The Managerial skills training should target more local employees to foster growth within the community.

### **6.3.5 Government support**

The government should ensure that foreign investors adhere to and comply with the guidelines as stipulated in the National Investment Policy ((2013) which stipulates that investment should ensure job creation, improve skills and productivity in the workforce to enhance community development, to support small scale local businesses, to support knowledge and technology transfer and to improved quality infrastructure. This policy should be known by both the investor and the community members for proper checks and balances. The Government should play a leading role in ensuring that each party fulfils its obligations.

### **6.3.6 Encourage and improve on education for youth**

All the stakeholders, the central government, parents, the project, schools and the community, should take responsibility to ensure that every child has access to education. School facilities should be improved in this area to create conducive environment for teachers and learners. This

will, in turn, address the illiteracy challenge which is a barrier for the youth around Ha Marakabei to grab the available job opportunity in their vicinity. The more youth employment the better chances for local development.

### **6.3.7 Project Monitoring and Evaluation**

The study recommends that the government officials and policy-makers should undertake comprehensive monitoring and evaluation of interventions or projects that are implemented by foreign investors. This activity may facilitate proper administering and adherence to the country's policies and regulations by the government and investors. It may also enable the policy-makers to identify policy gaps that need to be amended or revisited.

### **6.4 Chapter Summary**

It is imperative to note that foreign investment through medicinal cannabis in Lesotho has taken its toll and it is believed that local communities will benefit from these initiatives. There are some benefits which the community at Ha Marakabei is already reaping from the project even though they are only in the fourth year since project operation. There are visible prospects to development and growth brought mainly through local employment opportunities. The project has strengthened the income stability to the local people in this area which will in turn manifest into growth and development in the long run. Nonetheless, there are some gaps that need to be addressed by various stakeholders (government, policy-makers, local leadership, project management and the community) to ensure the win-win situation between the project and the community.

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## Appendices

### Appendix 1: Interview Schedule for Participants

Researcher: .....

Institution: .....

Status of Interviewee: .....

#### 1. Assess the contribution of the project to the development of the Marakabei community.

- Can you say that the project has improved the community and if yes in what way? ----  
-----  
-----
  
- If no, can you state the reasons-----  
-----
  
- Are there economic and social changes brought about by the project in this area, if yes which are they -----  
-----  
-----
  
- If no, what do you think could be the reason -----  
-----  
-----
  
- Are there local people from Marakabei who have been trained on special skills? If yes, please explain? -----  
-----  
-----
  
- If no, state why? -----  
-----
  
- Has the company employed the local people at the managerial positions? If yes, explain? -----  
-----  
-----

- If no, why? -----  
-----
- Has the project created adequate employment opportunities for local people of Marakabei? If yes, please indicate how? -----  
-----  
-----
- If no, explain why? -----  
-----

**2. Study the impact made by the project on the livelihoods of the local communities.**

- Is there social assistance of any kind given to the poor households in this area? If yes, mention? -----  
-----
- If no, state why? -----  
-----
- Has the project contributed in assisting with the provision of clean water and sanitation to the local community? If yes, how? -----  
-----
- If no, state the reasons? -----  
-----
- Which livelihoods strategies do people depend on in this community? -----  
-----  
-----
- Has the project affected your livelihoods as a community? If yes, how? -----  
-----  
-----
- If no, Why?-----  
-----  
-----

- Are there infrastructure developments contributed by the project to the community? If yes, explain? -----  
-----
- If no, state the reasons? -----  
-----  
-----

**3. Investigate the extent to which the project has affected the lives of farmers renting their fields.**

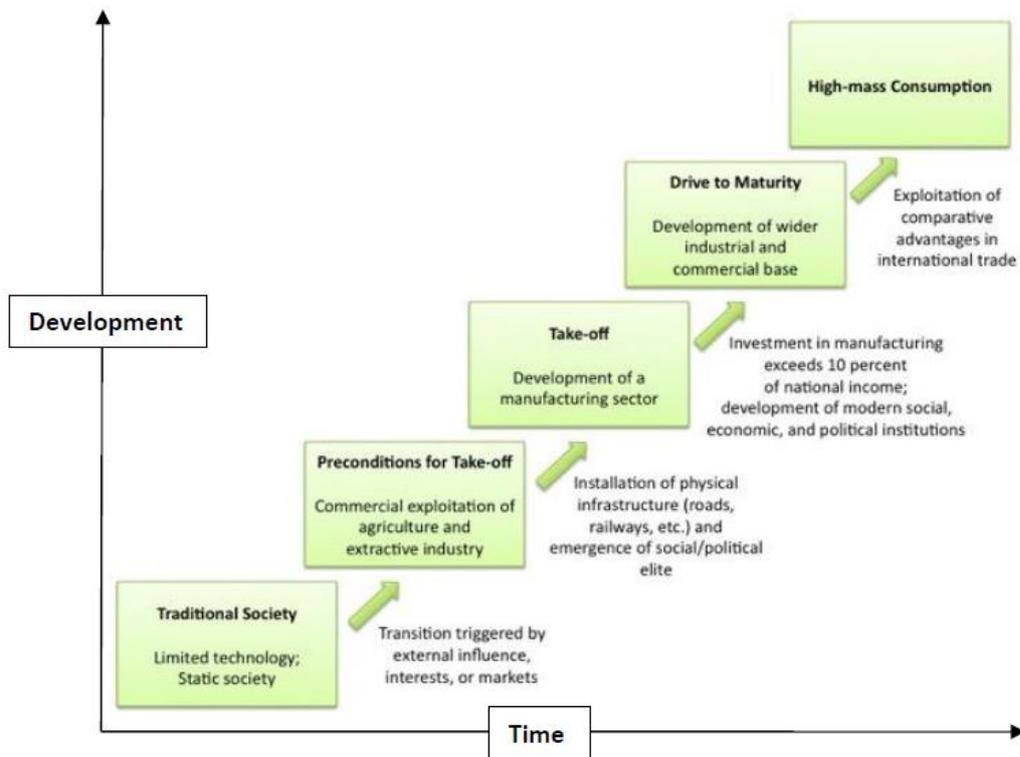
- Were you coping with crop production prior the project implementation, if yes, how? -  
-----  
-----
- Was your cultivation sufficient prior to the project implementation? If yes, how-----  
-----  
-----
- If no, why? -----  
-----
- Has the project contributed to improving your food security status, if yes, how-----  
-----  
-----
- If no, why? -----  
-----
- Is the rent enough to sustain and maintain your households needs, if yes, how? -----  
-----  
-----
- If no, why? -----  
-----
- Has the project affected the communal ownership and grazing on the fields? If yes, how? -----  
-----  
-----
- If no, state how? -----  
-----
- Has the project offered skills and knowledge that you (farmers) can use to farm cannabis on your own? If yes, explain? -----  
-----  
-----
- If no, please explain? -----  
-----

**4. Examine the trends of development opportunities and sustained growth paths for the local people.**

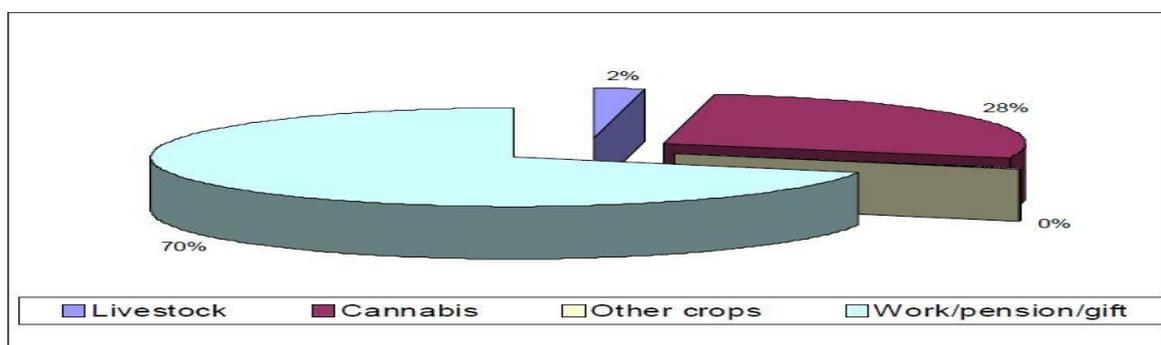
- Has the project created development opportunities for the community, if yes, which? -  
-----  
-----
- If no, state the reasons-----  
-----
- Has the project offered any development assistance to the community? If yes, state ---  
-----  
-----
- What type of development assistance has the project offered to uplift the Marakabei communities towards development? Mention -----  
-----
- What strategies/mechanisms has the project put in place in the quest to promote sustained growth and development of the rural people in this location? -----  
-----  
-----
- Have the local businesses benefited since the project have been implemented? If yes, how? -----  
-----
- If no, why? -----  
-----
- Has the project offered business opportunities to the local people? If yes, how? -----  
-----  
-----
- If no, Why? -----  
-----
- Are there development initiatives that have been brought by the project? If yes, which are those? -----  
-----  
-----

## Appendix 2: Graphs

1. Figure 1: Development Stages by Arendonk (2015)



2. Figure 2: Income source breakdown for Botsoapa Village by Bloomer (2009)



**Fig. 3:** Breakdown of primary income sources for Botsoapa, 2006. N=33 households.

### Appendix 3: Study Time Frame

