Geoforum 72 (2016) 94–103

Contents lists available at ScienceDirect

Geoforum

journal homepage: www.elsevier.com/locate/geoforum

# The impact of agricultural investments on state capacity: A comparative analysis of Ethiopia and Ghana

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ARTICLE INFO

*Article history:*
Received 2 June 2015
Received in revised form 30 January 2016
Accepted 1 February 2016
Available online 10 February 2016

*Keywords:*
Agricultural investments
State capacity
Land
Ethiopia
Ghana
Africa

ABSTRACT

The first wave of research on the 'global land grab' largely focused on the international drivers of investment and impacts of individual projects in host countries. More recent studies have acknowledged the important roles played by both host states and societal organisations in these deals. However, there has been little attempt to analyse how processes of agricultural investments also transform the state itself. The present paper builds on theories regarding the social roots of state power and the literature on the links between land and authority, to construct a framework that can be used to explore these linkages. The central argument of the paper is that in situations of overlapping authority between state and societal organisations—which is common in Africa—increased agricultural investment requires infrastructure development and can provoke changes in power relations between state and society that have important implications for state capacity. We illustrate this by examining the recent investment trends in two countries that have figured prominently in the 'land grab' literature but where land tenure regimes and state–society relations take markedly different forms—Ethiopia, where a 'strong' state has actively promoted agricultural investments as part of a developmental and state-building project that has enhanced its territorial control; and Ghana where chiefs have taken advantage of increased demand from investors in an attempt to (re-)assert their authority over land vis-à-vis the state and other societal organisations.



## 1. Introduction

Much of the first wave of the 'land grab' literature focused on the drivers of increased demand for land, emphasising the role of transnational actors and processes (Zoomers, 2010; McMichael, 2012; Sassen, 2013), or examined the local-level socioeconomic impacts of new projects.[1] Subsequent research has complemented this work by highlighting the important roles also played by state and societal organisations at national and sub-national levels in shaping patterns of investment and outcomes (Lavers, 2012a,b; Dwyer, 2013; Fairbairn, 2013; Wolford et al., 2013; Boamah, 2014). This paper goes beyond the focus on the patterns and trends of agricultural investment itself. In contexts in which multiple authorities overlap or exist in fragments, the recent surge in land deals can provoke competition over resource access between these state and societal organisations. In doing so, these processes transform both state and society, and the relationships between them. In this paper we focus on one aspect of these changes, namely the implications of agricultural investments for state capacity, as encapsulated by Mann's (1984) concept of 'infrastructural power'.

The divergent experiences of agricultural investment in Ethiopia and Ghana, examined in this paper, serve to demonstrate how changes to state capacity resulting from agricultural investment are contingent on specific historical patterns of state building. For example, in Ethiopia, a highly centralised and hierarchical state historically made comparatively little attempt to build state institutions in the lowland areas currently targeted for agricultural investments. Recent government promotion of investment therefore forms part of a state-building strategy that aims to exploit the resources of these areas as part of the government's developmental vision. In Ghana, chiefs have constituted powerful actors in both local and national politics and controlled a large proportion of land from the pre-colonial and colonial periods through to the present day. Following initial state interest in biofuels in 2003, which subsequently diminished, chiefs have re-asserted their position in rural communities by leasing land to biofuel investors, re-defining entitlements to land and other

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[1] See, for example, recent special issues of the Journal of Peasant Studies.

http://dx.doi.org/10.1016/j.geoforum.2016.02.004
0016-7185/

productive resources in project villages. These changes are detrimental to the infrastructural power of the state.

The empirical base of this study is the growing literature on recent agricultural investment trends in Ethiopia and Ghana, including past research conducted by the two authors of this paper. Drawing on this material, this paper seeks to make three main contributions and, in doing so, to address significant gaps in the emerging literature on what has become known as the 'global land grab'. First, the paper outlines an analytical framework that can be used for comparative analysis of the connections between investment and state capacity, an area that has received scant attention to date. Second, the paper applies this framework to two countries—Ethiopia and Ghana—that have figured prominently in the 'land grab' literature. While frequently placed together under the heading of 'land grabs', our framework highlights that the two countries constitute very different cases in terms of land tenure regimes, the centralisation/fragmentation of state authority and the relationship between the central state and customary political elites. The result is that the key actors promoting agricultural investment and the transformations to state and societal actors resulting from investment are starkly different. Third, this paper analyses the two cases in a comparative case study framework (George and Bennett, 2004; Gerring, 2006) and thereby makes an important methodological contribution. While there are a growing number of excellent case studies of agricultural investments in different countries, to date there have been limited attempts to conduct systematic comparative analysis. We believe that comparative research is essential to develop a more theoretically grounded understanding of the socio-political changes resulting from recent investment trends.

The first sections of this paper outline the analytical framework and methodology used in the paper, before examining the cases of Ethiopia and Ghana. The following section then synthesises the findings of these case studies and reflects on their implications for state capacity. The paper ends with a contribution to the 'land grab' research and conclusion.

## 2. Conceptualising the links between agricultural investment and state capacity

State capacity consists of the competence of state bureaucracies and their embeddedness in society, as well as their territorial reach (Soifer and vom Hau, 2008; vom Hau, 2012). It is this last dimension—the territorial reach of the state—that, we argue, is particularly susceptible to agricultural investment processes. Territorial reach is perhaps best encapsulated by Mann's concept of 'infrastructural power' (vom Hau, 2012), namely 'the capacity of the state actually to penetrate civil society, and to implement logistically political decisions throughout the realm' (Mann, 1984, p. 113). Importantly, the concept of infrastructural power extends our conception of state capacity by, first, acknowledging the likelihood of sub-national variation in state capacity and, second, highlighting its relational nature (Soifer and vom Hau, 2008). As such, state capacity is the product of both state–society relations and internal relations between different state organisations (Migdal, 1988; Soifer, 2015).

This paper draws on the political sociology literature that examines the social roots of state power and regards state capacity as the outcome of processes of negotiation and competition between state and societal organisations (Migdal, 1988; Boone, 2003; Hagmann and Péclard, 2010). From this perspective, the state is seen as a loosely connected network of semi-autonomous organisations, each with their own distinct interests. Following Migdal (2001, p. 48), societal organisations in this sense include 'informal and formal organizations, ranging from families and neighbourhood groups to mammoth foreign-owned companies, [that] use a variety of sanctions, rewards, and symbols to induce people to behave according to the rules of the game'. Thus, state organisations are both involved in competition for domination with formal and informal societal organisations, and are embedded in society itself, through the ties of state officials to families, clans, ethnic groups and business associations (Migdal, 2001). This perspective emphasises the importance of examining state–society relations as the outcome of historical processes of state formation, negotiated between state and societal organisations across multiple arenas of the disaggregated state (Migdal, 1988; Hagmann and Péclard, 2010). Furthermore, societal organisations may not be so different from the state in their capacity to exert authority over people and territory (Migdal, 2001; Boone, 2007).

Contrasting historical patterns of state formation result in significant variation in control of relevant revenue flows, authority over land tenure and class structures, both within and across countries. Indeed, in many African countries an important legacy of colonialism is the existence of overlapping authorities between state and societal organisations regarding land tenure. Consequently, both state and societal organisations have the potential to play important roles in promoting, facilitating or vetoing investments (Lavers, 2012a; Fairbairn, 2013; Wolford et al., 2013; Boamah, 2014). Moreover, the potential revenues associated with authority over investment offer considerable incentives for these actors to (re-)assert their control. Such economic incentives are, however, only one influence on the decision making of state and societal organisations considering whether and how to support new investments. Additional political economic factors that may complement or compete with these economic motivations include an assessment of the relative strength of key interest groups—for example organised along class or ethnic lines—and patron–client relations and norms of reciprocity.

This paper explores three main ways in which agricultural investments transform state infrastructural power. First, the extent to which agricultural investment requires or results in change in patterns of authority between state and societal actors through processes of negotiation, bargaining or contestation. In this instance, we are concerned with de jure and de facto changes in authority over land; authority over people; and authority over (potential) revenue streams. Different forms of land tenure have quite distinct implications for state–society relations (Boone, 2007, 2014; Lund, 2008; Lund and Boone, 2013) and thereby state infrastructural power. For example, neo-customary tenure requires the devolution of power from the state to a neo-customary authority, essentially a form of indirect rule (Boone, 2007). Strong neo-customary authorities limit state infrastructural power because the autonomy of the state to enforce its decisions *throughout the realm* is undermined; consent or cooperation from neo-customary authorities becomes the *sine qua non* for the state to enforce its decisions. Inasmuch as this cooperation can only be secured through negotiation, compromise or coercion (Mann, 1984; Scott, 1998; Boone, 2003), state capacity is vitiated. In contrast, where state ownership of land prevails, the state directly administers territory and has a direct relationship with landholders, providing the state with greater enforcement capacity and therefore infrastructural power. Demand for agricultural investment provides opportunities for revenue generation that can lead state and societal actors to claim authority over resources and people, drawing on laws or custom, in the process transforming de jure or de facto land tenure. The direction of these changes is not predetermined, however, and agricultural investment may result in the strengthening or weakening of state and neo-customary authorities.

Second, for commercial agriculture to flourish, basic infrastructure—transportation in the form of roads, bridges, railways