



The political economy of petroleum investments and land acquisition standards in Africa: The case of Tanzania



Rasmus Hundsbæk Pedersen^{a,*}, Opportuna Kweka^b

^a Danish Institute for International Studies (DIIS), Ostbanegade 117, 2100 Copenhagen, Denmark

^b Department of Geography, University of Dar es Salaam, P.O. Box 35091, Dar es Salaam, Tanzania

ARTICLE INFO

Keywords:

Petroleum
Oil
Gas
Africa
Tanzania
Investment
Land
CSR
Social license to operate

ABSTRACT

Much attention has been paid to community–investor relations in the petroleum sector in Africa, typically emphasising the responsibility of oil companies from the Global North to accommodate community interests. Empirical research that includes the role of the state actors in shaping these relations is limited. Based on empirical field research in mainland Tanzania, this article inscribes itself into an emerging body of literature that seeks to unpack land acquisition processes as a way to analyse relations among all the main actors. By focusing on struggles over the standards for the compulsory acquisition of land for petroleum investments, it points out that the political economy of land is decisive in determining the extent to which existing rights to land are accommodated. In this, the role of state authorities should not be underestimated. Their interactions with three ideal types of investors are analysed. The article demonstrates that investments originating in the Global South and in Tanzania have no less severe implications for land rights holders than those originating in Northern ones. This points to the need to expand the analytical focus in the petroleum literature from the behaviour of oil companies towards the broader political economy of land and petroleum investments. Whereas many investment processes may have been set in motion by Northern oil companies, they may not be the only actors, let alone the most important ones, influencing how land is acquired.

1. Introduction

Despite the fall in global oil prices, petroleum investments continue, albeit at a lower rate. These investments can potentially help mobilize resources for national development. However, in sub-Saharan Africa they tend to be described as benefitting international oil companies and domestic elites only. The resource curse literature focuses on the negative consequences of petroleum wealth in terms of lower than expected economic growth (Ross, 2012), dysfunctional institutions (Frynas et al., 2000; Hilson, 2014) and clientelist politics (Collier, 2010), while the resource grabbing literature depicts investments as infringements on local rights to land and natural resources (Le Billon, 2014; Tokar and Magdoff, 2009). Empirical research into how petroleum investments affect communities and their rights to land on the African continent is still limited.

The plight of local communities has most often been measured in terms of International Oil Companies originating in the Global North's infringements on environmental and human rights standards or registered as grievances in context-specific conflicts (Ejobowah, 2000; Frynas, 2009; Watts, 2005; see also Hönke (2013)). As a response, a

number of policy initiatives have emerged that put greater emphasis on these companies' responsibilities towards local communities. From within the sector, a proliferation of corporate social responsibility (CSR) and social investment policies among oil companies can be observed over the last two decades (Frynas, 2005; Ipieca, 2008). NGOs and activist scholars increasingly focus on the extractive companies' 'social license to operate' (SLO) (Prno, 2013; Prno and Scott Slocombe, 2012) and 'free, prior and informed consent' (FPIC) on the part of the local community prior to operations, often by referring to international soft law (Buxton and Wilson, 2013; Cotula, 2016; Greenspan, 2014; Oxfam, 2015a, 2015b). These standards have been helpful in providing yardsticks for the evaluation of investments, but they do not always provide much insight into actual petroleum investment processes.

Based on empirical research in mainland Tanzania, this article aims at unpacking relations among the main actors involved in petroleum investments in sub-Saharan Africa. Tanzania is one of a number of recent petroleum producers in sub-Saharan Africa, starting its production of power from natural gas in 2004. Like other recent African producers, the country is currently reforming its legal and institutional framework governing the petroleum sector, most recently with a new

* Corresponding author.

E-mail addresses: rhp@diis.dk (R.H. Pedersen), okweka@yahoo.com (O. Kweka).

Petroleum Act from 2015, which puts greater emphasis on national ownership in the development of the sector (Pedersen and Bofin, 2015). Since surface land provides the most tangible interface between actors in the petroleum sector, the article's main focus is on how standards for acquiring land for investment purposes are decided on and how they affect land acquisition processes. The article thus inscribes itself into the emerging body of petroleum literature, primarily based on Nigerian experiences, which emphasises the importance of unpacking land acquisition processes in order to acquire a better understanding of how relations among actors affect investment outcomes for communities (Akujuru and Ruddock, 2014; Ekhatior, 2015; Emedo and Abam, 2015).

The article seeks to make two main contributions to this literature. First, it directs analytical attention to the struggles over standards for land acquisition and to how they influence actual acquisition processes. Secondly, by analysing petroleum investments in Tanzania, which is one among a number of countries in Africa with a statist land tenure regime (Boone, 2014), it demonstrates that the context-specific political economy of land is decisive in setting and implementing the standards for acquiring land in investment processes. Far-reaching land laws and regulations combined with overlapping and often unclear sector legislations create a grey zone that provides state authorities with a role in acquiring land that should not be underestimated. The grey zone also allows investors some influence. The article identifies, analyses and compares three ideal types of investors who influence the standards for acquiring land in different ways: investors from the Global North, a new group of South-South investors and national/local investors. From a community point of view the involvement of Northern investors, which tend to receive most attention by the CSR, SLO and FPIC literatures, may lead to greater accommodation of local rights to land when compared to other configurations of actors.

The article is based on a review of the literature on communities and land acquisition standards in the petroleum sector combined with three periods of extensive fieldwork in 2015 and 2016 in petroleum investment areas along the Indian Ocean coast from Dar es Salaam southwards to the Mozambican border, where gas resources have been found. The point of departure for fieldwork was the mapping of direct investments into gas exploration and extraction. When it was realized that petroleum investments had triggered a number of other, related investment projects that were no less important for local rights to land, the scope of the research was expanded to include all large-scale investments in the affected areas. The analysis combines a consideration of policies, laws and project documents with interviews with relevant stakeholders, from company and state representatives via local leaders to directly affected land rights-holders. Around 105 interviews with investor representatives, local and national authorities, and local community leaders and rights-holders were conducted. Overall, interviews focused on how standards for the acquisition of land are established and how they affect land acquisition practices in terms of procedural rights, that is, rights to information, participation and compensation (Veit et al., 2013. See also Tyler (2003)).

This introduction is followed by a section reviewing the literature on communities, land rights and petroleum investments in Sub-Saharan Africa, then by a section on legal regimes governing petroleum investments in Tanzania. The next three sections analyse how different types of investors interact with the Tanzanian state authorities. First, the struggles between oil companies from the Global North and the Tanzanian authorities over standards for the compulsory acquisition of land and for resettlement are outlined. Subsequently, another section goes through the more accommodating relations between investors from the Global South and the Tanzanian state authorities. Finally, the national investors, who are often made up of public or semi-public entities, and their contentious relations with local rights-holders are analysed. They are followed by a discussion of the need to broaden the focus towards including more actors than oil companies from the Global North in the petroleum literature.

2. Land rights and petroleum investments in Africa: a review

The scholarly research on petroleum investments and land is still in its infancy. 'Communities' only started appearing in the academic literature around 2000, largely as a response to conflicts in the Niger Delta in Nigeria in the mid-to-late 1990s and the execution of the writer and activist from the same area, Ken Saro-Wiwa, in 1995 (Ejobowah, 2000; Radon, 2007; Pegg, 2015). The Niger Delta conflicts coincided with the launching of the UN's Global Compact initiative, drawing on the Rio Declaration on Environment and Development, that encouraged businesses to implement sustainability goals wherever they operated (Watts, 2005). During the same period, environmental and social standards increasingly became an issue for international financial institutions in the context of protecting communities, initially related to infrastructure projects, but gradually also to extractives (Szabowski, 2002, 2007). Since then, the scholarly focus has tended to concentrate around specific actors, and most importantly around company–community relations during extraction.

The scholarly literature thus reflects developments in the petroleum sector. Until recently, the fate of communities was not an issue during the negotiation of contracts, and the state was not seen as important for how international oil companies dealt with communities (Radon, 2007). The broader petroleum literature focused more on the risk of the expropriation and nationalization of petroleum operations by the state than on local rights to land (Hogan and Sturzenegger, 2010; Stroebel and Van Benthem, 2012; Victor et al., 2011; Weems, 2013). Increasingly, however, CSR programmes have become a way for oil companies to try to improve relations with communities, making the sector a CSR pioneer (Frynas, 2009). Whereas the early CSR programmes may have been wanting, often functioning more as a window-dressing of good intentions than making an actual impact on the ground (Frynas, 2005), segments of the sector have realized the importance of good relations with local communities, as well as of preventing costly conflicts (Davis and Franks, 2014). A shift from giving gifts towards establishing partnerships with communities and local authorities over longer periods of time is increasingly recommended, if not always achieved (Alstine et al., 2014; Le Billon and Sommerville, 2016; Ipieca, 2008).

Achieving a social license to operate (SLO) has become a way of framing such relations that ideally should involve a dialogue with communities and their involvement to ensure the ongoing approval of company activities (Nelson and Valikai, 2014; Prno, 2013; Prno and Scott Slocombe, 2012). Most recently, the concept of free, prior and informed consent (FPIC) in the extractive sectors has been promoted, often emphasising the importance of local control and ownership over resources as a better alternative to foreign investments (Buxton and Wilson, 2013; Greenspan, 2014; Ipieca, 2012; Laplante and Spears, 2008; Oxfam, 2015a, 2015b). Though in some ways a stronger instrument, FPIC is also a more one-off instrument compared to SLO, which emphasises the ongoing process of acquiring approval from the community (Thomson and Boutilier, 2011).

Local rights to land have thus started appearing in the literature under the guise of the responsibility of international oil companies for accommodating the interests and rights of communities. However, this is not unproblematic in an African context. The FPIC concept originates in an ILO Convention and in the UN's Declaration of Rights of Indigenous Peoples, and it has had some impact in Latin America, but in Africa the concept of indigenous people is contested. African states, wary of the potential divisiveness of the claim that some citizens are more indigenous than other, often resist granting groups claiming to be 'indigenous' any particular rights (Hodgson, 2009). In these states, furthermore, the protection of customary rights to land tends to be weak. Consequently, land rights-holders are typically little involved in petroleum operations, and procedural rights related to information, participation and compensation in processes of the compulsory acquisition of land are often limited (Bridge and Le

Download English Version:

<https://daneshyari.com/en/article/5104207>

Download Persian Version:

<https://daneshyari.com/article/5104207>

[Daneshyari.com](https://daneshyari.com)