The Governance of Large-Scale Farmland Investments in Sub-Saharan Africa:

A Comparative Analysis of the Challenges for Sustainability

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THINKING beyond the canopy

CIFOR

Premise

- Ineffective governance exacerbates negative socio-economic and environmental risks of farmland investment
- Absence of (sufficiently comprehensive) regional and international regulatory frameworks → governance 'burden' for host countries
- Particularly in SSA, most host countries ill-equipped and/or disinclined (considering the roll back of the state) to adequately regulate investors
- Most governance discussions focused on international instruments such as MBI and CoC → highly polarized and normative
- Much literature emerging on impacts, but little emphasis on underlying factors that shape outcomes
- *Need to take a step back* → What is going wrong? Why?
- Only then can governance innovations be sufficiently demand-driven, locally responsive, and able to address concrete 'problems'

Research Question

Under what conditions can large-scale farmland investments contribute to sustainable and equitable development?

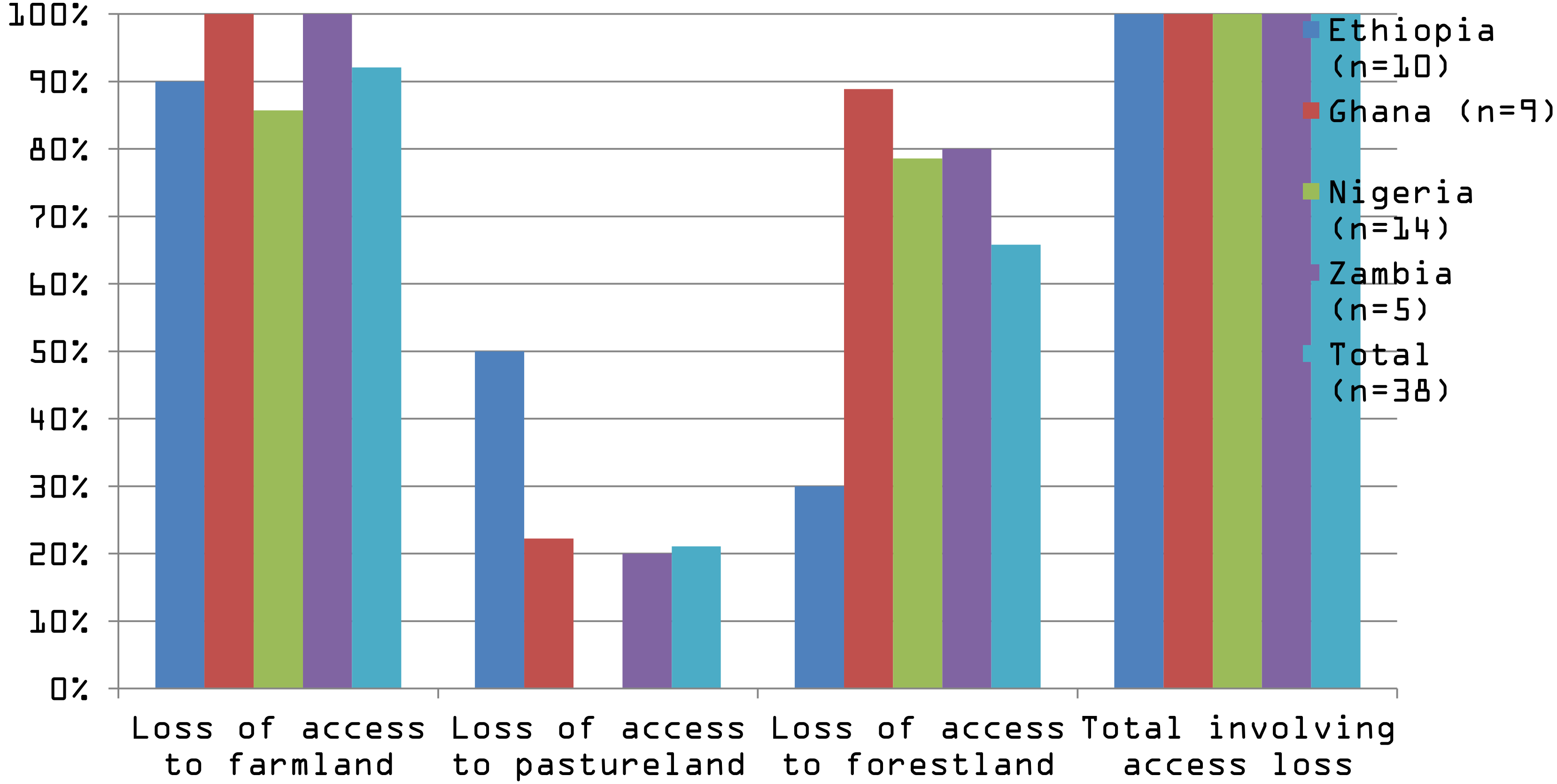
Case studies and approach

- Capture a diversity of governance and socio-cultural and ecological contexts
- Field research activities (Jun 2009 - Nov 2012) conducting in:
  - Forest-savanna transition zone in Ghana
  - Dryland forests of Zambia
  - Tropical and arid lowlands and highlands of Ethiopia
  - Tropical coastal rainforests of Nigeria

- Multi-disciplinary approach (SLA, LULCC, legal, political economy/ecology)
- Process-oriented
- Theory vs. practice

Outcomes (1): Displacement

Figure 1: Proportion of projects involving loss of local access to resources



Outcomes (2): Remediating measures

Table 1: Investor initiatives

Type of initiative	*Total (n=27)*
Contract farming schemes	*0.0%*
Provision of inputs	*0.0%*
Alternative livelihood initiatives	*3.7%*
Preferential hiring policies	*3.7%*
Community development funds	*3.7%*
Physical infrastructure	*7.4%*
Training and development	*11.1%*
Compensation	*13.2%*
Periodic royalties	*40.7%*
Total number of investors engaged in activities	*48.1%*

Outcomes (3): Significant landscapes

Table 2: Environmentally and culturally significant landscapes

Type of landscape	*Total (n=38)*
UNESCO World Heritage site (cultural)	*10.5%*
Wetlands	*13.2%*
Primary forest	*28.9%*
National protected area	*39.5%*
Secondary forest	*42.1%*
Total projects located within one landscapes	*94.7%*

Outcomes (4): Benefits

- Employment most direct benefit
- Most employment opportunities are casual and temporary
- Often conflicts with most labor intensive months
- Permanent employment often goes to 'outsiders'
- Social stigma associated with employment (Ethiopia, Nigeria)
- Only for 'idle' household members (e.g. youths, women) → child labor in Ethiopia prevalent
- Purely complementary activity → never a substitute

- Insufficient surplus production or negligible price differentials to benefit from in-migration

Outcomes determinants (1): Legal deficiencies

- Insufficient protection for customary rights
  - Zambia most comprehensive → consultations required and user rights are protected from expropriation
  - Ghana, like Zambia, grants alienation rights to 'traditional authorities'
  - Ghana only country where rents are not allocated solely to gov.
  - However, duties and accountability structures not defined
  - In Nigeria and Ethiopia, few mechanisms to protect land users → there are compensation requirements
- **No procedures for identifying suitable and available land**
  - Only Ethiopia has criteria for identifying land
  - No integrated rural development plans
- No mechanisms to capture investments' development potential
  - No mandates assigned to support spillovers
  - No local engagement or ownership requirements

Outcomes determinants (2): Elite capture

- Chiefs exploit ambiguities surrounding definition of 'revenue' and 'custom'
- Limited downwards accountability → sense of entitlement to land proceeds
- As 'vote brokers' and 'mobilizers', most governments adopt 'policy' of non-interference → no community representatives besides chiefs
- Highly placed politicians often involved in rather dubious capacities and attempt to sway recalcitrant chiefs → opaque and secretive
- No clear landed elites in Ethiopia
- Centralization and clarity of mandate in Ethiopia has eliminated rent-seeking within government

Outcomes determinants (3): Conflicts of interest

- Commercial pressures on land creates distortionary incentives
- Fiscal decentralization → local government receptive to investment as source of income and alleviate service delivery burden
- Undermines local representation
- IPA's have both investment approval and promotion roles → in Ethiopia IPA also responsible for ESIA approval and compliance monitoring; in Zambia as landholders sub-leasing land
- Blurring of private and public boundaries/co-optation → government officials with regulatory responsibilities hired as 'consultants'

Outcomes determinants (4): Capacity constraints

- Particularly EPA's understaffed, underfunded, and agency objectives poorly institutionalized → EPA's are product of multilateral politics and technical support, not domestic demands
- 10 out of 38 projects completed an ESIA → 8 out of 9 projects funded by a development bank or subject to voluntary certification had completed an ESIA (e.g. not function of host country governance)
- No cross-accountability between regulatory agencies (e.g. lands, forestry, EPA, IPA, local government)
- Limited real capacity to intervene when senior politicians are involved → fear job loss

Outcomes determinants (5): High modernist ideologies

- FDI and agricultural investment supported by multilaterals (e.g. WB, IMF, UN, OECD) /most donors
- Farmland investments in line with official policy discourse
- Negative effects justified in the name of development
- Investment also mechanism to extend territorial authority and bring peripheral communities into the 'state-space' → "make legible"
- Discriminatory ideologies → destructiveness of shifting cultivation (Zambia), innate inability of smallholders to internalize modern agricultural practice (Nigeria), and 'backwardness' of non-sedentary livelihood (Ethiopia)
- Most host communities exceptionally receptive to 'development' → legitimizes land alienations, undermines collective action, and discouraged 'excessive' local demands

Outcomes determinants (6): Limited contestation

- Easily swayed communities
- Lack of 'legal capacity to claim'
- Chiefs and local government actively repress conflicts
- As 'custodians of tradition', chiefs can define what is 'custom'
- Conflict resolution channels often the pathways through which land was acquired
- Due to opacity, CSO's typically miss 'window of contestation'
- CSO's repressed in Ethiopia (by law) and in Nigeria (intimidation)

Outcomes determinants (7): Incompatibility of production systems

- Companies are either disinterested in nucleus - outgrower schemes (e.g. rubber, cotton, jatropha) → stimulates theft
- Or, communities are disinterested (e.g. oil palm) → undermines local value addition
- Since employment complementary → typically conflicts with labor demands for smallholder farming

Outcomes determinants (8): Misalignment of corporate accountability

- State ownership of land → responsible to investor that "land is free from encumbrance"
- Go to state or chiefs in case of dispute → no responsibility towards communities
- No innate sense of CSR → no difference between Southern and Northern investors
- More inclined to follow legal social and environmental safeguards when funded by Development Bank or roundtable (e.g. RSPO)

Implications for governance (1)

- Importance of human agency in shaping outcomes → is the law really to blame?
- No profound differences in outcomes between countries → 'good' tenure regime (e.g. Ghana and Zambia) has little effect
- Structural issues relating to implementation and enforcement (institutions) are much more relevant → profound institutional reforms (?) prior to any legalistic reforms
- Institutional reforms likely to be challenged by vested interests to maintaining existing lines of inclusion and exclusion → already evidence that land reform initiatives are being slowed down/rolled back

Implications for governance (2)

- Four institutional conditions need to be met:
  - Mandate: Clarity of mandate that resolves conflicts of interest (e.g. district government with fundraising and regulatory mandates; IPA's with promotion and monitoring mandates)
  - Capacity: Adequate human and financial capacity to carry out mandates and act upon granted authority
  - Incentives: Removal of certain (distortionary) political and economic incentives and the introduction of new incentives related to cross-accountability, representative functions, monitoring, benefit capture.
  - Accountability: Involves particularly downwards accountability and mechanisms that enable land users to hold government and chiefs accountable

Implications for governance (3)

- Inconclusive evidence on the types of **institutional structures** → decentralization though problematic (decentralization of corruption?)
- Recentralization in Ethiopia has some merits (e.g. simplifying and harmonizing land identification practices, eliminations of local conflicts of interest)
- Requires strong state with clear development vision

Implications for governance (4)

- Many commentators argue that projects are only feasible when FPIC procedures are followed
- FPIC a troublesome concept → even when well informed most households will alienate land due to unrealistic expansions
- This serves to legitimize unsustainable land alienations
- Assumes a 'shared will' → communities are too heterogeneous
- Too often seen as the sole requirement
- Additional safeguards clearly needed → clear land identification protocol with unambiguous indicators (e.g. active farmland density)

Conclusion

- Pessimistic → sustainable and equitable farmland investment generally a paradoxical concepts
- Investments serve to extend state control and strengthen coalitions of powerful (local) elites
- Opportunities for institutional and legal reform are limited
- Highlights the need for greater extra-territorial oversight → however, consumer countries reluctant to become entangled in host country sovereignty issues, limited critical mass of voluntary certification systems in SSA (only 1 out of 563 LS investments)
- Perpetuates exploitative/extractive relationship between SSA and the global economy
- Developmental potential of global productive integration is lost