1. INTRODUCTION

Natural resource investments inevitably produce winners and losers and are rarely if ever ‘sustainable’, even though to a large extent it is sustainability and the green transition that are presently driving extractive investments. However, experience from previous resource booms tells us that this does not necessarily mean that extractive investments are a zero-sum game. After the turn of the millennium, Africa witnessed a surge in investments in natural resources, starting with the petroleum sector, and soon followed by mining and agribusiness (Bryceson and MacKinnon, 2014; Le Billon and Sommerville, 2016; Pedersen and Buur, 2016; Buur et al., 2019), following price spikes in 2008 and again in the early 2010s. This book presents evidence for how these previous booms have affected actors in different African contexts. In the wake of the present recovery of the COVID-19 pandemic, extractive investments have picked up and even accelerated, with new demands for energy and minerals being spurred by the green transition.

Theory suggests that investments in natural resource extraction can help transform African economies by accelerating economic growth, creating jobs and strengthening the links between local economies and the global economy (Auty, 1993; Collier and Venables, 2011). However, theory is one thing, how potentials are managed within the limits of specific national and international political economies quite another. The fact is that extractive investments often wreck the environment and cause all kinds of social, political and economic problems, sometimes referred to as ‘illnesses’. At times, these make resource endowments look more like ‘curses’ than ‘blessings’ (Ross, 2012; Venables, 2016; Bebbington et al., 2018) when complex processes of extraction and the world market’s tentacles are set in motion.

Extractive investments are also often depicted as violating the rights of local populations and leaving them with few benefits. This may in turn lead
to social protests and political instability (Frynas, 2000; Watts, 2001), potentially causing investments to be delayed or abandoned, and thereby adding topolitical uncertainty by further undermining the legitimacy of already weak regimes.

In this edited book, we specifically explore the potential for implementing large-scale extractive investments in natural resources while accommodating the rights of local populations. Based on extensive fieldwork as part of the Hierarchies of Rights: Land and Investments in Africa research programme, we explore the relationships between three specific groups of actors—investors, ruling elites, and local populations—with respect to actual large-scale investments in natural resources in the sectors of gas, minerals (coal) and agriculture (sugar and rice) in Mozambique, Tanzania, and Uganda. In the analytical framework we propose in this work, we argue that all three groups of actors should be included in the analysis if we are to understand whether and how investments are implemented and whether or not the rights of local populations are accommodated.

We combine our focus on the relationships between investors, ruling elites, and local populations with a broad understanding of extractive investments that includes both agricultural investments and extractive investments in, for example, gas and minerals. This draws on an older, Marxist-inspired literature on extractive investments in, for instance, Mozambique from colonialism to the present day (see, e.g., Castel-Branco, 2010) which makes no sharp distinction between agricultural and extractive investments. This literature argues that the colonial economy and the organization of the postcolonial economies that have succeeded them are extractive in their essence, whether of labour for South Africa’s industrial complexes (see First, 1983), primary agricultural produce for export (Saulich, 2020) or coal (Monjane, 2019) and other mining and carbonate products for export (Salimo et al., 2020). We argue that much the same goes for Tanzania and Uganda. The broad understanding of extractive investments provides an important backdrop for bringing into the conversation different bodies of literature that are usually kept apart.

This book therefore engages with and takes further three important bodies of literature, namely those on the land-grabbing debate, the resource curse controversy and Corporate Social Responsibility (CSR). The literature exploring natural resource investments and land-grabbing tends to focus on the unequal relationship between investors and the local populations, whose land is being expropriated or otherwise acquired (Cotula, 2012; Hall et al., 2015; Edelman et al., 2013; Wolford et al., 2013). The literature on the resource curse emphasizes the cosy relationship between investors and ruling elites, from which local populations are typically excluded (Beblawi and Giacomo, 1987; Collier, 2010; Ross, 2015; Brooks and Kurtz, 2016). CSR and related interventions have often been promoted as ways for investors to compensate for dysfunc-
tional state authorities, but they tend to be dismissed as mere window dressing (Frynas, 2005; Prno and Scott Slocombe, 2012).

This book therefore makes three analytical and theoretical contributions. Firstly, in contrast to most of the existing literature, instead of focusing on just one or two types of relationship, it develops an analytical approach that brings together all three of the main groups of actors involved in the implementation of large-scale natural resource investments: investors, ruling elites and local populations. The analytical framework (see Buur et al., 2017; 2019; 2020) we develop to analyse extractive investments focuses on the triangular relationship, not merely the respective dyads, between investors, local populations and ruling elites, inspired by the so-called ‘political settlement’ approach (Khan, 2010; Whitfield et al., 2015; Behuria et al., 2017).

Secondly, this introduction and the chapters that follow it develop an analytical perspective that moves from a focus on rights as absolute to one that see rights as the outcomes of relationships between the main groups of actors involved in the implementation of large-scale natural resource investments. To work with rights to land, resources and livelihoods in relational terms is far from simple: as works on both land-grabbing and the resource curse argue, investments distribute assets unequally. However, the focus on relations redirects the analytical lens from absolute rights or substantial rights that are non-negotiable to the struggle over, negotiation and accommodation of procedural rights to information, participation and compensation during the implementation of investments. Underpinning any discussion of substantive versus procedural rights is the question of whom extractive investments actually benefit (Pichler et al., 2017).

There are some tough trade-offs to be made here. There is no doubt that extractive investments in natural resources often lead to local populations having their substantive rights ‘displaced’ by, or maybe more correctly transformed or translated into, procedural rights. This can take the form of, for example, one-off compensation payments, CSR provisions or access to job opportunities. Whereas this can be viewed as illegitimate by certain population groups, as well as by civil-society and political organizations, these transformations may nonetheless be fully legal and may fall within the legal ambit of the state when the latter promotes investments in the name of the national interest or in pursuit of ‘the greater good’ of economic growth. We would argue that economic transformations that benefit large parts of the population over others, including those with limited power and few resources, are preferable to situations in which socio-economic inequalities persist (and even expand), rights are entirely undermined, and the level of conflict becomes untenable. As Carlos Oya (2013, p. 516) has asked: ‘Does the “destruction of existing livelihoods” necessarily imply retrogression? Is there no room for progressive capitalist accumulation, including the creation of new spaces for new
and perhaps more manageable struggles (around labour)?” Often opportunities are limited, and expectations are easily derailed (see Frynas and Buur, 2020). Nonetheless, local populations often crave for investments in order to lift up their communities, acquire better and more secure livelihoods, and create better futures for their children.

Thirdly, based on earlier work by Buur et al. (2020), this introduction and the chapters in this book seek to develop further the ‘relational approach’ to the inclusion of all three key actors identified above – local populations, investors and ruling elites – and the tensions between them. It uses a theoretical approach aimed at understanding why and how investments are implemented and why and how procedural rights are or are not respected as an aspect of extractive natural resource investments. The authors argue further that the chances of large-scale investments in natural resources being implemented while respecting the rights of local populations are at their greatest when they are characterized by ‘reciprocal exchange deals’ between investors and local populations, ‘compatible interests’ between ruling elites and investors, and ‘mutual recognition’ between local populations and ruling elites.

Analytically, one may focus on how little interventions over the last two decades have managed to improve the lot of local populations, making it clear that the underlying relations of structural power in resource extraction (Szablowski and Campbell, 2019) have not changed substantially. In this edited book, we argue that analyses of investments should look at how they are implemented and the extent to which they accommodate the rights of local populations. As this double focus is not common, in the next section we will map the key conceptual discussions we engage with in this volume. In other words, in the remainder of this introduction we discuss how we make use of these bodies of literature, further introduce the questions this collection addresses, describe the methodology underpinning the research of the Hierarchies of Rights research programme, and briefly introduce the remaining chapters.

2. KEY DISCUSSIONS: MAPPING THE CONCEPTUAL TERRAIN

2.1 The Conceptual Terrain

Who are the most important actors in implementing extractive investments? A diverse and very large body of literature has developed, engaging in debates over large-scale investments in both land and extractives. With considerable sophistication, these studies point out the unequal circumstances in which extractive investments are implemented and rights accommodated or, more often, violated due to inherent structural inequalities (see, e.g., the excellent special issue on ‘Contesting Extractive Governance: Power, Continuity and
Change’ in Extractive Industries and Society edited by Szablowski and Campbell, 2019). Much of the discussion regarding extractive investments focuses primarily on one type of relationship, usually either that between local populations and investors or that between ruling elites and investors. Relationships between ruling elites and local populations are generally overlooked in these discussions. We argue that all three types of relationship between investors, ruling elites and local populations should be taken into account. But how do we understand and conceptually demarcate the three key actors dealt with in this edited volume?

Firstly, we use the term ‘local population’ for lack of a better one: in other words, we use it cautiously and also with a good deal of pragmatism. Empirically the term ‘local populations’ may refer to ‘smallholders’, ‘family-based production units’, ‘kin-based organizations’, ‘villages’ or ‘communities’ – different countries and contexts have, for good or bad, relied on one or other of these conceptualizations. As we have argued previously (Buur et al., 2019, p. 1197), one of the basic problems with all these terms is that they come with the heavy baggage of intervention by governments, who use them for specific purposes and problems, such as the management of relations. For instance, the common term ‘community’, with its focus on ‘bottom-up’ processes, ‘self-help’, ‘empowerment’ and so on, has entered the discourse of neoliberal forms of governance (Rose, 1991; Delanty, 2003). We use the broader and more general term ‘local population’ heuristically, but when it makes emic sense we may use some other context-specific term, such as ‘community’, ‘household’, ‘family unit’ or ward.

It is important here to acknowledge cautiously that international, national and local NGOs, for example, often see themselves as representing local populations. We have argued that this assumption may well be appropriate in many cases, but it cannot be taken for granted: investors increasingly outsource community liaison to recognized international NGOs (INGOs) and national organizations (Hilson, 2012). Similarly, states also use NGOs as service providers, for example, as extension officers, for capacity-building and so on. Furthermore, international donors may simultaneously assist states, actively promoting and supporting specific extractive investors, while (I)NGOs assist local populations to promote and facilitate specific investments (Arond et al., 2019). The role of non-governmental organisations (NGOs) is therefore often ‘fuzzy’, as they act as representatives of multiple and sometimes contradictory interests. In other words, civil-society actors, including international and domestic NGOs, are not simple, homogeneous and unified actors that are easy to define in practice. Civil-society organizations taking the form of NGOs are therefore not given separate, independent positions in our analytical approach because we see them more as intermediaries that may work with any of our three groups, namely local populations, investors or states. We accept
the potential criticism of this approach, but would also ask critics to pause for a moment, bracket their criticisms in the Bourdieuesque (Bourdieu and Wacquant, 1992) sense, and ask themselves if all the categories we initially think of are really the most important, or at least consider when they matter in practice, instead of taking their importance for granted a priori.

Secondly, in this book the term ‘ruling elites’ refers to ‘the group of people who wield power as a result of their position in the government, where they occupy offices in which authoritative decisions are made’ (Whitfield et al., 2015, p. 24). Importantly, ruling elites operate at different social or scalar levels: national, regional or local, but they often link up in various ways, while at other times pursuing their own specific interests. Furthermore, a basic analytical distinction can be made between state bureaucracies and ruling political elites. Often the relationship is intimate and not easy to disentangle, but important ruling elites frequently rely on bureaucrats to implement policy decisions they favour. In practice the two groups may be hard to distinguish, particularly in countries dominated by a single party, such as Uganda, Tanzania and Mozambique. This is despite the notable differences in how socialist and Marxist-Leninist ideas concerning the supremacy of the ‘Party’ controlling the ‘state’ and ‘society’ are put into effect. For example, in Mozambique there are particular ideas linking ‘national unity’ to Frelimo, the ruling party, implying that national unity is secured in and through the party’s control of the state and society. Here party, state and society are not separated in practice, as they generally are in liberal democratic ontologies (see Buur and Salimo, 2018; Macuane et al., 2018). However, as Therkildsen (2011) has shown for Tanzania, even in party-controlled countries, in certain times and spaces the relevant bureaucracies can also pursue agendas of their own that can undermine government decisions, separating the two spheres of power. Therefore, for us, when and why ruling elites and bureaucracies overlap or are distinguishable is thus an empirical question that needs to be decided contextually in each case study.

Thirdly, in thinking about extractive investments, it is often taken for granted that the category of ‘investor’ is foreign. In this edited volume, however, the term refers to different combinations of foreign, national and domestic investors in extractive natural resource projects, whether state-owned or private enterprises. In the Hierarchies of Rights research programme, we focused on relatively large-scale investments in gas, coal and agriculture (sugar and rice), often but not always based on some kind of public–private partnership. This often overlooked fact is important: researchers who implicitly fetishize ‘the state’ as overrun by neoliberal forms of governance and external impositions usually overlook how, through private and public investors, the African state and ruling elites actually pursue their interests. Ideologically they may do so in ways that are at odds with fetishized positions on how states pursue their
interests in practice. One example is the assumption that the state will always protect local populations against abusive foreign investors. As several chapters in this book argue (by Jacob, Salimo, Nystrand and Buur), ruling elites and state bureaucracies are not homogeneous and unified. In some cases, different levels of the state are in conflict with other levels or are undermined by the interests of national or provincial ruling elites.

2.2 A Relational Understanding of Rights

Our approach to rights is strongly influenced by the clashes we can observe between local populations’ perceptions of their land and livelihood rights, based more on customary or evolving land-tenure systems, and formal rights and tenure regimes backed by the state, which are brought to the fore with large-scale extractive investments. These conflicts often emerge late in the investment process when projects are implemented, and not earlier, when investment decisions are made and projects are approved. Suddenly, the right to information and consultation and to compensation for lost land and livelihoods become burning issues that key investment stakeholders are ill-prepared to handle. As we show, often the state or ruling elites are hesitant and not particularly interested in meeting local populations’ demands or accepting their involvement and potential role in making investments work. In some cases, legislation on resettlement and compensation only emerge when investors demand it. In other cases, CSR and the present-day focus on Environment, Social and Governance (ESG) safeguards, involving compliance with various standards – such as International Finance Corporation’s (IFC’s) demands with regard to resettlement, environmental impact and so on – compel shareholders to force foreign companies to become involved and consult with local populations in order to minimize conflicts.

This raises the question of whether our relational approach leans more towards a traditional legal positivist understanding of rights as social facts, where rights exist even if they are not realized, or more towards a sociological approach to rights (Madsen and Verschraegen, 2013; see also Hilhorst and Jansen, 2012 for the negotiation of rights in specific contexts), where the realization of rights depends on the social context within which they emerge and come to exist. The conundrum is that in some cases rights to land and water, for example, exist in the form of local ideas of access and rights that can sometimes but not always be captured by the term ‘customary rights’, or ideas of rights in a form that is not necessarily backed by the state formally. Such local or customary ideas clash with both investors’ and international organizations’ ideas of ‘rights’ (e.g. rights to consultation, resettlement and compensation) that are often strongly backed by the host state. That is, ideas about substantial rights (often) in the abstract exist for some actors, alongside
more emic or local or customary ideas of rights, that clash with notions of rights which arise with investments. Phrased in a slightly different way, and simply for heuristic reasons, by focusing on formal rights in the making, we expand the focus on substantial rights and what the state or ruling elite get out of investments to concentrate on diverse configurations of rights, including procedural rights, that investors have to deal with in their further engagement with local populations.

By accommodation of rights, we thus refer to the extent to which the substantive rights of peoples or populations to land and other resources are transformed into procedural rights, such as rights to information, participation and consultation, resettlement and various kinds of compensation when land is acquired for investment purposes (see, e.g., Veit et al., 2013; Hoops et al., 2015; Lindsay et al., 2017). Substantive rights may also be transformed into jobs or economic opportunities, though in this case the overlap between those who lose substantive rights and those who benefit from this loss is less clear. The differences between and movement from substantive to procedural rights also involve a move from ‘thicker’ to ‘thinner’ rights. We acknowledge that substantive rights can often be claimed more effectively from below and that they provide better protection against misuse than procedural rights. However, in many cases conflicts over land and other resources do not reach the courts for a range of governance-related reasons, and even when they do, where the so-called ‘ruled by law’3 principle obtains, the courts are often manipulated. In this regard, much will depend on the contexts in which investments take place, where governance is increasingly shaped by the interweaving of laws, norms, investment codexes, politics and governments nationally or internationally (Szablowski and Campbell, 2019, after Huizenga, 2019; see also Lund, 2021).

We therefore not only focus on rights as ‘boundaries of autonomy’, but on the power relations that help shape rights and which in turn are themselves partly shaped by rights where rights emerge and become prevalent processes of ‘claiming, redefining and “vernacularising” rights’ (Mnisi and Claassens, 2009, p. 491). Though economic and social change tends to be inherently conflictual and to lead to unequal outcomes, benefits and rights may be distributed or maintained while investments are being implemented and economies transformed. Essentially, we argue that more inclusive types of economic transformation are needed, while a delicate balance must be struck between implementing investments and accommodating the rights of local populations (Berry, 2009; Pedersen and Buur, 2016). What we see is that, in our African cases, investment projects are used to establish or strengthen authority structures and formal rights, where customary or evolving structures and perceptions of rights existed before.

Time and timing are often very important. Ruling elites at different social levels usually have their own agendas to cater for in the sense of creating eco-
economic opportunities, that is, rent-seeking, and ensuring their political survival. They therefore often have less interest in the concerns of the populations they serve and/or represent. The same can be said of investors and development donors, who often enter the field with a limited understanding of the local and national contexts. The short time horizons that extractive companies, governments and development donor organizations work with have turned out to be a weakness, since these are multi-decadal, not short-term processes (McHenry et al., 2017).

To understand how investments are implemented and how rights become intelligible and are socially negotiated, we therefore focus in particular on whether and how local populations are involved and whether they react to investments with protests and resistance. Here it is not always easy to demarcate clearly where substantial rights start or end. For example, compensation that emerges through an investment codex but is not clearly rooted in national law may resemble a procedural right but only later become a formal, state-backed procedural right by becoming part of national legislation. In this volume, Salimo illustrates this process with respect to the right to compensation and resettlement in the Mozambican gas sector, where formal compensation legislation first emerged late in the process after severe violence in the coal sector made gas and oil companies demand formal legislation on resettlement and compensation to be clarified and implemented. Equally, due process and consultation with local populations that originate in an investment codex may become substantive rights over time.

2.3 The Relational Way of Thinking about Investments

The concept of a ‘relation’ is both simple and complicated. In Euro-American language a relation is intimately linked to both concrete and abstract ideas embodying connectivity, kinship and alliance, including ideas concerning ‘structural resemblance or causal connections’ (Strathern, 1995, p. 9). We bracket this double feature of the concept, where it is at once an ‘abstract construct’ (the relation) and a ‘concrete’ relation (particular or personal) (Strathern, 1995, p. 10). This is because we want to focus on the concrete relations and exchanges between the different positions of investors, ruling elites and local populations (our triangular model of relations, already identified). We acknowledge the ‘relational turn’ within the social sciences (Latour, 2005; Candea et al., 2015; Strathern, 2017) and find many of these elaborations extremely important and inspiring. Although some of these aspects have clearly influenced our understanding of rights as relations and rights as becoming, our usage in this book is profoundly heuristic. An exchange relation should be understood in its most descriptive sense.
This entails understanding cases of investment from the perspective of relational exchange. This is in part inspired by Marcel Mauss’s classic anthropological work (1990) on the exchange of gifts and expectations of a return as a constitutive feature of social relations (see also Graeber, 2001), and in part by the political settlement approach to how the relationships between political and economic elite interests shape policy outcomes (Buur et al., 2012; Whitfield and Buur, 2014; Whitfield et al., 2015; see Buur, 2015 for a summary and explanation of the development of this approach). As we will demonstrate in the following, although different bodies of literature touch upon these exchange relations, they rarely apply a systematic analytical and theoretical approach that includes all three types of relationship.

The relationship between investors and local populations has received significant attention in the literature on large-scale extractive investments. Firstly, there has been a strong focus on dispossession by investors and the conflicts that may arise between investors and local populations in the wake of high global commodity prices in both the early and later literature on land- and resource-grabbing (McMichael, 2009; Tokar and Magdoff, 2009; Matondi et al., 2011), as well as in later land surveys by the mining and petroleum sectors (Ejobowah, 2000; Bourgouin, 2014; Szablowski, 2007; Kirsch, 2014). The interest in CSR, by contrast, has turned to the question of alleviating grievances in order to create the conditions for a Social License to Operate (SLO) (Frynas, 2005; Prno and Slocombe, 2012) to the more recent principle of Free Prior and Informed Consent (FPIC) (Cotula, 2016a, 2016b; Banks et al., 2016). Critics of these approaches (e.g. Harvey, 2014; Le Billon and Middeldorp, 2021; Shapiro and McNeish, 2021) have argued that social development through CSR interventions will not deliver SLOs in the extractive sector, nor fairness in general (Pichler et al., 2017).

Critical writings have indeed often dismissed CSR as ‘window dressing’ and are more concerned with showing how CSR principles differ from actual practices (Frynas, 2005; Bartley and Egels-Zandén, 2016; Kirsch, 2014). The recent perspectives of Huizenga (2019) and Szablowski (2019) importantly point to the interwoven nature of territorial, regional, national and transnational forms of law, politics and government, bringing scale into the perspective by suggesting that outcomes at one scale can be different from those at another scale. Wiegink (2018), in her work on Mozambique’s extractive turn, includes an important analysis of the different temporalities implied by scale. Local populations and foreign and national investors often operate at different scales and temporalities. Investors often see exchanges related to compensation for loss of land and livelihoods as short-term, one-off legal and financial transactions enforced nationally and internationally. Local populations, on the other hand, see them as long-term relations with continuous exchanges and transactions locally.
Secondly, historically the relationship between investors and ruling elites has been extensively discussed in the literature on the resource curse related to extractive investments in which this relationship is often seen as necessarily involving collusion (Karl, 1999; Beblawi and Giacomo, 1987; Beblawi, 1987, 1990; Ross, 2015). However, the literature rarely unpacks the relationship in much detail, which is also the case for more recent studies drawing on the political settlement approach, which emphasizes that policy choices related to investments are ‘shaped by incentives arising from the imperatives of ruling elites to remain in power and thus build and maintain political support’ (Whitfield and Buur, 2014, p. 127; see also, e.g., the highly important and interesting work by Bebbington et al., 2018 and Usman, 2019).

Larger-scale investors in their turn often seek to shield themselves from the pressure of the ruling elites in order to mobilize resources for the economic survival of their companies through contract-stability clauses permitting international arbitration (Radon, 2007; Cotula, 2015, 2016b) or by alignment with international financial institutions like the World Bank and the International Finance Corporation, the Bank’s private investment arm. This seems to suggest that investors in cahoots with ruling elites have the upper hand due to their orchestration or more directly their manipulation of the law and their control over the rules of the investment game. However, as several chapters in this volume suggest, this cannot be taken for granted. Relations are much more unsettled than the literature on extractive natural resources tends to assume, particularly for agricultural investments, but surprisingly also for mining and gas, if to a lesser degree.

Thirdly, as this book suggests, it is rare for ruling elites and local populations to be in agreement with each other. The relationship between local populations and ruling elites is generally the least developed in the literature. The land-grabbing literature started to develop more nuanced approaches after 2012, when it became clear that global land-grabbing was not taking place solely through foreign investments. Domestic investments in production, like palm oil, and sprawling urbanization saw tectonic shifts in land possession taking place rapidly and by and large under the radar, as it happened in Southeast Asia, for example (Hall, 2013). The literature then started emphasizing the role of state actors in facilitating the acquisition of land, as well as the resistance of local populations to investment projects (Wolford et al., 2013; Hall et al., 2015; Edelman et al., 2018). This new focus helped to explain why some projects were never implemented: as became clear from the revisionist turn in works on land-grabbing, a proposal to invest is one thing, actual implementation quite another.

However, the land-grabbing literature still tended to assume a uniform type of relationship between ruling elites and investors. Maybe this is due in part to the fact that, apart from a few, usually urban-based professional groups,
in sub-Saharan Africa organized political action from below has rarely influenced national politics either directly or systematically (Rakner, 2011; Waal and Ibreck, 2013). To some extent the political settlement (Khan, 2010) and political survival literature (Whitfield et al., 2015) increasingly emphasizes the role of elections in allowing governments to stay in power and especially how elections may affect relations between ruling elites and local populations (Behuria et al., 2017; Jacob and Pedersen, 2018). These relations may be changing under the influence of repeated elections (Kjær and Therkildsen, 2013), which are gradually forcing ruling politicians to vie for smallholders’ support, regional constituencies and votes more generally. This process caters to country and context-specific dynamics. An increasing number of Asian and African countries manage electoral pressures through the use of force, control over who can vote and stand for election, and plain state-organized fraud, as recently experienced in Uganda, Tanzania and Mozambique.

3. THE KEY CHARACTERISTICS UNDERPINNING INVESTMENTS AND RIGHTS

The relational approach allows us to draw on these bodies of literature, touching on various aspects of the relationships between investors, ruling elites and local populations, and also to develop a better understanding of how large-scale extractive investments can be implemented while accommodating the rights of local populations. This implies a move from rather descriptive analyses of exchange relations to a normative but still research-based and theoretically informed agenda. We argue that investments are more likely to be implemented and the procedural rights of local populations respected when relationships are characterized by ‘reciprocal exchange deals’ between investors and local populations, ‘compatible interests’ between ruling elites and investors, and ‘mutual recognition’ between local populations and ruling elites. In short, all three relationships are key to understanding why and how different rights – procedural and substantial rights – are accommodated, change and take their respective forms. The three characteristics of the relations between investors, ruling elites and local populations are shown in Figure I.1 below. This model has been developed by means of an iterative process in which we have moved back and forth between theoretical ideas concerning the three relationships and the empirical findings of our own case studies of concrete investments as part of the Hierarchies of Rights research programme from 2015 to 2022. Our definitions of the three types of actor are discussed in detail in Buur et al. (2017; 2019; 2020), but in summary each of these model characteristics will briefly be discussed here one by one and clarified further.
Introduction

3.1 Compatible Interests

Compatible interests affect the relationship between ruling elites and investors. Generally, the implementation of natural resource investments requires that these two groups, whatever their composition, engage in a series of formal and informal exchange relations, which, at their most abstract level, are concerned with rents and support. Underpinning such exchange relations is the requirement that some sections of the ruling elite have incentives that match those of the investors in order to address the issues of access to key natural resources such as land and water, which are often ‘owned’ by a diverse set of actors in different types of property regime: the state, local government, chiefs, custom and so on (see Edelman et al., 2018; Peluso and Lund, 2011). They also need to find common ground with regard to the importation and construction of key infrastructure, as well as stabilize property relations sufficiently in exchange for financial and other types of resources that the ruling elite can use to survive electoral competition or exercise patronage politically (Whitfield et al., 2015).

In many ways, the relationship between ruling elites and investors is the most important and often trumps the other relationships. This is the case because this sort of relationship involves the most important socio-economic interests for those who are in charge of the state and its government, as well as of economically powerful investors in the private sector. Even though this is the most important relationship for the implementation of investments, elite
and government interests can be undermined by other actors’ interests, as the chapter by Buur and Beykirch show for Mozambique, or put under pressure, as Jacob illustrates in his chapter on Tanzania. Still, as the different chapters in this volume clearly suggest, the reason it is the most important relationship for investors is that for projects to be approved in the first instance they need government and ruling-elite approval. What this also implies, for actual implementation, is an open question, but the point is that the interests of the investors and the ruling elites must overlap to some degree. This is what we call ‘compatible interests’, a coining that originates in another, related term taken from the literature on political survival: ‘mutual interest’ (Whitfield et al., 2015). This latter term was developed for exploring the implementation of industrial policy when the ruling elites need approval from the relevant investors and vice versa: as Whitfield et al. (2015, p. 18; also p. 289) argued, ‘they must need each other’. We will nonetheless suggest that, while interests must be aligned, more often than not they are merely compatible, as they might not be the same.

In simple terms, an investor putting money into complicated (frontier) markets can earn huge rents from being a first mover, but this can also be risky. It is therefore vital for investors to feel that their concerns and their ability to profit from their future investment decisions are addressed. This is true regardless of whether the objective is to promote investments in a particular natural resource sector or of who the investors are: domestic private firms, foreign private firms, state-owned firms, party-owned firms or public–private joint ventures. We therefore argue that investors’ relations with the ruling elite are not only crucial but the most important, because without them there would be no investment in the first place. Furthermore, because political support can reduce uncertainty and release different forms of state support that can make investments feasible in the short and long terms, compatible interests are imperative. This also promotes predictability and possibly the most favoured ‘credible commitment’ by political leaders (Schneider and Maxfield, 1997) in difficult policy environments. However, as the more critical studies of industrial policy suggest, the relationship between ruling elites and investors is neither one-dimensional nor simple. Ruling elites often come to depend on investors, both foreign and domestic, as they often become important taxpayers with the ability to leverage political concessions. Therefore, they may wish to maximize and maintain the benefits of investors’ operations, as they increasingly become dependent on them (Kircher, 2014; see in particular Salimo for gas in Mozambique, Jacob for coal in Tanzania, and Sulle et al. and Nystrand et al. for sugar in Tanzania and Uganda).

The importance of domestic and foreign investors for the ruling elites is intimately related to the two-decade-long process of liberalization and democratization under the Washington Consensus, as African politicians could no longer rely solely on state coffers, but had to depend on tax revenues as well as
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state-organized rent-seeking to fund re-election (Kjær and Therkildsen, 2013). But with increased dependence also comes the fear of investors transferring their loyalties to politicians and parties, including internal factions within the ruling elites who are pursuing particular investments in cahoots with investors (see, e.g., Salimo et al. 2020). Overcoming resistance from ruling coalition factions or other social groups, in the form of local populations and communities or potential foreign or private-sector competitors, is therefore not something that can be taken for granted, as several chapters in this book demonstrate with great clarity. Even though investors, whether domestic or, probably more often, foreign, are often thought of as having considerable ‘holding power’ (Khan, 2010, pp. 1, 6) in the form of financial muscle and the organizational ability to mobilize regional and international organizations for their own protection, this is not necessarily the case. Nonetheless, they remain vulnerable to local resistance to investments being taken up by international campaigns that can affect their ‘reputations’ with financial investors (and sometimes with consumers, depending on the type of industry), as well as when renegotiating contracts once the investment has been made and the sunk costs have been racked up (Vernon, 1973). Once investments have begun incurring capital costs, they cannot easily be recovered or transferred, which changes the terrain of power considerably.

It is exactly at this point in time that local populations’ initial loss of access to key resources such as land and water will often see investors trying to find a new common ground with them, as delays and interruptions are costly. Relations between investors and ruling elites are therefore prone to change over time as investments mature, ruling elites become dependent on them for regime survival, competition over revenues and rents emerges between top elites and regional and lower-level factions, and local populations respond more broadly to the advent of investments, as they also want to benefit from them.

3.2 Reciprocal Exchange Deals

Reciprocal exchange deals are exchanges between investors and local populations, which are usually uneven and unequal, but can still be considered ‘acceptable’ to both parties. We know that, despite legislation to stimulate compensation and the sharing of rents from natural resource investments (see EITI, 2019), in countries with governance and democratic deficits – so-called ‘ruled by law’ countries, which is a key characteristic of many developing countries – the state often lacks an interest in redistributing resource rents to any groups outside its core base. One of the paradoxes, nonetheless, is that many people, including activists, civil-society actors, international donors and global institutions, implicitly assume that states in the Global South and their
governments actually want to distribute resources to their populations. The evidence is mixed, as some countries indeed have the idea of redistribution and of sharing national assets or are basing their policies on such ideas (Tanzania is one such country, as Jacob and Pedersen (2018) have illustrated for social protection), while other regimes see redistributions of public goods in narrower terms (see, e.g., Buur and Salimo 2018 for Mozambique), where the ruling elites in charge of the state usually want to survive politically and therefore see and approach resources more like club goods (Salimo et al., 2020).

In such contexts, as long as elections can be rigged and manipulated, electorates in general matter little. But the point is also that local populations see natural resources (be it minerals, water, gas and so on) as ‘their resource’, whereas ruling elites see them as 'national resources' they are entitled to decide on. As civil society and political activists tend to side with the local perspective for many good reasons, while rarely looking at the national picture, investors are often considerably more insecure than one might expect. For this reason, investors and local populations often try to establish some kind of exchange deal in order to make sure that the latter gain something from the investments and that investors are guaranteed some stability in relation to them (Prno, 2013; Buur et al., 2020, pp. 921–2). This may take the form of direct procedural rights involving due compensation for resettlement or environmental pollution and/or the creation of economic opportunities or the provision of key social services (see Jacob, 2018 for coal in Tanzania; Nystrand et al. for sugar in Uganda, Salimo for gas, and Buur and Beykirch for sugar in Mozambique in this volume). In exchange, local populations usually have to give up land and livelihoods, as well as provide a degree of acceptance for investments over time, which may have contractual underpinnings (see Salimo, 2018 for gas in northern Mozambique). But often they are not well formalized, which in itself can create the basis for continual conflict. Often too, as several cases in our cross-section of examples of investment presented in this book show, investors expect the state to have dealt with local populations and their ‘formal rights’ to compensation, consultation, arbitration and so forth, not to mention managing the expectations that are associated with major investments. However, as this is rarely done in advance of the investments being made, the question of procedural rights usually becomes a key issue during implementation of the actual investment and will usually cause delays, extra costs and even the breakdown of the investments.

However, what we find is that, in these forms of exchange, investors are principally concerned with access to land and natural resources, relative peace and tranquillity in making their investments, the existence of infrastructure to minimize costs, the availability of a skilled workforce, and a policy environment that is conducive to and protective of their interest in stability and profit. One aspect of this is clearly that investors are interested in keeping often
expensive sunk-cost investments safe from sabotage, fire and conflict (see also Buur and Sumich, 2019).

From an investor’s point of view, at best the local population is valuable as a source of labour, land and water (depending on the type of industry) – or, in the language of business economics, it is just another business-external factor that needs to be factored in (Reinhardt et al., 2008). More often it is an annoying obstacle to the smooth implementation of a project that has already been agreed with ruling-elite factions and backed by external actors, such as investment banks, multilateral institutions and bilateral donors. However, experience clearly shows that dissatisfied local populations may derail investment projects if they are not properly involved in them and/or compensated for their consequences (Jacob, 2018; Nystrand et al., this volume; Frynas and Buur, 2020).

However, investments differ considerably. If, for example, an investment project involves the ‘resettlement’ of whole local populations (Salimo, 2018; Wiegink, 2018; Buur and Beykirch, this volume), its implications for livelihood practices and cultural relations are much more severe than, for instance, large-scale agricultural investments with outgrower schemes (Jarnholt, 2020; Buur and Beykirch, Sulle et al. and Nystrand et al. in this volume, for respectively Mozambique, Tanzania and Uganda and the sugar and rice industries). This allows people to stay on their land and become involved in the productive side of the investment.

Nonetheless, there is plenty of room for misunderstandings to arise in exchange deals between investors and local populations (Harvey, 2014), not at least because, as already noted, there is usually a temporal dimension to this relationship that is often misunderstood (see in particular Wiegink, 2018 on coal in Mozambique). Investors will usually expect something in return for what they consider the ‘free gifts’ they provide to local populations. This could include vague expectations such as ‘acceptance’, even though it may not always be clear what is expected at all.

At its simplest, investor-driven expropriations and compensation deals often take the form of one-off legal transactions or are thought of as legal one-off deals that may be perceived by receivers or givers as one-off ‘gift-giving’ activities (though in reality ‘there is no such thing as a free gift’, as famously suggested by Mary Douglas in the foreword to the 1990 edition of Marcel Mauss’s masterpiece *The Gift*). What we often see is a clash between a market-based contractual form of compensation or other payment, which, seen from the perspective of local populations, is nothing other than the expectation of further exchanges being loudly voiced. Community members will often expect much more than the investor is willing to give (Frynas, 2009) in the form of continuous exchanges combined with the ongoing making of claims, based on expectations of a continuing or reciprocal relationship.
It is therefore important to understand that, in our approach, the procedural rights involved and how they develop into a ‘reciprocal exchange deal’ do not just imply a one-off legal and financial transaction when seen from a relational perspective. A reciprocal exchange deal is influenced by the terms under which it has been negotiated and includes other benefits that each party might derive from it over time. But investors are not all equal. The origin of the investor seems to be the key to understanding the types of exchange relationship that investors tend to develop with local populations. Much critical attention has been paid to corporate investments originating in the Global North (Frynas, 2000; Buur et al., 2017), where investors often worry about reputational risks or wish to adhere to international soft-law standards regulating investments, making them more open to pressure from populations below them than other actors (Frynas, 2005; Szablowski, 2007; McAdam et al., 2010). Investors in emerging markets have traditionally been less focused on voluntary social and environmental standards, though this may change as they become more exposed through their international operations (Patey, 2014; Pegg, 2012). Finally, domestic investors are often closely embedded in both the political and social environments of the investment (Nystrand, 2015). In some cases, this may facilitate exchange relations with local populations, but in other cases it may complicate them (Pedersen and Buur, 2016) because financial and other types of demand for exchanges become excessive.

3.3 Mutual Recognition

Mutual recognition refers in simple terms to relations and exchanges between local populations and ruling elites at the different levels of the state at which such exchanges take place (national, regional or local). This is the relationship that different bodies of literature link to CSR, land-grabbing and the resource curse, which they generally take for granted and never really explore in any detail. There can be many reasons for this oversight, one clearly being the strong focus on powerful foreign investors and their relationships with local populations and ruling-elite actors at the heart of the approval and implementation of a given investment. Here the relationship between ruling elites and local populations may at first sight seem less important for understanding how and why procedural rights concerning compensation, consultation and resettlement are or are not accommodated by natural resource investments. Obviously, the other links are important for understanding the relationship between ruling elites and local populations, but the influence is neither simple nor one-way. We argue that the relationship between ruling elites and local populations is underpinned by a series of exchange relations that often have a long history, this possibly being the reason why it is often overlooked. The exchanges between ruling elites and local populations are more often than not
long-term in nature, related to services provided by the postcolonial state that can be exchanged for electoral support, but it can also be based on neglect and/or ignorance (see Nugent, 2010).

Large-scale investments are embedded in temporal layers that usually each have a long-term contested political history. Ruling elites will evaluate proposed projects as trade-offs between on the one hand their potential to generate rents and increase the state’s capacity to control the territory, and on the other hand the risks they may pose to social stability and control. Local populations will judge a natural resource investment in their area based on their previous experiences with investment projects and their previous relationship with ruling elites and the central state. Nugent (2010) suggested that the types of social contract that evolve between African states and their populations can be placed on a continuum between ‘coercive’ and ‘productive’ relations.

Nugent (2010, p. 44) also suggests that a ‘coercive social contract is one in which the right to govern is predicated on the capacity of the rulers to render intolerable the lives of their subjects’. In contrast, a ‘productive contract is one in which the sovereign authority and the subjects/citizens enter into some form of negotiation over how the rule by the former can contribute to the well-being of the latter’. Here we would suggest, with Beetham (2013, p. 266), that productive relations are not only ‘acts of consent’ in the Weberian sense. Instead, ‘what matters for its existence and operation to be made explicit is that there should be a relationship of reciprocity resting upon a mutual recognition of rights and duties, both on the part of the governors and on the part of the governed’.

We highlight, in particular, the nature of exchange relations between local populations and ruling elites, underpinned by what we call ‘mutual recognition’. These are relations that come close to what Nugent (2010, p. 45) refers to as a ‘productive social contract’ based on some form of mediation and recognition between an authority and subjects over ‘how the rule by the former can contribute to the well-being of the latter’. In Nugent’s analysis, what is exchanged can be tax payments and access to scarce resources, including land, but it can also be extended to other rights, such as the local population’s procedural rights to resettlement compensation, participation and consultation.

In our perspective, if mutual recognition is achieved, it can make changes in the property institutions that govern the distribution of economic benefits and rules (see, e.g., Khan, 2010), if not legitimate, then at least sufficiently acceptable in return for desired services and/or protection from abuse by investors or other actors (see Buur et al., 2017, 2019, 2020 for a full discussion). What ruling elites expect from local populations is often recognition of their right to rule, including their right to decide over issues of land and resources. In societies with competitive elections of some sort, this is usually combined with exchanging votes for services, as well as economic opportunities or compensa-
In return, local populations expect to be acknowledged as having a special relationship with the land or other resources. They also expect to be protected from transgressions by investors, to receive generous compensation for lost land and livelihoods, and to be provided with ‘development’ in a more general sense, for example, access to social services, infrastructure, jobs and economic opportunities such as outgrower schemes.

In large-scale investment contexts, where land and resource rights are less standardized and well-defined than in Europe or North America (where resources are ‘ruled by law’ instead of ‘by rule of law’; see Khan and Roy, 2019), these rights and duties are the focus of intense struggles during the implementation of investment projects. Often, the exchange relations that touch upon natural resources and land in postcolonial African countries date back to colonialism and/or the struggle for independence, where independence movements often used resource conflicts to mobilize resistance to the colonial power. This obviously makes extractive investments, especially foreign ones, a potentially contentious issue feeding into local and national political dynamics to various degrees (see Maconachie, 2016 on how this feeds into post-conflict natural resource management scenarios). This is further complicated by the fact that post-independence ruling elites sometimes imposed modernizing projects – and new social contracts – on populations in a violent manner. Core cases here are the socialist Ujamaa and New Society reforms in Tanzania and Mozambique respectively, which sought to transform not only economic development models but also property relations through state-led resettlement schemes (see Buur and Sumich, 2019). In northern Uganda, it was not a modernization project but the Lord’s Resistance Army’s (LRA) insurgency and the forced resettlement of the population to internally displaced people (IDP) camps that have made land and resources a highly contentious issue in the post-conflict period (see Buur et al. 2019).

As this volume suggests, the level of conflict related to extractive investments hinges on the extent to which local populations are consulted, become involved in the decision and its implementation, and are compensated from and by the specific investment. While the relationship is influenced by that with the investor, relations with the state and ruling elites and the concrete exchanges they are involved in are more important than is often acknowledged. It is clear here that agreed compensation can vanish, and promises may not be fulfilled, as ruling elites need to mobilize rents in order to stay in power and therefore do not want to compensate local populations. Ruling elites may also take the side of the investor during conflicts because they want to implement the political projects they have promised, but in order to do so they have to sacrifice the expectations, rights and livelihoods of local populations.

However, it is important to make it clear that ruling elites contain diverse elite factions and groups at different levels of the state and political system,
and therefore also distinct interests that often rub up against each other. We know from the survival of ruling elites’ perspectives (Whitfield et al., 2015) that they rely on bureaucrats (usually themselves one of the factions in the ruling elite) to manage natural resource investments and revenues and to run state institutions that are important for their own survival (for Mozambique, see Macuane et al., 2018; for Ghana, see Whitfield, 2018).

4. POLITICAL ECONOMY

The relationship between the three key actors and what characterizes them is intimately related to the wider political settlement in which these relations are embedded, and investments approved and implemented. As we have argued before (see Buur et al., 2020), political settlements are not an external context in which the exchange relations between the three key actors take place, but are deeply entangled in the relationships themselves. How the three relationships evolve is therefore part of reproducing political settlements at different social levels and scales. The political settlement approach (Khan, 2010; Whitfield et al., 2015) focuses on the vertical relations between ruling elites and lower-level factions of the ruling coalition, as well as the horizontal relations between ruling elites and excluded factions, including how a settlement is financed (Behuria et al., 2017) and the role of ideas or ideology (Bebbington et al., 2018). In the political settlement approach, ordinary citizens do not really exist except as voters, electoral constituencies and lower-level factions within the ruling elite, but they do have an important role to play in investment processes (Buur et al., 2019). The three countries from which we present cases in this volume are characterized by different political settlement dynamics, which in each case reveal different degrees of dominance and legitimacy by and of the ruling elites and therefore provide an important backdrop to understanding the investments.

Furthermore, Mozambique, Uganda and Tanzania provide important examples of the diversity of political organizations and settlements we associate with the political settlement approach. Tanzania is generally considered to be governed by a dominant party-state settlement (Gray, 2013), and much the same goes for Mozambique, even though it is much more vulnerable and less ideologically coherent (Macuane et al., 2018; Buur and Salimo, 2018). In contrast, Uganda, notwithstanding its very ‘dominant’ president, is run under a more competitive clientelist form of settlement (Kjær, 2015; Golooba-Mutebi and Hickey, 2013). Here we will briefly consider the most important aspects of the political settlement of importance for our examples of investment.
4.1 Mozambique: Increased Conflict

Mozambique, even though its political settlement is based on the dominant Frelimo party-state, has fewer universalist underpinnings than in Tanzania (see underneath), as the foundational ideas are related to an understanding of ‘national unity’ (Hodges and Tibana, 2005) being produced in and through the Frelimo party (Salimo et al., 2020). Foundational ideas like national unity take on particular features in former one-party states like Mozambique that have managed to reproduce power, as they inform the organization of patronage and clientelism along partisan lines (Buur and Salimo, 2018, p. 5; Buur and Monjane, 2017). In Mozambique land is state property, but land-use rights are guaranteed to communities, individuals and organizations (including companies) by constitutional and legal provisions. This is the embodiment of the liberation struggle’s ideals about freeing men and land from colonial domination and capitalist exploitation, and it is also closely linked to the idea of national unity in the sense that this model of securing land rights is formally consistent with Frelimo’s socialist ideology both before and since independence. But as Buur and Salimo (2018, p. 8) have argued, even though Frelimo formally incorporates various groups and their claims, all policies are ‘measured against whether they support or undermine national unity in and through the party’. The same goes for how investments in natural resources are implemented, and how and why, for example, substantial and procedural rights are promoted and honoured.

4.2 Tanzania Stranglehold and New Openings

In Tanzania, the political settlement is also based on a ruling party, Chama Cha Mapinduzi (CCM), and its stranglehold on the state, together with rather intrinsic and long-term powerful ideas related to the state’s universal outreach. Though individual rights have been strengthened over the last couple of decades, land and extractive resources in Tanzania remain de jure vested in the state, which has retained strong provisions to acquire land compulsorily (Pedersen and Kweka, 2017). More recently, under the late President Magufuli, ideas related to economic nationalism became more pronounced as ‘resource nationalism’ (Jacob and Pedersen, 2018b; Jacob, 2019). Central to this is a renewed commitment to the CCM’s earlier statist ideology and the belief that the state should be the key driving force in economic development (Jacob et al., 2016). This return to the founding ideology of the party was already underway in the early 2010s, but it gained pace with the ascent to power of President Magufuli in 2016 until his death in 2021, a period with a strong emphasis on state-owned enterprises and a declaration of ‘economic war’ on foreign investors (Jacob and Pedersen, 2018). Under Magufuli the ruling elite
coalition became more authoritarian, relying increasingly on repression and clientelist co-option, a move that went hand in hand with centralizing rents and Magufuli’s personal involvement in concrete deal-making. How the political settlement for extractive investments will change under the new President Samia Suluhu Hassan is not yet clear, despite a new emphasis on opening the country up once again to foreign investors and attempts to do so.

4.3 Uganda: Control, Violence and Fragility

In Uganda, unlike in Mozambique or Tanzania, the political settlement is more liberal with respect to individualized property rights, at least in formal legal terms. This creates different and more restricted opportunities for its ruling elites, including the President and the state more broadly, to take land except when the President decides to use all the powers of the state to force through particular deals, as we saw more recently regarding his intervention in the oil sector (Bukenya and Nakaiza, 2018). However, the ways in which clientelist political settlements are configured generally means that deals involving land and investors often end up bringing in the Parliament, for example, through local protests targeting area-specific Members of the Parliament (see Nystrand et al., this volume), which have confronted the President for several reasons. The recent elections were nonetheless more violent than usual, as Museveni’s ruling coalition clearly felt challenged by new urban youth voters. How this will impact on extractive investments is still unclear.

We argue that these differences in the organization of political settlements are important because what characterizes the relationships between the three key actors in their respective political settlements influences the degree to which the substantial and procedural rights of local populations are respected, as well as how investments can create new types of rights.

5. A NOTE ON METHODOLOGY

Methodologically, this book is based on an iterative process as part of the Hierarchies of Rights programme and ten case studies that have applied the framework, more or less coherently, as a way to analyse large-scale investments in gas, minerals and agriculture. We have invited a few selected experts, who have worked on the countries, and case studies to complement the edited volume. These are researchers who, from the outset, have participated in the Hierarchies of Rights project and the development of concepts. Most of the chapters have benefitted from discussions with academics who are not directly involved in the research, government officials, development partners and civil-society organizations at various international events. These discussions
were important in providing a critical perspective on the research findings that were considered in the elaboration of the chapters.

In contrast to most edited volumes on land-grabbing (Matondi et al., 2011; Edelman et al., 2018) and the resource curse (Bebbington et al., 2018), which have a country-level perspective, our case studies are sectoral and are treated systematically in the sense that they were selected early in the process of the analytical framework being developed. This book therefore does not represent a broader perspective from across the continent, but highly dynamic and cutting-edge analyses of rent-seeking, investment failures, rare successes, and struggles over rights and opportunities related to large-scale investments. Therefore, we do not provide a set of broad research questions but a single focused and clear research question: how and why large-scale investments are implemented, and how the rights of local populations are or are not accommodated. This gives the volume more consistency, as well as enabling comparative research and analysis. We have also carefully considered representativeness, as a book on a series of outliers will not capture the key dynamics related to investments in the three important sectors of gas, minerals and agriculture. The East African countries of Mozambique, Tanzania and Uganda are presently seeing the biggest gas investments in Africa, the most intense coal investments, and a very high number of investments in agriculture and other minerals.

Even though we are focusing on relatively recent experiences, in particular in the decade or so from 2008 to 2021, we recognize that all our cases have longer investment histories spanning the colonial, postcolonial and present neoliberal eras. We see this as a strength rather than a limitation, as we explore cases that have a policy history where novel research can acquire a proper sounding board.

6. STRUCTURE OF THE BOOK

The wide-ranging and often overlapping themes that this book seeks to explore, related to the implementation of extractive investments in sub-Saharan Africa and how different rights are brought into play, makes it difficult to break down the thematic analysis by placing the discussions neatly in discrete chapters. By organizing the book as a series of sectoral case studies, the most pertinent traces of the themes covered by it are nonetheless given proper space. This has allowed us to explore at great depth what characterized the implementation of extractive investments and how this intersected with different types of rights, as ruling elites, local populations and investors struggled over control in the face of multiple challenges. The sectoral studies follow each other, with Chapters 1 and 2 on Tanzania and Mozambique exploring gas developments and showing how this created spaces for citizenship and intersected with state
formation. Closely related to this, Chapter 3 on the coal sector in Tanzania takes the theme of the role of the state further by pointing to its double role here as both investor and the final arbiter of conflicts between local populations and investors. Chapters 4 and 5 shift the focus to extractive investments in the sugar sectors in Uganda and Tanzania respectively, focusing on outgrower schemes and the exchange relations that evolve over time. The last pair of chapters, 6 and 7, focusing on Mozambique and Tanzania respectively, zoom in on rice investments and explore questions related to land and conflict.

Following this structure, Chapter 1 by Opportuna L. Kweka and Rasmus H. Pedersen unpacks how local populations seek to influence petroleum-related investment projects in mainland Tanzania. It argues that local populations exercise greater agency than they are often accorded in the literature. Whereas they are rarely allowed to influence deal-making between the government and companies directly, the evidence suggests that they do influence the implementation of projects, as well as the legal and administrative frameworks governing the sector. The chapter identifies a repertoire of actions that local populations may deploy, namely: riots and resistance related to control over resources; legalism from below, which targets the terms under which land acquisition is carried out; and voting, which aims to reward or punish political leaders who strike deals. In Tanzania’s centralized political system, these actions typically target ruling elites and state authorities at various levels more than the international oil companies. The agency of local populations, however, depends on the political economy of petroleum in a country, which may vary over time.

In Chapter 2 by Padil Salimo, conflicts over land related to investments in liquefied natural gas (LNG) in Mozambique are analysed by focusing on the compensation deals and how they have influenced local state-making. The chapter zooms in on sub-Saharan Africa’s biggest investments in LNG in the hotly contested Afungi Peninsula, in Palma district, Cabo Delgado province. The investments have caused a rush for land acquisition by international oil companies, private companies, and national and local domestic elite groups. In this process, expectations of economic growth and other anticipated opportunities reconfigured the relationship between local communities and local authorities. Contested land management and insecure land tenure among local communities became critical due to the inability of local government authorities to negotiate and defend fair compensation and resettlement for local communities. The chapter analyses relations between international oil companies and local communities, and the bargaining power of local governments and the ruling elite when large-scale land acquisitions are at stake. The chapter argues that investments in onshore LNG and ruling-elite politics undermined the bargaining power of local government in securing the rights of local communities.
In Chapter 3 by Thabit Jacob, the double role of the state as investor and mediator in the Tanzanian coal sector is explored. Jacob argues that recent research on large-scale investments in natural resources has mainly focused on the role of the state as an investment facilitator and protector of local rights. The ever-increasing role of the state as an investor has received much less attention. At a time of growing resource nationalism and the revival of state-owned enterprises (SOEs), especially in the extractive sector, a gap thus exists in understanding the increasing role of the state as an investor. This chapter uses the case of the Ngaka coal mine, in Mbinga District, south-west Tanzania, to examine how re-emerging resource nationalism and the double role of the state as investor through a revived SOE and its foreign joint-venture partner is shaping relations between the state, the investors and the local population. In particular, the chapter examines the contentious land-acquisition process that paved the way for coal extraction in Ngaka. The chapter argues that the SOE in the form of the National Development Corporation (NDC) and its foreign joint-venture partner relied strategically on Tanzania’s resource-nationalist ideology to fast-track coal mining. This also limited local voices and dissent arising from the state-sponsored investments in coal, creating ambivalence and insecurity in the process.

In Chapter 4 by Malin J. Nystrand, Arthur Sserwanga and Brenda Kyomuhendo, we change the sector by analysing shifting relations in the Ugandan sugar sector. The sugar industry in Uganda is of longstanding, the first sugar mills being set up in the 1920s. The industry has for a long time been dominated by a few large domestic business conglomerates with close links to the ruling elite, of which Kakira Sugar Works (Kakira), in the Busoga region, is the largest. Over time Kakira has developed a comprehensive relationship with different parts of the local population, which clearly resembles what Buur et al. (2020) call reciprocal exchange relations between investors and local populations. However, during the last decade, several new sugar mills have emerged, challenging the established relations within and around the sugar industry. This chapter explains how the emergence of new actors in the sugar industry challenged the well-established relationship between Kakira and the local community, as well as the long-established political protection of the older group of large sugar investors, and it also demonstrates the increased importance of local populations and sugarcane farmers in local-level politics in Uganda.

Chapter 5 by Emmanuel Sulle, Faustin Maganga, Rose Qamara, Evans Boadu, Happiness Malle and Onesmo Minani analyses the political economy of the smallholder–investor relationship in the Tanzanian sugar sector. The chapter argues that government and development partners present the partnership between smallholders and investors in agriculture as an inclusive model. It also shows that, while this might have been the intention, there are
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also a number of limitations attached to the particular nucleus state–outgrower model used. While the Tanzanian government is implementing nucleated estate–outgrower schemes to boost private-sector participation in agriculture, the chapter argues that, by employing the three pillars of political economy and the natural resources governance approach discussed in the introduction, there are limits to the reciprocal exchange deals that evolve between investors and local populations. The analysis uses the case of sugarcane production between Tanzania’s Kilombero Sugar Company Limited and outgrowers to illustrate this finding. The chapter demonstrates how the relationships between ruling elites, investors and local populations shape sugarcane production, imports and the distribution of sugar in the country. The chapter argues that the investor–smallholder relationship is affected by the relationships between investors and ruling elites, as well as by external factors related to the politics of global movements of capital and its ownership.

In Chapter 6 by Lars Buur and Kathrin Beykirch, the focus shifts to extractive rice investments and how and why local exchange deals between Chinese investors and local populations fail. This chapter analyses implementation of the investment in Mozambique by WanBao, a Chinese investor, by focusing on the relationship between it and small-scale rice producers as it evolved over time. It also explores what types of exchange deals farmers involved in rice production established with WanBao. The chapter also analyses the relationships between WanBao, the ruling elite and local populations, as these had an important bearing on how the rice investment was implemented. The authors argue that, if one looks at the farmers who were trained by means of the rice investment, the WanBao initiative can to a considerable extent be considered a success, as it developed something approaching a reciprocal exchange deal, giving farmers access to training, new technologies and inputs. However, seen from a broader perspective in which farmers were excluded from the investment by the local state, while local ruling-elite farmers obtained access to inputs and loans without using them productively, the picture becomes murkier. The fact that the investment failed economically is due less to relations between the investor and local farmers than to the dynamics of the relationships between the investor and the national and provincial ruling elites, which undermined the economic feasibility of this initially promising investment in rice.

In Chapter 7 by Eileen Dyer Jarnholt, Faustin Maganga and George Schoneveld, exchange relations in rice contract-farming schemes in Tanzania are explored. The chapter argues that rice is indeed a vital food crop in Tanzania, both for household consumption and commercial selling. Contract farming is an important agricultural tool through which farmers and larger investors come together to increase the production and quality of the rice crop, thus benefiting both the farmers and investors. This chapter uses the
relational model to look at these relationships in two rice contract-farming schemes in Tanzania: Kapunga Rice Plantation Limited and Mtenda Kyela Rice Supply. The empirical data for this chapter come from household surveys and interviews conducted in the Mbeya region in 2015. Agricultural inputs, extension services and land are all types of exchanges that occur in these two cases, though land was only exchanged in the Kapunga case. For the majority of farmers in both cases, their relationship with the investors has been characterized by positive outcomes and reciprocal exchanges, which drives the participants to continue with rice contract farming.

In the Conclusion, we briefly draw the various elements of the analysis from the different sectors and the different relationships between investors, ruling elites and local populations together to reiterate and formulate the key arguments of the book. In exploring the potential for implementing large-scale extractive investments in natural resources while accommodating the rights of local populations, this book advocates the importance of exploring the relationships between investors, ruling elites and local populations with respect to actual large-scale natural resource investments in the sectors of gas, minerals (coal) and agriculture (sugar and rice) in Mozambique, Tanzania and Uganda. We argue that the three groups of actors should be included in the analysis if we are to understand whether and how investments are implemented (as it is not inevitable that they will be) and whether the rights of local populations are or are not accommodated. Furthermore, we have argued that what characterizes the relationships is not without importance. To the extent that these relationships are characterized by ‘reciprocal exchange deals’ between investors and local populations, ‘compatible interests’ between ruling elites and investors and ‘mutual recognition’ between local populations and ruling elites, there is indeed a greater chance for implementation and some kind of accommodation of rights, with benefits for larger sectors of the population. But as we also clearly show in this book, it is indeed rare for economic transformations to benefit large parts of the population over others. Extractive investments, be they in gas, minerals or agriculture, seem to offer limited opportunities for local populations, whose expectations are easily derailed, as Frynas and Buur argue (2020). This is compounded by the fact that local populations often crave investments in order to lift up their communities, acquire better and more secure livelihoods, and create a better future for their children. Those who seem to benefit, however, are rather the ruling elites at different social levels, even though the exact distribution of benefits is highly country-specific.

NOTES

1. This book is based on extensive fieldwork on large-scale natural resource investments in Mozambique, Tanzania and Uganda in the gas/oil, mining and
agricultural sectors. This fieldwork has been conducted as part of the Hierarchies of Rights research programme at Roskilde University, Denmark.

2. Procedural rights have been defined by Veit and Larsen (2013), Hoops (2015a, 2015b) and Lindsay et al. (2017).

3. Khan and Roy (2019, p. 5) distinguish between countries that operate by pure ‘rule of law’ principles and those that are ‘ruled by law’ (Khan and Roy, 2019, p. 5). Their dichotomy between ‘rule of law’, where those in power bend and use the law to their advantage (the majority of societies), and societies ‘ruled by law’, where those in power are subject to the law (a relatively few countries mainly situated in northern Europe), is often in practice messier. As we have argued before (Buur et al., 2020, p. 919), it is often the case that the law is enforced somewhere along the continuum between these two contexts. Rights therefore operate on two levels. On the one hand, there are rights related to specific investment projects that we call procedural rights. On the other hand, there is the much longer-term structural evolution of rights regimes that have been promoted by the international donor community in recent decades in many African contexts. The two domains are for obvious reasons interrelated: on the one hand, the long-term rights regime sets boundaries to what land or other resources can be taken and how; on the other hand, the contestations of specific investments may help shape rights regimes in the longer term. But what we often see with natural resource investments is that these long-term evolutions in property regimes are set aside or suspended, so that what local populations are left with are procedural rights at best.

4. In other words, we locate our key theorization in this book elsewhere, not on or in the ‘relational turn’.

5. Our approach to model building, as described in Buur et al. (2020), is agnostic, as we regard the three characteristics of the model as convenient devices for organizing our analysis of how and why natural resource investments may accommodate the rights of local populations. Our approach to model building is inspired by Frances et al. (1991, pp. 2–3).

REFERENCES


Introduction


