



Evidence on land deals' impacts on local livelihoods

Suhyun Jung

Transnational land deals are expected to benefit local livelihoods by directly and indirectly contributing to economic development. However, mixed evidence exists on the livelihood impacts of land deals. In this paper, I summarize and reconcile findings from quantitative and qualitative studies to identify the variations in impacts and factors that help explain those variations. I use the findings to demonstrate how and why research on land deals' livelihood impacts can first, benefit from the use of both quantitative and qualitative research methods, and second, provide grounds for more rigorous analyses and practical policy implications. Lastly, I discuss future research directions by identifying gaps and opportunities to be explored in the literature on land deals' impacts on local livelihoods.

Address

School for Environment and Sustainability, University of Michigan,
440 Church St., Ann Arbor, MI 48104, USA

Corresponding author: Jung, Suhyun (sjungx@umich.edu)

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Introduction

Contracts of land use rights through sales or leases of land, defined as land deals, have increased rapidly in the past decade [1]. A recent estimate shows that the total area of transnational deals, excluding domestic deals, amounts to 50 million hectares globally, according to an estimate by the Land Matrix.¹ In Liberia for example, it is estimated that over 45% of the country's total land area is under agricultural, forestry, or other natural resource concessions [2]. Key contributing factors to the rapid increase include growth in food demands and biofuels investments, high commodity prices for food and mineral resources [3], increasing

international trades of goods and services among countries [4,5], as well as energy transition from fossil fuel to renewable energy [6]. Scholarly efforts have contributed to the understanding of the historical, political, and economic context of land deals as well as the different purposes, e.g., agricultural production and natural resource extraction, and impacts of land deals. In particular, quantitative studies in the economics literature have estimated land deals' socio-economic impacts using quantifiable livelihood indicators such as GDP, income, expenditure, and employment both at macro and micro-scale using cross-country and household level data. In contrast, studies in other social science literature such as political ecology and anthropology are more qualitative, focus on case studies, and attend to the contexts and processes of land deals in a variety of types of investments, including agro-industrial plantations, from historical, political, and institutional perspectives.

In this paper, I investigate first, similarities and differences in findings of quantitative and qualitative studies on land deals' impacts on local livelihoods and second, contextual factors that help explain the differences in livelihood impacts. I find mixed results in livelihood outcomes, which vary by the type of land deals, the focus of the mechanisms that transfer outcomes, outcome indicators, and geographic scope of studies. Negative livelihood impacts are dominant when considering the tenure system and dispossession of land, which have long historical and political contexts and been one of the main focus areas of many qualitative studies on land deals for agricultural production. Similarly, little evidence exists on direct livelihood benefits from land deals through tax revenues or increased employment. This is evident across both quantitative and qualitative studies. However, I find some consistent evidence on indirect livelihood benefits through channels such as procurement of local resources and changes in prices and market structures. This is especially true when larger areas outside of the immediate vicinity of land boundary under the lease are considered, which has been the focus of many studies using quantitative research methods. Therefore, based upon the pool of reviewed studies, I argue that future research and policy on land deals will gain an improved understanding of the impacts of land deals and mechanisms behind them from the reconciliation of research methods and findings of both quantitative and qualitative studies.

Incentives and local livelihood impacts of land deals

Hosting governments use land deals to collect rents and promote economic development through various channels

¹ Land Matrix is the most comprehensive database on land deals (available at landmatrix.org). The total area of 50 million ha is an estimate from accessing the website on 3/19/18.

such as tax collection, employment, transfer of skills and technologies, and infrastructure development. The type and extent of achievable economic development are quite often different from expectations and vary by types, terms, and conditions of land deals. In general, it is common to collect fiscal revenues in the form of tax levied by the size of the land area, production amount, or profits regardless of the types of land deals [7]. This fiscal revenue, for example, can be used to build infrastructure that can benefit local livelihoods. Also, host countries have the potential to benefit from the implementation of land deals because multinationals buying or leasing land for resource extraction or plantation have skills, technologies, and capital to exploit natural resources that can be transferred [8,9]. Land deals often involve corporate social responsibility terms and conditions to ensure that they benefit host countries by setting specific regulations to follow. For example, investors are required to employ locals, provide community training, construct infrastructure (e.g. irrigation and roads), and/or contribute to the development of the area by building schools and clinics in countries such as Cameroon, Liberia, Mozambique, Peru, Sudan, and Senegal [10,11,12[•],13].

Despite the provisions and expectations of benefits for the host country government and local people, empirical quantitative and qualitative evidence on land deals' impacts on local people is mixed.² The economics literature can be divided into studies using cross-country and household survey data. At the cross-country level, the discussion has been whether resource-led development contribute to economic development, sparked by the seminal work of Sachs and Warner [14], where they found slower economic growth in resource-rich countries compared to resource-poor countries, that is, 'natural resource curse.' Following studies have tested and found numerous factors that contribute to it, which include 'Dutch disease' where export of resources reduces the competitiveness of other sectors, low quality of institutions, technology, and infrastructure, increases in conflicts, and limited transfer of skills and technology [15^{••}]. However, recent studies have refuted the notion of the 'natural resource curse' and found positive causal relationships between resource discovery and economic growth [16,17]. According to the meta-analysis using 43 studies by Havarnek et al. [18], 40% of papers found negative, 40% found no effect, and 20% found positive effects of resource richness on long-term economic growth.

Similar to the studies using macroeconomic indicators, micro-scale studies using household surveys have also found negative economic impacts, including loss of income, lack of food security, a decrease in productivity, and poorer

health and education [19–21]. However, some consistent evidence on positive livelihood impacts is also found [22^{••},23–25] in studies using micro-scale household survey data. Studies at the microeconomic level within a country enable the use of more rigorous econometric identification strategies and are increasing recently due to the availability of micro-level socioeconomic survey data and household geographic information [26^{••},27^{••}]. The positive livelihood impacts are found in various livelihood indicators including larger consumption and income, lower poverty rates, adoption of agricultural practices, increased employment as wage workers, and improved educational outcomes [22^{••},23–25,28,29]. In terms of social impacts, there is more evidence of negative impacts resulting from land deals for natural resource extraction, mainly in the form of increased conflicts [30–32].

Many qualitative studies on land deals' impacts on local people use case studies by conducting various methods including semi-structured interviews, archival research, participatory observation/ethnography, and mapping. Compared to the quantitative studies, they are more advantageous in providing socioeconomic, political, and historical backgrounds and processes of land deals. Notably, a series of special issues in the *Journal of Peasant Studies* have explored various dimensions of land transactions: its definition, context, causes, risks, challenges, potential benefits, and complex dynamics from various perspectives such as human rights, political economy, and sociology [1,33]; evaluating impacts of transactions at the global and continental level and methodological reflections in the literature [34]; the social impacts of land transactions and political responses from below framed as trajectories of agrarian change [35]; a forum on land and agricultural commercialization in Africa [36]; and perspectives on agrarian-environmental transformations and gender and generation effects in Southeast Asia [37,38]. Similar to some of the quantitative studies, they have found that negative livelihood outcomes often outweigh positive livelihood outcomes or positive impacts are only limited to a subset of people. Common findings on negative livelihood impacts include lack of access to land for agricultural production and displacement of local people, food insecurity, environmental degradation, and limited employment by concessions [39–42].

Reconciliation of quantitative and qualitative studies

Mixed livelihood outcomes as a result of land deals might be explained by differences in the types of land deals, empirical methods, and geographical scope used by quantitative and qualitative studies. The differences in them affect studies' focus of the mechanisms that transfer livelihood outcomes and the extent to which analyses can be done. Quantitative studies have started to examine macroeconomic impacts of land deals for the extraction of natural resources such as oil and mineral in the form of foreign

² The search was done using the Web of Science and Google Scholar by combining keywords such as foreign direct investment, concessions, land grabbing, and land deals with livelihoods. Moreover, I searched papers that were cited by those papers found from the keyword searches.

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