



## Transnational land deals: Towards an inclusive land governance framework



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### ABSTRACT

The literature on global land deals or land acquisition has extensively described the possible drivers, trajectories, and their impacts. In addition, the concept of a 'land grab' per se is heavily contested and viewed as a work in progress. Many have argued on the topic of inclusive land deals without addressing which groups of stakeholders are vested with particular powers and interests in the deals. After reviewing this phenomena in contemporary global land deals and the stakeholder theory of management developed in the 1980s, this paper proposes a conceptual land deal framework. Accordingly, the actors in land deals are characterised and disaggregated into seven generic groups, i.e., "inactive", "discretionary", "exigent", "dominant", "dangerous", "dependent", and "definitive". The paper concluded that to address the governance challenges in land deals, a need exists to resolve conceptualisation deficiencies related to inclusive land deal frameworks. Thus, this work suggests that extending the stakeholder theory of management to the global governance of transnational land acquisition can significantly aid in resolving conceptualisation limitations for inclusive transnational land deals. Hence, a new inclusive land deal framework was developed that attempts to integrate the biophysical environment, stakeholders, governance, and institutions. Furthermore, this paper recommends that contextualisation of the suggested "land deal power-interest clustering (LD-PIC)" and "legitimacy-interest-power (LIP)" frameworks to those already signed and ongoing land deals using real-world data is a timely matter.

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### Introduction

#### Large-scale agricultural land acquisitions

Following the food and fuel price spikes in 2007–2008, a global interest in farmlands has arisen. As a result, transnational land acquisitions have gained the attention of governments, international development institutions, media, and non-governmental organisations in recent years. Aspirations for capital export, demands by food importing nations to secure reliable supplies of food, an increasing desire for alternative sources of energy, and land speculation are among the factors that contributed to the increase of agricultural production (GRAIN, 2008; Cotula et al.,

2009; Anseeuw et al., 2012; Borrás et al., 2012a). Furthermore, De Schutter (2011) and Azadi et al. (2013) restated the reasons behind large-scale land acquisitions as: (a) a rush towards alternative fuel energy extraction from agro-fuels for which developed countries have encouraged transnational land acquisitions, (b) increasing population and urbanisation accompanied by the collection of natural resource bases in certain countries, (c) access to freshwater (a scarce resource), (d) rising demand for raw materials from tropical countries (primarily fibre, wood, etc.), (e) the increasing need among companies in the developed world to earn certified emission reduction credits from carbon storage projects, and (f) continued speculation on the future market prices of farmland, regardless of location.

Large-scale agricultural land acquisitions have repeatedly raised 'land-grab' concerns and have resulted in the destruction of natural ecosystems and displacement of local communities (FAO, 2009; Deininger et al., 2011; Cotula, 2011; Azadi et al., 2013). Although the contemporary views on large-scale agricultural land acquisitions are contested, many of the arguments revolve around the disputed and evolving concept of 'land grabbing'. Many have argued

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that 'land grabs' target large-scale acquisition of land in Africa, Central America, and South and East Asia (Cotula et al., 2009; Desalegn, 2011; Wilkinson et al., 2012). Others argue that the geographic scope of land grabbing is not only confined to the stated regions but also extends to such areas as the previous Union of Soviet Socialist Republics (USSR), Eastern Europe, the Middle East, Melanesia, Australia, and New Zealand (Visser and Spoor, 2011; Anseeuw et al., 2012). According to Amanor (2012), the acquisition of land extends beyond the phenomenon of global 'land grabbing' to the consolidation of power over the trans-regional value chain in particular and a component of the global 'mission' to control food and bio-fuel supply chains. Others (e.g., Harvey, 2003) have conceptualised transnational land acquisitions within the widely evolving global capitalist development framework and the distinct relationships among political economies working towards the confrontation of converging global crises in food, energy, financial capital, and climate change (Hall, 2011; White et al., 2012). Furthermore, land acquisition is considered a component of the combined outcome of globalisation, the international upsurge in foreign direct investment (FDI), and the liberalisation of land markets (Zoomers, 2010).

Land acquisitions are recommended to occur via inclusive deals that will result in a 'win-win' outcome (Azadi et al., 2013). Answering key operational questions in this process is important, i.e., Who are the players in the deal? What are their interests? How influential are the dealers involved? Without at least modest answers to such questions, merely advocating 'win-win' land deals may not result in an actual 'win-win' situation. Land grabbing also highlighted as 'control grabbing', which presages a grasping ability to control land and the accompanying basic resources to reap benefit from holding such resources (Peluso and Lund, 2011; Borras et al., 2012b). This outcome is one of the manifestations of control grabbing, implying *seizure of large tracts of agriculturally sound land, land grab, water grab/seizure of water (re)resources* (Ganho, 2011; Kay and Franco, 2012) and *green grabs/seizure of resources for the purpose of the natural environment* (Fairhead et al., 2012). Understanding the groups of stakeholders and to what extent their interests and power influence the deal will aid in formulating inclusive and win-win land deals both in *de jure* and *de facto* contexts. Lessees who acquire land usually enter into land contracts to address their strategic business interests and deal strategically, whereas actors on the side of the lessor (i.e., local government, local communities, and households) may not have such strategic intent and power. Consequently, the need exist to integrate the "power" and "interest" of the dealers in acquisition of agricultural land.

This paper first reviews the contested and evolving explanations offered for 'land acquisition' and methodologies for global land acquisition, land deals, or land grabs. Second, this work proposes the adaptation of strategic management theories, particularly the stakeholder theory of strategic management, to devise tools that are essential for responsible global governance of transnational land acquisition. This proposal attempts to develop two inclusive conceptual land deal frameworks, i.e., "land deal power-interest clustering (LD-PIC)" and "legitimacy-interest-power (LIP)". In addition, this approach proposes the creation and advancement of tripartite modelling of transnational land based on the power and legitimacy of the actors and the urgency of the needs that each actor strives to fulfil. Finally, this paper suggests issues for further review and data-based investigation. In short, this work attempts to contribute to the ongoing debates on how to ensure that global agricultural land acquisition is a more ethical and responsible investment and how to establish the power of local governance and local communities within the global land deal framework. Throughout this paper, the word "actor" is used interchangeably with "stakeholder".

### *Land grabbing: contested and "work-in-progress" definitions*

According to a large body of literature, there is a propensity for referring to transnational land acquisitions as 'land-grabbing' without setting a comprehensive definition for this term. What is 'land grabbing?' The contested yet most commonly applied definition of land grabbing is large-scale farm land acquisition for agricultural production by non-local or foreign investors, whether through lease or purchase arrangements (GRAIN, 2008; Cotula et al., 2009; Mitta, 2009). According to Borras and Franco (2010), the term 'land grabbing' was preferably stated as 'transnational commercial land transactions' because the concept includes both domestic and transnational deals, underscoring the commercialisation feature of transactions irrespective of the size and markets for production outputs. In contrast, Graham et al. (2011) described 'land grabbing' as controlling and/or possessing land for commercial or industrial agricultural production that is not proportionate in size compared with the mean landholding in a given area, country, or region. According to Hall (2011), the phrase 'land grabbing' is activist terminology that conceals larger legitimate or structural differences and the broad impacts of commercial land transactions among beneficiaries, elites, government officers, partners of different powers, and various intermediaries. FAO-funded studies on land grabs in Latin America and the Caribbean arguably stated the definition of land grabbing. Accordingly, land acquisitions are considered as land grabs if three conditions exist in the deals: (a) the size of the deal is sufficiently large with a commonly accepted threshold of one thousand hectares per deal; (b) the need exists for direct participation of foreign governments/companies, and (c) investment on the newly acquired land is expected to have a negative impact on the food security status of the host country (Borras et al., 2012a,b).

The majority of the literature labels and characterises transnational land acquisition as 'land grabbing'. The characterisation of 'land grabbing' is also notably (food) crisis-centred and farmland-centred as well as heavily centred on emerging players of global regimes (i.e., China, India, South Korea, and the Gulf states) and excessively centred on land acquisitions in Africa. For instance, in the case of Latin America and the Caribbean region, initiatives for food security, ventures for energy security, emerging strategies for mitigating climate change, and promising trajectories for global capital mobilisation are considered as the four key mechanisms of land acquisition. Land acquisition in Latin America and the Caribbean is characterised by its intra-regional nature, i.e., many of the companies that acquired land are Latin-based and are allied with central state and international capital sources (Borras et al., 2012b). Consequently, it is important to proceed broadly from the (food)-crisis-centred definition of land grabbing, but it is also important not to define it too broadly. This statement leads us to address the distinct features of contemporary transnational land acquisition.

According to Mehta et al. (2012), water is both the target and driver of large-scale land acquisition because its hydraulic complexity poses a challenge in describing the entire process of water grabbing and its associated impacts on the environment and different social groups. This group defined water grabbing as '*a situation where powerful actors are able to take control of, or reallocate to their own benefits, water resources already used by local communities or feeding aquatic ecosystems on which their livelihoods are based*' (Mehta et al., 2012: 197). However, it is quite difficult to determine the effects of water re-allocations, particularly due to inter-annual variability and surface water-ground water interactions. The absence of meaningful institutional linkages between water and land management has eased 'encroachment' of the two resources. The existing ambiguous processes of global land and water governance have intensified local-level complexities and uncertainties whereby the powerful actors in deals can maximise

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