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Host country governance and the African land rush: 7 reasons why large-scale farmland investments fail to contribute to sustainable development

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ABSTRACT

The large social and environmental footprint of rising investor demand for Africa's farmland has in recent years become a much-examined area of enquiry. This has produced a rich body of literature that has generated valuable insights into the underlying drivers, trends, social and environmental impacts, discursive implications, and global governance options. Host country governance dynamics have in contrast remained an unexplored theme, despite its central role in facilitating and legitimizing unsustainable farmland investments. This article contributes to this research gap by synthesizing results and lessons from 38 case studies conducted in Ethiopia, Ghana, Nigeria, and Zambia. It shows how and why large-scale farmland investments are often synonymous with displacement, dispossession, and environmental degradation and, thereby, highlights seven outcome determinants that merit more explicit treatment in academic and policy discourse.

1. Introduction

As prospects in global food and energy markets improved over the course of the 2000s, large numbers of agricultural investors sought access to Africa's cheap and fertile farmlands to establish industrial food and biofuel feedstock plantations (Anseeuw et al., 2012; Schoneveld, 2014a). Many African governments met this renewed interest in their agricultural sector with great optimism since such investments promised to bring in much-needed capital in support of national agricultural modernization and rural poverty alleviation objectives (Cotula, 2012; Lavers, 2012; World Bank, 2011). However, many civil society organizations were quick to caution against the potentially devastating social and environmental impacts of commercial agriculture expansion. Because land tenure regimes in many African countries are organized through customary arrangements that are often poorly protected by statutory law, it has been widely argued that the rising demand for farmland is increasingly exposing rural populations to involuntary land expropriation (Alden Wily, 2012; German et al., 2013).

A rich body of academic literature analyzing the socio-economic and to a lesser extent environmental impacts of these farmland investments has begun to emerge in recent years, which has largely validated these civil society concerns (see, for example, Gordon-Maclean et al., 2009; Chachage, 2010; Nhantumbo and Salomão, 2010; Locher, 2011; Tsikata and Yaro, 2011; Väth, 2012; Shete et al., 2015). Although some public institutions in major investment destinations have as a result begun to acknowledge that the initially touted development contributions could remain elusive without greater state intervention (Schoneveld and Zoomers, 2015), the economic, political and bureaucratic complexity of establishing appropriate governance arrangements has frustrated efforts to enhance investment sustainability. For example, the introduction of the necessary social and environmental safeguards would entail structural reforms to national land, environment, and investment regulations and institutions (De Schutter, 2011; German et al., 2013). However, the retrenchment of the state and liberalization of investment regimes and land markets has not only reduced state capacity to effectively intervene in the sector, but also fostered new dependency structures that are incentivized to accommodate rather than excessively regulate private investment inflows (Kolk and van Tulder, 2006; Cotula, 2012; Schoneveld and Zoomers, 2015).

To date, much of the scholarly debate on the governance of farmland investments has focused on the evolution and functioning of global (land) governance systems. Often adopting an agrarian political economy or political ecology perspective, this literature has produced critical insights into how global governance processes, notably the emergence of non-state mechanisms

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such as voluntary codes of conduct and certification systems, are produced and reproduced by contemporary world capitalist structures, corporate agro-commodity regimes, and an increasingly polycentric world order (e.g. Borras et al., 2013; McMichael, 2012; Margulis and Porter, 2013; White et al., 2012). While viewing host country governance arrangements through this lens is certainly illuminating, since much of this literature is highly conceptual and paradigmatic, it is of limited practical relevance to host country governments that in practice shoulder most of the farmland governance burden. After all, only host country governments wield the necessary sovereign authority to foster improved alignment between agricultural investments and national development strategies, especially since transnational governance instruments are principally designed to mitigate negative, not maximize positive impacts (Cashore et al., 2004). Therefore, the interplay between the nation-state and recent farmland investments deserves greater attention (Fairbairn, 2013). While a number of recent empirical studies have examined some of the factors mediating outcomes, these tend to be country-specific and confined to narrow disciplinary perspectives (e.g. Alden Wily, 2011; Burnod et al., 2013; Fairbairn, 2013; Boamah, 2014; Moreda, 2015). This limits the ability to evaluate external validity, the role of context specificity, and the complex interplay of social, economic, and political dynamics. To more effectively support host country governments in the development of appropriate governance arrangements and advance academic discourse, a more interdisciplinary and holistic cross-country perspective on outcome determinants is warranted.

This paper aims to contribute to these research needs through a comparative analysis of the factors that shape outcomes across a diversity of social, political, economic, and ecological contexts. Its point of departure is that farmland investment impacts, be it positive or negative, should be viewed in the context of the processes that produce them. This enables more effective identification of structural underlying governance challenges that frustrate efforts to better leverage farmland investments in support of national development objectives. By synthesizing results from research conducted at 38 farmland investment projects in Ethiopia, Ghana, Nigeria, and Zambia, this paper explains how and why the establishment of many large-scale farmland investments is typically accompanied by displacement, dispossession, and environmental degradation. In doing so, it identifies seven structural governance challenges that African host countries will need to contend with in the face of rising commercial pressures on farmland. While the paper shows how some of these governance challenges are a product of elite exploitation of pre-existing power imbalances, many challenges also arise from structural social and economic barriers rather than a power-laden struggle for resources.

As background, the following section explores the state of the art in recent farmland investment research and scholarly discourse and attempts to position host country governance in this. The paper subsequently provides a brief description of methods employed and case study context, before summarizing the types of local socio-economic and environmental outcomes observed in the case studies. It then proceeds with an overview of the seven factors that shape these outcomes. The paper concludes with a reflection on findings and implications for governance.

2. Background

Despite notable exceptions, the African land sector continues to be characterized by legal pluralism, in which customary claims remain subordinate to state territorial authority (Alden Wily, 2012). In much of sub-Saharan Africa formal land tilting has failed to materialize for much of the rural population and is in practice largely reserved for those with resources and capacity to navigate complex land administration systems (Alden Wily, 2012; Amanor, 2012). Rising commercial demand for farmland therefore exposes the rural population to increased risk of involuntary displacement and dispossession of valuable livelihood resources. A growing body of research has illustrated how investments are concentrating within the customary land domain and often fail to adequately respect existing land-property relations (see, for example, Habib-Mintz, 2010; Nhantumbo and Salomão, 2010; Andrew and van Vlaenderen, 2011; Baxter, 2011a, 2011b; Deng, 2011; German et al., 2013). Loss of access to housing, farmland, and common property resources such as water, pasture, and (non-timber) forest products is argued to produce a host of adverse local impacts related to, for example, rising food and income insecurity, reduced capacity to cope with shocks, widening of pre-existing inequalities, increasing pressure on community resources, and social conflicts (Chachage, 2010; Baxter, 2011a; Deininger, 2011; Locher, 2011; Oxfam, 2011; Tsikata and Yaro, 2011; Balachandran et al., 2012; Väth, 2012; Shete and Rutten, 2015). The environmental sustainability of agricultural investment is also widely questioned since, historically, the expansion of plantation agriculture in developing countries has been a leading driver of deforestation and environmental degradation (Morton et al., 2006; Koh and Wilcove, 2008; Rudel et al., 2009; Gibbs et al., 2010; Schoneveld, 2010). In sub-Saharan Africa, early evidence is suggesting that many new agricultural investments are located within areas of high ecological significance, such as wetland areas, dry and tropical forests, and wildlife-abundant savannah landscapes (Gordon-Maclean et al., 2009; Nhantumbo and Salomão, 2010; Rahmato, 2011; Nguiffo and Schwartz, 2012; The Rainforest Foundation, 2013).

Despite these negative externalities, many host country governments and, in some cases, multilateral institutions argue that these investments have the potential to positively contribute to a range of (macro-)economic objectives. For example, since most economies in sub-Saharan Africa are both net food and net energy importers, private capital formation within those sectors could help achieve import-substitution objectives and enhance domestic food and energy sovereignty (GTZ, 2009; Mann and Smaller, 2010; Cotula, 2012). Moreover, in the context of longstanding neglect of Africa's agricultural sector, as is reflected by declining public and aid spending on the sector (Fan and Saukar, 2006; Akroyd and Smith, 2007), farmland investments are also viewed as a means to contribute to agricultural productivity and competitiveness, while alleviating some of the public spending burden (Poulton et al., 2008; von Braun and Meinzen-Dick, 2009; World Bank, 2011; IMF, 2012). Moreover, as foreign direct investment (FDI) flows to many African countries began to surpass official development assistance (ODA) in the 1990s due to economic liberalization policies, agricultural FDI increasingly started to be viewed as a solution to rural poverty rather than the problem; for example, by promoting the uptake of modern farming practices, improving access to inputs, supporting smallholder integration into global value chains, and generating formal employment opportunities (Kolk and van Tulder, 2006; World Bank, 2008; Deininger, 2011; Lavers, 2012). Within this context, most African countries have started lifting capital controls, offering investors fiscal incentives, and reducing administrative bottlenecks by establishing 'one-stop investment centers' that aid investors in applying for the necessary permits and incentives, and often in acquiring land (Dufey et al., 2008; Cotula et al., 2009; Toulmin et al., 2011). Many critics have challenged these development assumptions, arguing that they constitute merely a justifying narrative for a socially and environmentally detrimental form of extractive agriculture geared towards the overconsumption of global centers of accumulation (Oya, 2009; Li, 2011; de Schutter, 2011; McMichael, 2012; White