The political economy of land and water grabs

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Main points

This presentation is based on our chapter in *The Handbook of Land and Water Grabs in Africa* (Routeledge 2012).

- GRAIN 2012 lists about 200 SSA “grabs”
- We say that “deals” are either grabs or FDI
- 95 deals in “active” country-pairs (2+ deals)
- Does Control of Corruption (CC) and Voice & Accountability (VA) matter?
- Visible land impact but not-so-visible water impact
- Data: Grab countries have BETTER governance?!
- Not clear. Is this just FDI?
What are land and water grabs?

- Demand (food security, biofuels) Supply (“excess resources”)
- Grabs vs. FDI
  - Know it when you see it – unsustainable and unfair
  - FDI ALSO has bad data – assume insiders self-protect
  - Can outsiders know?
- Kings and peasants
  - Stationary bandit king gets rents from peasants
  - King allows grabs to increase rents
  - Peasants get screwed
  - Weak property rights are necessary; corruption is sufficient
- Water: invisible, spillovers, time, duration
Data! Problems!

- Countries are not companies
- Companies are not deals
- Deals are not practices
- Practices are not outcomes
- ST is not LT
Grabs and Corruption

- 79/95 deals with low CC sellers (50/50 buyers)
- 80/95 deals with low VA sellers but \( \frac{2}{3} \)s of buyers have high VA
- 89/95 deals with low GG sellers but \( \frac{2}{3} \)s of buyers have high VA

Are high GG buyers...

- Sneaking around with low GG sellers?
- Engaging in legitimate FDI?
- Assisting with capacity building (US and China deal with “same” GG sellers)?
We created a water vulnerability index (WVI from rain variability, water supply, water use, land rights) that gives values between 0 to 1 (vulnerable) for 17 countries

- Sudan is most vulnerable
- Countries with best GG are less vulnerable
- Except for some (e.g., Rep. Congo) that have breathing room
Whoops!

Our 95 deals occur in 17 SSA countries. What about the other 26 SSA countries?

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\begin{align*}
\text{CC:} & \quad -0.66 \text{ vs. } -0.69 \text{ (same)} \\
\text{VA:} & \quad -0.46 \text{ vs. } -0.91 \text{ (whoops!)} \\
\text{WVI:} & \quad 0.46 \text{ vs. } 0.50 \text{ (same)}
\end{align*}
\]

Reject $H_0^1$: Deals are grabs in more corrupt countries.

Fail to reject $H_0^2$: Deals are FDI in less corrupt countries.
Questions and advertising

Blog: aguanomics.com
Book: endofabundance.com
Data: waterdatahub.org
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