THE IMPACT OF LARGE-SCALE LAND DEVELOPMENT DEALS THAT REMAIN UNIMPLEMENTED

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Abstract

Many land deals are never implemented or only partially so and more knowledge is needed regarding the ways in which unimplemented or abandoned projects affect local communities. We use empirical interview-based case-study evidence of the first three years of a large-scale biofuel project in northern Laos, examining the negotiation processes of a partially abandoned project and its effect on local people's land access and their perceived tenure security. The project negatively affected local land use and community members' land rights. Political pressure on administrative actors to increase economic development in poor provinces and districts, limited consideration of proposals and priorities from villages, combined with officials' lack of experience of negotiating large contracts and limited attention paid to exit conditions created a strong bargaining-position for investors. However, the investment project helped the government policy to move away from the traditional, subsistence-oriented land use, towards commercially oriented agricultural production. In this way, we argue that the land grab continues after the original investor is gone.

Key Words:

Land access, Land tenure security; Laos; Multi-level case study; Unimplemented land deal effects.

1. Introduction

In 2012 a Chinese company approached the provincial government in Huaphan Province in northern Laos to express their interest in developing large-scale biofuel plantations. Much excitement arose in the province and many stakeholders from provincial to village levels got involved. About two years later, in October 2014, all Chinese staff suddenly left. "They just left for Chinese New Year – they will be back soon", remarked a Lao respondent involved in the project five months after their disappearance in March 2015. As of September 2016 they still had not returned, and the project appears abandoned for good.

Our interest in this paper is how such land deals, and their subsequent abandonment, affect local stakeholders. It is well-known that many land deals do not materialize into the planned investments (Cotula et al. 2014, Holden and Pagel 2013, Anseeuw et al. 2012, Deininger and Byerlee 2011, Schönweger and Messerli 2015) and it is recognized that the *absence* of implementation of business deals may also have local effects (Holden and Pagel 2013, Cotula 2013, Schoneveld, German, and Nutakor 2011, World_Bank and UNCTAD 2014). However, despite an increasing interest in large-scale land acquisitions and land development projects in developing countries after the economic crisis in 2007-2008 created spikes in food prices and foreign land investments (Deininger and Byerlee 2011, Robertson and Pinstrup-Andersen 2010, Cotula 2012, Anseeuw et al. 2012), there has been limited research on the effects of abandoned or unimplemented land deals, much less the reasons for their abandonment. The bulk of research attention has focused on how on-going projects affect local peoples' rights and livelihoods (Kenney-Lazar 2012, McAllister 2015, Baird 2011, Schoneveld, German, and Nutakor 2011, Baglioni and Gibbon 2013, Cotula 2013, Cotula et al. 2014), and their impacts have been portrayed as anything from detrimental to local rights, livelihoods and food security (de Schutter 2011, Li 2014, Fairhead, Leach, and Scoones 2012) to projects that support development efforts and ensures poverty reduction (Deininger and Byerlee 2011, Saghir 2014), or potentially both, due to their differential effects (Hall 2011a, Hall, Hirsch, and Li 2011, Edelman, Oya, and Borras Jr. 2013, Hall 2011b). Furthermore, some researchers highlight the need to distinguish between different phases of land investments related to their socioeconomic impacts, because benefits from the investments (e.g. employment generation) may only accrue over time, while losses (e.g. land access) are likely to start when implementation of the investment begins (Cotula et al. 2014, Schoneveld, German, and Nutakor 2011, World_Bank and UNCTAD 2014). Smalley (2013) identified knowledge gaps related to how easily farmers can exit contracts based on a comparative review of plantations, contract farming and commercial farming areas in Africa and based on their study of large-scale land deals in Kenya, Smalley and Corbera (2012) call for "*more nuanced, place-based analyses of large-scale land deals, taking into account tenure arrangements,* *resource access mechanisms, land management discourses and the role of cross-scale agency and alliances in building support for, or opposition to, such deals*."(p. 1039).

These research gaps are perhaps unsurprising, given that the first wave of research could be considered an initial 'sense-making and stocktaking period' of large-scale land acquisitions and how they operate and affect people at different levels (Edelman, Oya, and Borras Jr. 2013). This has led to a call for studies exploring the wider ramifications of land acquisitions (Edelman, Oya, and Borras Jr. 2013), and using more rigorous methods (Cotula et al. 2014). Moreover, part of the early literature was based on questionable data sources that were often recycled, with original sources of the data tending to be blurred in later papers (Locher and Sulle 2014). In part, this is explained by the limited transparency characterizing many land deals, the lack of credible national statistics, as well as the multiple labels put on land development projects (Oya 2013, Scoones et al. 2013). As characterized by Peluso and Lund (2011), "*There is no one grand land grab, but a series of changing contexts, emergent processes and forces, and contestations that are producing new conditions and facilitating shifts in both de jure and de facto land control*" (p.669), and these ever changing political and economic conditions in which land deals take place also create methodological challenges for researchers. The fuzziness of when to call a land acquisition a fact and the messy processes of negotiation and implementation contribute to this unclarity (Hopma 2015, Smalley and Corbera 2012).

The present paper uses primary empirical data obtained from the local to provincial level for the planned large-scale land development project in Laos mentioned in the first paragraph in order to analyse the impacts on land access, land use and perceived rights for local people, when a negotiated land deal remains (largely) unimplemented or abandoned in local communities.[1] We ask what impacts land development project plans and negotiation processes create through raising expectations among different levels of actors, from villagers to provincial level planners, and their influence on relations between actors, even if the full scale project never materializes. Our main hypotheses are that: i) unequal power structures and top-down approaches to decision-making, combined with the eagerness of civil servants to live up to ambitions government goals of economic growth, create a strong bargaining position for the investor; and ii) that these conditions affect the resulting contracts in their favour, and also affects the relationship between citizens (communities) and authorities. Furthermore, we hypothesize that iii) large-scale land development projects create many expectations and have considerable impacts on rights and

[1] We prefer to use the term 'land development projects' rather than 'land acquisition' as there is not always a clear or legally constructed 'acquisition' of the land in the grey zones between land purchases, land concessions and contract farming arrangements.

access before they are even implemented. Therefore, their cancellation or indefinite postponement may not only leave communities and authorities in limbo, but also have direct impacts on rights and land use options.

2. Abandoned and unimplemented land deals

It is widely recognized that a large proportion of land deals remain unimplemented (Hall 2011a, Deininger 2011), and that despite of ambitions plans presented by investors in the project preparation phase, land is often not used as originally expressed in plans (Deininger 2011), whether this is due to high failure rates (Cotula et al. 2014) or a result of investors' intended use being different from what is presented in investment plans (Schönweger and Messerli 2015, Smalley and Corbera 2012). Based on global datasets, Deininger and Byerlee (2011) find that actual farming had only started on roughly 1/5 of the announced land deals. Similarly, Cotula et al. (2014) found that most land deals in Ethiopia, Ghana and Tanzania had implemented activities on less than a third of the allocated land. Johansson et al. (2016) found implementation rates as low as 3% for the contracted land deals in Africa. Several studies comment that satisfactory local benefits depend on projects being profitable and well-managed, and thus, that unprofitable and non-operational projects are more likely not to provide local benefits (Deininger and Byerlee 2011, World_Bank and UNCTAD 2014, Poulton et al. 2008). Local costs related to such unimplemented projects, in terms of lost access to land and other natural resources, as well as in terms of displaced employment or investments, are acknowledged in several studies (World_Bank and UNCTAD 2014, Deininger and Byerlee 2011, Schoneveld, German, and Nutakor 2011, Anseeuw et al. 2012, Cotula 2014, Li 2011).

Schönweger and Messerli (2015) call for more research into why land deals fail, as well as the frequency of land deal projects that get abandoned or remain unimplemented. A study by Boche and Anseeuw (2013) concludes that even among projects that get as far as obtaining formal land rights, there is a high level of failure prior to reaching the production phase, and there is much anecdotal evidence that some land deals may be the result of pure speculation with no production ever intended. Other reasons for low implementation rate include changing investment conditions, unrealistic project design, and different technical obstacles as well as infrastructure (Deininger and Byerlee 2011). Furthermore, in a pan-African review of experiences with commercial agriculture in Africa, Poulton et al. (2008) highlight the often higher-than-expected costs related to land, negotiations and securing of land investments that follow from local discontent with land allocations to commercial agricultural enterprises.

While some studies highlight the importance of local resistance in stopping investment projects (Smalley and Corbera 2012, McAllister 2015) , others find that small-holders may welcome land development projects and the advance of commercial crops as a way to pursue their economic growth ambitions, especially where property-rights are largely respected (i.e. where dispossession and rural enclosure is not taking place) (Castellanos-Navarrete and Jansen 2015). Many studies highlight the role of economic and political elites in initiating and advancing land deals (Hopma 2015, Smalley and Corbera 2012, Lavers 2016), even if such elites are not fully informed about the consequences and risks of the deals (Smalley and Corbera 2012).

Indeed, motivations of elites are important for the success or failure of land deals (Hopma 2015). Perceptions of resource frontiers as empty and ready to being put to use (Eilenberg 2014, Li 2014, Sowerwine 2004, Barney 2009) combined with efforts to strengthen state sovereignty through advancement of large-scale land investments in peripheral parts of the developing countries (Lavers 2016, Lund 2011) result in large-scale land investment projects becoming shared efforts between (foreign) investors and recipient country government (Lavers 2016). In our view, these overlapping interests of investors looking for long-term access to valuable and scarce natural resources and central or provincial government looking for income (whether through expected job creation or through land rent or tax) is important to take into account when analyzing the occurrence and effects of unimplemented or abandoned land development projects. The overlapping interest, which from the investors' side is often created by a possibility for long-term access to natural resources, may from the point of view of the government consist of a possibility for income generation, combined with the strengthening of state influence into areas where other, more local institutions previously had more authority. The strengthened state sovereignty generated by the land deals may continue even if the initial land development project fails and the stronger the state's concern for strengthening its authority in relation to a large-scale land development project, the less important it may be for the state actors whether the project is economically viable for the investor and the local population.

3. Land development in Laos

Laos provides a relevant setting for studying these dynamics as land development in Laos is moving at a fast pace. Decades of land reform efforts including land use planning have aimed to regulate the use of land and natural resources through mapping and zoning exercises (Lestrelin, Castella, and Bourgoin 2012), with a corresponding assignation of rights and duties, extending the influence of the state into rural communities, often leading to dispossession or restrictions in traditional use of natural resources (Vandergeest 2003, Lund 2011, Ducourtieux 2013, Castella et al. 2013, Broegaard, Vongvisouk, and Mertz 2017). The Government of Laos uses the rich natural resource base as a growth engine, especially through the attraction of foreign investments (Dwyer 2007, 2011, 2014). Schönweger et al. (2012) documented that there has been 2,624 land concessions and leases in Laos through 2009/10, representing a fifty fold increase between 2000 and 2009. The deals add up to 1.1 million hectares, or roughly 5 percent of the country's total land area, even excluding mining and logging concessions. These figures generally exclude contract-farming arrangements, thus underestimating the full extent of areas under agricultural development projects, despite the fact that several studies have shown that many recent contract-farming arrangements in Laos (referred to as '1+4') resemble concessions with regards to labor and compensation agreements used (Dwyer 2013, 2007, Thongmanivong et al. 2009, Shi 2008, Kenney-Lazar 2012, Lestrelin et al. 2013, McAllister 2015). Schönweger et al. (2012) also found that three quarters of the land deals were operational at the end of 2010 when the study was conducted (p. 27) – not meaning that the deals were fully developed, but that some operations had started to take place on the land. Fifteen percent of all approved projects, representing 31% of the total land area under investment, were not operational at the time of the survey, while five percent of approved projects had been finalized or cancelled (Schönweger et al. 2012:27).

Several studies document the way local livelihoods and semi-subsistence activities are displaced by establishing large-scale plantations (Barney 2007, Dwyer 2007, Kenney-Lazar 2010, La-Orngplew 2012, Mahaphonh et al. 2007, LIWG 2012, Vongkhamor et al. 2007, Suhardiman et al. 2015), where former farmers serve as wage laborers (Baird 2011), while foreign investors and national elites are argued to benefit from the deals (Andriesse 2011b, a, Barney 2009). These studies show the concrete impacts on specific populations and areas, highlighting the complex relationships that exist between different stakeholders (Suhardiman et al. 2015), and also documenting that plans, especially those made at lower administrative levels, are ignored or overruled when money is to be made (Baird and Fox 2015, Baird 2011, Dwyer 2014, Broegaard, Vongvisouk, and Mertz 2017). Land investments in smaller areas may also have large negative impacts on livelihood and environment as they target limited resources such as flat, irrigated land (Friis and Nielsen 2016). Barney (2009) argues that the current first-come-first-serve resource access creates "*new forms of social property relations and systems of legality*" (p. 146) and is a response to market demands, driven by new corporate investments in natural resource extraction, as well playing into existing land reform programs. Huaphan province in northern Laos is one of the latest provinces to join these efforts to attract investors and land development projects and is therefore one of the newest resource frontiers in the country, making it an interesting case for studying how investors are dealt with in an area that has seen few Foreign Direct Investment opportunities in the past.

4. Methods and case area introduction

Fieldwork was carried out in Huaphan province in north-eastern Laos, between March 2013 and March 2015 with three visits totalling 2½ months. Huaphan province has the lowest GDP per capita in the country at US$397 (national average was US$771) and a population of about 289,400[2] comprising many diverse ethnic groups. The landscape is characterized by hills and mountains up to 2000m with one of the highest forest covers in Laos. Hua Meuang district – the main focus area of the biofuel project, and hence this article – is one of the poorest districts in Huaphan province (Messerli et al. 2008). Since the late 2000s maize has boomed as a cash crop in the area, mainly supplying the Vietnamese market through smallholder contract farming arrangements (Vongvisouk et al. 2016), but not all villages have areas suitable for maize cultivation.

During fieldwork in early 2013 (originally focused on environmental regulation and the maize boom), it became apparent that the district was about to give the green light for preparing the large biofuel and tree plantation project mentioned in the introduction, involving the species *Vernicia Montana Lour* (in Lao: *Mak Khao*) and industrial wood production, mainly with *Melia Azadirachta L.* (in Lao: *Mai Hien*). About a quarter of Hua Meuang District was identified as being suitable for the purpose. Mak Khao grows naturally in the area and the oil extracted from the seeds has been used for decades for oil lamps. There were approximately 145 ha of Mak Khao plantations established by individual households in the district prior to the arrival of the Chinese company and its production cycle is thus well-known in the district: it produces seeds after 2-3 years, reaches full production after 5 years and produces for 30-50 years. The market for Mak Khao is unstable – farmers sell the dry seeds or fresh fruits to interested traders, mainly Vietnamese, passing by. With the entrance of the Chinese company, the prospects for Mak Khao were suddenly lifted to another level, as the company planned to establish a bio-diesel factory Laos with the aim of exporting bio-diesel to China or Vietnam, in addition to the local Lao market. The company is large by Lao scale and focuses on biofuel and biomass production in China, where it has a bio-diesel factory, supplemented by biofuel plantations in Africa.

We followed the ups and downs of this investment-endeavour from 2013 to 2015, including negotiations, creation of expectations and concerns, and the abrupt departure of the company in 2014. Interviews were

[2] Population data based on 2015 census; www.lsb.gov.la, page visited September 12, 2016.

carried out at national,[3] provincial, district and village levels (see details in Table 1). At provincial and district levels, the interviews were carried out with civil servants at different sectors including Forestry and Agriculture; Land Management; Finance; Public Investment and Planning, as well as Commerce and Industry. Representatives of NGOs and INGOS as well as a few civil society organizations (CSOs) working with land tenure issues were interviewed, as were investors engaged in contract farming and the concession-like 1+4 contracts and donor organizations working on environmental and land tenure issues. A total of 74 interviews were carried out with 123 persons.

[TABLE 1 HERE]

Within Hua Meuang district, the main emphasis was on four villages, which were targets of the biofuel plantation project: Two lowland Lao (Lao-Loum) located relatively close to the district capital and two Khmu villages further away (Real names of villages and people are not revealed but known to the authors). Mak Khao plantations were only established in the Lao-Loum villages, one as a pilot site and the other as the first real plantation, while the project only just signed a contract in the Khmu villages before it was abandoned.

Field-walks and focus group discussions focused on information flows, negotiations and decision-making with regards to the biofuel investment, as well as changes in land use and perceptions of land rights certainty. At provincial and district levels, frank and open talks were facilitated by the intimate knowledge of the area by one of the authors. All rural fieldwork was carried out in Lao and immediately translated to and from English by one of the authors, while notes were taken in English by another author. All interviews were coded and analysed using Nvivo software Version 8. Copies of documents were obtained from village, district and provincial authority levels in Lao and only partially translated for the purpose of analysis.

5. Findings

The timeline of the negotiations, development and subsequent abandonment of the bio-fuel project is provided in 1 Figure 2 – square brackets in text [] refer to the figure.

[3] At the national level, interviews only focused on understanding of procedures and rules related to foreign direct investment within the agriculture sector, not the specific case.

The Chinese company sought a good land deal in Laos for several years, and according to its representative, the company has a "very good relationship to the Provincial Governor" in Huaphan and selected the province because of the openness of the government and the way it welcomed the company. He sees Laos as a resource frontier, where land and other national resources are relatively plentiful and quite easy to access. It is the long-term benefits that are important and originally the company representative proposed a 100 year contract, but the provincial governor reduced it to 50 years. However, it is the impression of the company representative that the villagers do not understand that the contract is going to influence them for 50 years. "*Local people focus more on the short term. They pay little attention to the long term. For example, they did not ask any questions about the 50 years; they just accepted*." (Interview, Company representative, December 2013).

[FIGURE 1 HERE]

The Chinese company representative approached the provincial level government to get permission to discuss their project proposal with the district stakeholders, which they were granted [1]. Then the company met with district stakeholders (mainly DPIO but also DAFO and other local government offices) [2] and DPIO organized a meeting among all relevant district level sectors [3], who discussed the proposal and the implications for the district, leading to the elaboration of a report to the Provincial authorities, expressing the positive interest of the district authorities [4]. The provincial governor ordered a feasibility study for the proposed project [5], which was paid by the company, but carried out by the district level staff, with provincial level staff support. At the district level, the DAFO staff involved in the decision-making and fieldwork for the project highlighted the economic development opportunity for the farmers, explaining that the project was especially well-suited for their district because Mak Khao grows in areas that are unsuitable for maize, and thus could be a new cash crop for those villages not taking part in the current maize boom and the economic development it has brought to the district (Interview, December 2013; see also Vongvisouk et al. 2016).

The feasibility study for the biofuel plantation [6] was carried out in August 2012, covering all 76 villages in the district of more than 216.000 hectares, mainly using satellite images integrated with some selected field visits. Although PONRE finalized Macro Land Use Plans all villages in the district, these were not used (PoNRE, interview December 2013). The preliminary results of the feasibility study showed that 56,958 ha in Hua Meuang district were feasible for Mak Khao and Mai Hien plantation for this Chinese investment project. Based on the feasibility study (signed by district level authorities), as well as contact between the company and different authorities at provincial level, [4] the provincial governor approved the company to invest in biofuel plantation in the province of Huaphan by giving an investment license [7], indicating Hua Meuang as the main target district of the investment.

In the beginning of 2013, the provincial governor issued a frame contract on plantation promotion for up to the stipulated area [8] targeting all 76 villages in Hua Meuang district. The head of DPIO was asked to help prepare a contract to be signed between the company and the district level authorities, and DAFO was asked to identify land for the creation of a nursery and a pilot field, which lived up to certain criteria regarding easy access and flat land [9]. However, as exciting as it was, it was also a big mouthful for civil servants in Huaphan, especially those at district level to start elaborating contracts on investments. There was limited experience and limited capacity among the civil servants with regards to contract formulation of this kind, and limited resources to monitor and evaluate contracts. Prior to the biofuel project, PAFO had only been involved in much smaller projects regarding agricultural development. Interviews reveal that PPIO staff assumed that the information they received was reliable and did not consider any influence of asymmetric power relations on data (Interview, PPIO, April 2013). No requests were made for advice or support from other provinces with previous experience in large-scale foreign land investments. The eagerness to gain experience and not scare away the investor influenced the decision by provincial level P&I to omit the standard requirement for the investor to deposit money prior to starting operations (Interview, Deputy Director, PPIO, March 2015).

The requested flat and accessible land was identified in village A [10], where the village headman refused to give permission to use the area initially proposed by DAFO, as this would affect the villagers own productive activities. After some negotiations, it was agreed to use an area of 2.6 hectares that had originally been reserved for district capital re-location in expectation of future infrastructure development. A nursery was prepared with paid labor and ‘Planting day’ was celebrated in May 2013 by Chinese investors, Lao politicians and high level civil servants from both province and district [11].

The Chinese investment company invited provincial and district authorities[5] to participate in a study tour to the Chinese investment company’s headquarter in China [12]. According to the company representative, participants were selected based on whether they would be able to help the project (interview, December 2013). The high ranking officials who participated in the study tour to China were

[4] The main provincial authorities include Provincial Governor’s Office (including governor or vice governor), PPIO, PAFO and PoNRE.

[5] Members who joint the study tour to China include Provincial Governor and his wife, Director General of PPIO, Deputy Director General of PAFO, Deputy Director General of Provincial Governor’s Office, Deputy Director General of Provincial Industry and Commerce Office, District Governor, Head of DPIO and Head of DAFO.

impressed by the size and economic strength of the company. They got a good impression of company and production facilities, and several explained their excitement about having such a potential investor in the province (e.g. Head of DPIO in Hua Meuang, November 2013 and Deputy Director of PPIO, March 2015). Referring to pictures in the power-point promotion material, they also expected the company to help develop the district capital with sport facilities, improved office facilities, as well as training of staff.

The provincial authorities established a project coordination group, and appointed a high-ranking civil servant from PAFO to be the provincial coordinator for the project Chinese investment project [13]. It was now his responsibility to accompany the company representatives during negotiations with various villages in Hua Meuang district, in order to identify land to establish the first plantations. The provincial level coordinator was excited about the project and saw it as a well-proposed agricultural development project; something that could diversify cash crops, bring economic income and create employment opportunities in the villages. In other words, a project that could make him succeed as PAFO civil servant by bringing economic development to the farmers in this poor part of Laos (Interview, December 2013). In addition to his function as coordinator, he entered into a contractual relationship with the company, through PAFO, in which he was to establish a nursery with 283,500 Mak Kao and Mai Hien seedlings to sell to the Chinese company for more than 215 million Lao Kip (equivalent to approximately 27,000 USD) [14], as the nursery originally established in Village A had turned out not to be suitable due to lack of water.

During the last half of 2013 the company and project coordinator prepared two investment models categorized as contract farming, in addition to an out-grower model. Table 2 summarizes the distribution of responsibilities and benefits between actors for the different models according to interviews with company representatives and civil servants. Several of the interviewees used ‘1+4’ and ‘concession’ interchangeably and villagers consistently called the ‘1+4’ contract a ‘concession contract’. However, the word ‘concession’ was avoided in all papers due to national the moratorium on concessions.

[TABLE 2 HERE]

DAFO staff were assigned responsibility to identify suitable land for the company’s first plantation establishment [15], defined (by the company) as involving 1000 hectares in the first year.

The activities to promote the company investment project to the villages (B, C, and D), which had been identified by the project coordinator and DAFO staff, started in September of 2013 with the active participation of DAFO and PAFO staff continuing during the rest of the year [16]. DAFO and PAFO also took part in the negotiations between the company and the villages, recommending that the villagers entered into contracts with the company, as this would create economic development for the villages.

In village B, the villagers received the project presentation with excitement due to the prospects of income from cash-crops. Combining the 1+4 and the 2+3 models, they expected to earn an income from the paid work in relation to the 1+4 establishment, while waiting for the Mak Khao to become productive in their own upland fields using the 2+3 model (Interviews, village authorities, December 2013). In December of 2013 households were still deciding on how many hectares they would offer for biofuel plantation under the 2+3 and the 1+4 model respectively, but said that they would follow district staff's advice. The village headman expressed his gratitude to the government for having facilitated the contact, creating an opportunity for cash crop income that otherwise did not exist in the village (Interview, December 2013). Yet, while most households had initially indicated that they were interested in the 1+4 model, upon further reflection, they had become sceptical about the salary and working conditions in this model. While PPIO staff underscored that there would be no transfer of ownership of the land in the 1+4 model, ("*The land will still belong to the local people*", Interview, PPIO, December 2013), the village headman felt differently about the model. "*In this model it is as if the company just uses local land for free, and the villagers just become laborers*" (Interview, Village headman, village B, December 2013).

Forty-six of 51 households signed up as being interested in participating in the project – the remaining five households had businesses or government employment and therefore had no time or need to participate [17]. The villagers found the 2+3 model more attractive, as it would leave them more say about their land and its management.

The company was interested in establishing a large-scale planation under the 1+4 model on the grassland in Village B. The villagers did not agree with this location for the plantation, as cattle provided one of the most important sources of income, and the village has very little paddy area and also limited area suitable for upland rice or maize cultivation. Although the village authorities referred to the village Land Use Plan, made in 2012 by DAFO and delimiting the village land and different land use classes, to argue against the location of the plantation in the grassland areas, district authorities highlighted the importance of a change in farming system.

Feeling pressured by the district and provincial authorities to accept the plantation on their grassland, the village authorities tried to negotiate a land rent for the use of their land [18]. However, before they got as far to discuss the rental fee per hectare, the company had obtained a 1+4 contract from the provincial level [19]. When pursuing the argument for land rent further, the provincial level project coordinator answered, with reference to the land law: "*No, this is State land, so the provincial level should receive the fee for the land. Local people receive the fee for the labour*" (Interview, village headman, village B, March 2015). The village authorities then stopped negotiating and kept silent [20].

In villages C and D the village leaders were never excited about the agricultural development proposal presented by the company. Even though they pointed out to the government officials that their land would not be suitable for tree production due to the high altitude of the villages and the cold climate, the technical staff insisted that it would. As the Village Headman of Village C expressed:

> "*We did not propose to participate. On the contrary, we have been asked to produce in grassland, but we know that it is not productive. This with Mak Khao was forced on us from the province and the district; mainly the coordinators from both levels.*" (Interview, March 2015).

By the end of 2013, contracts had been signed for 903 hectares within the first three villages (Interviews & document obtained, PAFO, December 5th, 2013) (Table 3). Despite formal land tenure not being affected by the 1+4 investment contract, the contract allocated all land use and access rights and related decision-making for the next 50 years to the company. Furthermore, it can transfer the land to others during that period. The concept of 'land grab' comes to mind.

[TABLE 3 HERE]

None of the households in Village B started implementing the 2+3 model because the Chinese company representative did not allow them to, saying that they would have to focus on 1+4 first, and then implement the 2+3 later (Interview, March 2015). The villagers felt that now they automatically fell into the 1+4 model, in that they would receive no benefit from the plantation other than the payment for their labour and 10% of the produce.

As mentioned, the company had obtained a 1+4 contract for biofuel planation on the grassland of village B from the provincial government. This contract involved 203 hectares of land, which now had to be identified [21]. According to the villagers, the company asked them for 100 hectares of grassland. Unfortunately, the villagers were not quite familiar with the measuring unit 'hectares', so when they were later told by the company that the identified land was not sufficient, they had to rely on the company and their identification of a second area, approximately as large as the first one, to complement this. By delimiting the majority of the grassland that exists in Village B for the biofuel plantation, the villagers faced major changes in their livelihoods. The households had to reduce the number of livestock considerably and five households entirely gave up livestock raising (Interview, Village authorities, March 2015

In May-July 2014 the company hired villagers to clear and fence the plantation area of approximately 50 hectares, as well as digging holes and planting seedlings [22]. The village authorities renegotiated the terms of payments, although these have been stated in the contract, so that payments were daily for temporary workers, while only 'overseers' were paid monthly. The overseers were village authorities, who were promised 2.500.000 Kip/month, but only got a forth of that amount (Interviews, Village authorities, Village B, March 2015). The company also failed to provide fertiliser as promised. When the head of DPIO realized this, it made him – for the first time – doubt the professionalism of the company and fear that it would also disregard other aspects of the agreements (Interview, DPIO, March 2015). In August, the company representatives hired overseers from the village to look after the plantation until October, when they would be back from a visit to the company headquarter in China [24]. A verbal agreement was made about payments to be made when the company representatives returned.

By early 2015, the village authorities were tired of waiting and contacted the project coordinator at PAFO with questions about the fence maintenance and the planned development of the rest of the plantation [25]. They were told to wait and that the Chinese company would be back after Chinese New Year [26]. Later they contacted DAFO to ask whether they could use the grassland, as the company did not use it. They also requested that the authorities cancel the contracts with the company, as the company did not fulfill their parts and owed money to the villagers (Interview, Village authorities, March 2015). Yet, nothing happened, as such decisions are out of the hands of the district level authorities. Actually, when interviewed, district level authorities expressed that the contract should be cancelled in order to ensure that *other* investors could come and make the land productive and create economic growth (Interview, DAFO, March 2015) [26]. Later in the year, a large area of the plantation burned as fire got out of hand when the surrounding grasslands were burned – the traditional way of improving grass for the cattle – and fences were in parts left open so cattle could access the plantation [27]. No-one looks after the plantation anymore, but at the same time no-one dares to fully re-claim the land for cattle grazing.

People from the other two target villages of the project also wished for the contracts to be cancelled (Interviews Village C and D, March 2015). The Mak Khao seeds were frost-intolerant and villagers resented the bad advice given by PAFO and DAFO. They hoped to return to a situation prior to the introduction of the project. However, none of the villagers knew anything about exit conditions and no justification of cancellation of the contract on their part was mentioned in the contract – only the company had a right to cancel.

The provincial project coordinator was owed more than 100 million Kip (close to 13,000 USD) for plants that his private nursery had produced and delivered to the company. He was eager to see the company return and had therefore approached the Provincial vice Governor to have unofficial advice on how to handle the situation, but was told to wait. He explained this with the potential negative impact that any criticism or requests of contract cancellation presented by Lao officials regarding Chinese investors in Laos might have on the bilateral climate (Interview, March 2013). Against this argument he could not do much.

PPIO lamented that they got so eager and wavered the required deposit to be made by foreign investors. In the future, they would investigate investor background better, said the Deputy Director, adding that pressure to accept investors had eased recently with more interested investors (Deputy Director, PPIO, March 2015). There was not much agreement or clarity as to what it takes to cancel the contract. At the District, the head of DPIO had the understanding that villagers might opt out of the contract if they were not happy after, for example, the first 5 years (Interview, DoIP, April 2013). Yet, when interviewing the company representative, he made it clear that villagers could not opt out of signed contracts."*We can negotiate the price; but if they want to stop, then we will see lawyer! The contract runs for 50 years! No; they cannot change whether to cooperate*." (Interview, December 2013). Civil servants at district and provincial level felt that their authority has been negatively affected vis-à-vis the villagers, as they endorsed the company through their presence during the project advertisements.

Nonetheless, the provincial level project coordinator sees it as an asset for Village B that a biofuel plantation has been established, even though the investor has gone. The biofuel plantation is putting land "that wasn't used" into use and "*it does not affect livelihood nor land use plans. Mak Khao is planted in bare land areas that are not used for agriculture. Furthermore, biofuel is only an extra activity*", adding to the existing livelihoods (Interview, PPIO, March 2015). However, as mentioned all three villages depend heavily on livestock for their livelihood and their grasslands are essential for this (Interviews, December 2013 & March 2015).

Moreover, the negotiation process with the company and the authorities has negatively affected the perception of tenure security in village B. According to the village head, he feels that they do not have rights to their land anymore (Interview, March 13, 2015). As village authority, he feels undermined by decisions made at higher administrative levels about the village land, despite its demarcation through the land use planning process. He and the other village authorities were surprised about the role of the government officials have in establishing an entry-point for investors to the village land. "*Authorities sided with the company…not [with] the villagers!*" (Interview, Village Headman, Village B, March 2015). The village head was frustrated about the ease with which the authorities took the land away from the village. "There is no-where to go for advice or support", he expressed. They feel that they only experience the duties related to village lands, without the correlated rights: "*Rights to land and forest… We only feel them in the case of forest fires: If there is a forest fire, then the district says: "That is your area; please go and stop it""*. In the future, they plan to ignore project-proposals from the government (Interview, Village B, March 2015).

6. Discussion & conclusion: Implications of abandoned large-scale land investments

Large-scale land development projects that do not get implemented, or only partially so, may affect people's land access negatively and create uncertainty about their land rights, because of outside actors' claims on land over which villagers used to have decision making power. And such claims may not vanish when the investor disappears. The land has now been destined for cash crop production and is expected to contribute to economic growth in the province. Here, the discourse of 'barren' or 'unused' land comes in handy for the authorities, as it helps justify their search for economic growth and belittles the cost that local communities bear (Li 2014, Sowerwine 2004, Barney 2009). In order to open up village land for government investment plans and thus extend state influence, what matters is that an investor was there, not whether an investor stays or not.

The case-study displays the power differences between a large foreign investor and the spectrum of stakeholders in the recipient country. Geopolitics (Dwyer 2014), as well as economic and political power-differences (Suhardiman and Giordano 2014, Suhardiman et al. 2015), mixed with self-interest by (some) civil servants supposedly representing the state and a limited concern for representing village interests are put into use, enabling the signing of a large-scale, long-term investment contract. The relative poverty of Huaphan province, as well as the eagerness of the provincial government to catch up with other provinces, has contributed to an unequal negotiation process between authorities and companies. Except the staff that PPID, none of the interviewed local actors have had access to legal advice. No farmers' or villager's association shared good and bad experiences regarding foreign investors or new crops. This means that the information available to the village authorities was basically controlled and provided by the company, and to some extent by the district and provincial level authorities.

The asymmetric power relations revealed when villages are coerced into contracts are decisive for the outcomes of the negotiations with the company, leading to an unattractive deal seen from the villagers' point of view. Cases of civil servants who act more in the interest of the company than the local communities, and granting investment permits at provincial level without much downward communication are also reported elsewhere (See for example Mahaphonh et al. 2007), highlighting issues of representation and more or less deliberate use of state-power to achieve 'development'.

This Lao case-study also highlights the blurry land ownership situation outlined by Broegaard et al. (2017): It is highly unclear what are the practical implications of the district-level endorsed village land use plans, as well as the explanation that '*land will still belong to the local people*' in the 1+4 production model, when the village had little say vis-à-vis the provincial authorities in entering a contract that runs for 50 years, with no exit conditions specified for the village. The lack of respect for village interests and previously made plans and agreements negatively affects how the villagers view the local authorities and create everyday forms of resistance (Sikor 2006, Ducourtieux 2013, Hall et al. 2015) such as ignoring invitations and agreements.

The lack of experience with dealing with large-scale private foreign investors, as well as the eagerness to increase economic conditions and reach target growth rates, gives investors a strong bargaining-position when entering into poor regions in the global south. This negatively influences the use of existing regulations (safeguards), such as circumventing the national moratorium on concessions by defining this investment as contract farming. These negative effects are further exacerbated by the limited attention paid by the appointed civil servants to the interest of local communities, especially in a setting with limited CSO activity. Moreover, the inexperience of civil servants dealing with large-scale investors, as well as the lack of attention exit-conditions, creates a limbo for the lowest levels of stakeholders. Although most decisions regarding the investment have been taken at higher administrative levels, the bulk of the risk involved for the recipient country is carried by the poorest participants, the affected communities. The overlap in interests between authorities and investor in identifying suitable land for the establishment of the investment is problematic, especially when the authorities are also the only source of information for the targeted villages. This makes villagers vulnerable to biased information. Furthermore, due to the legal vagueness and unequal power relations it is difficult for the village authorities to demand the fulfillment or annulment of the contracts. However, this may not be a disadvantage, as seen from the point-of-view of the politicians and civil servants, because it opens a way towards more land being devoted to cash crop production, thereby serving their interest in fulfilling ambitious government goals of economic growth, as well as extending state sovereignty (Lavers, 2016). The role of government representatives in facilitating land deals in the pursuit of a modernization vision about agricultural development is also documented by German et al. (2011) within a sub-Saharan Africa context.

Contradictions in policy create room for maneuver for government actors at different levels, enabling them to seize new opportunities for extracting economic benefits from natural resources - often by involving external actors (Fairhead, Leach, and Scoones 2012, Broegaard, Vongvisouk, and Mertz 2017). Plans and regulations designed to protect and balance different interests are ignored, thereby opening doors for opportunity. Although individual civil servants associated with the unimplemented investment fear losing their credibility and authority vis-à-vis the local population – and some of them also have lost own investments - the influence of the state has increased. The influence of state policies and interventions has been extended into areas where land use and access were previously assumed to be mainly the business of the villagers and their elected authorities, illustrating the tight interrelation between recognizing rights and authority for granting and sanctioning such rights (Lund 2011, Sikor and Lund 2009, Ducourtieux 2013, Ducourtieux, Laffort, and Sacklokham 2005, Sikor 2012, Lavers 2016). As such, even when land deals are unimplemented and abandoned, they can serve the state to enhance state sovereignty, as suggested by Lavers (Lavers 2016) and Dao (2015) , and support what Peters (2013) call the inevitable agro-industrial future. Our case study is a clear empirical illustration of these processes that remove villagers' from the decision-making power over their village land when investors and government officials jointly embark on land development efforts that serves higher economic and political visions and have little regard for local people's opinions.

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Table 1: Overview of organizations interviewed

Level	Organizations interviewed	Interv.	Pers.
	Government organizations		
National	**Government organizations:** Representatives from departments under Ministry of Agriculture and Forestry (MAF) and Ministry of Natural Resource and Environment (MoNRE), as well as the Ministry of Planning and Investment.	9	13
Provincial	**Government offices**: Representatives from offices under Provincial Agriculture and Forestry Office (PAFO), Provincial Office for Natural Resource and Environment (PoNRE) and Provincial Planning and Investment Office (PPIO).	11	23
District	**Government offices:** In **Hua Meuang**: Governor's Office, District Agriculture and Forestry Office (DAFO), District Office for Natural Resource and Environment (DoNRE), District Planning and Investment Office (DPIO), District Commerce and Industry Office, District Public Works and Transportation Office, Mediation Unit and Finance Office (including Tax unit).	18	28
	Village level		
Village	**Village A (Lao-loum village, nursery and pilot site):** Village chief	1	1
	Village B (Lao-loum village, plantation established): Village chief, head of Lao Front for National Construction, Head of Women union of the village and individual farmers.	5	10
	Village C (Khmu village): Village authorities (include village chief, deputy village chief and a representative of Lao Front for National Construction of the village).	1	4
	Village D (Khmu village): Village authorities (include village chief and a representative of Lao front for National Construction of the village)	1	3
	NGOs, projects and private sector		
NGOs	Representatives from 7 NGOs as well as individual national and international researchers.	12	15
Projects	Representatives from development projects related to land use planning, land titling and rural development. Some at national level, some at provincial level, some at both.	7	12
Private sector	Representatives from 7 private companies (4 international, 3 local) were interviewed.	9	14

Source: Own elaboration based on interviews carried out.

Table 2: Production models in biofuel and industrial plantation of a Chinese investment company

Model	Villagers		Company		Governmental authorities	
	Responsibility (inputs)	**Benefit**	**Responsibility (inputs)**	**Benefit**	**Responsibility**	**Benefits**
1+4	1. Land	10% of produce + payment of labour (50.000 kip/day)	1. Variety 2. Technical expertise 3. Market 4. Labour (i.e. salary)	90% of produce	Identify sufficient & suitable land and labour. District authorities are responsible for monitoring that the contract is followed	8 usd/ha/year, + Export tax, 37.000 kip/ton*
2+3	1. Land 2. Labour (i.e., no salary)	70% of produce	1. Variety 2. Technical expertise 3. Market	30% of produce	Identify sufficient & suitable land & growers, and ensure that company charges fair price for seedlings and offers fair price for product. District authorities are responsible for monitoring that the contract is followed	Export tax, 37.000 kip/ton*
Out grower	Land, labour, variety, tools, transport to buyer	100% of produce	None	Source of produce for purchase	Identify sufficient suitable land	Export tax, 37.000 kip/ton*

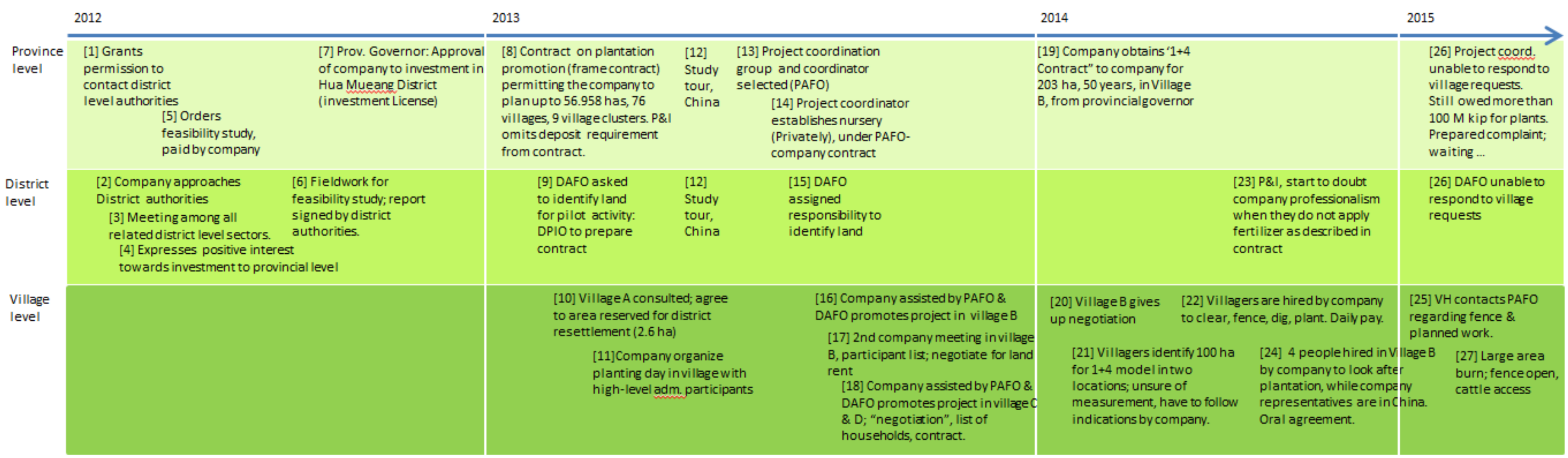
*Export tax distribution: Province: 5.000 kip/ton, District: 20.000 kip/ton, Village cluster: 2.000 kip/ton, Village: 10.000 kip/ton.

Source: Interviews with company representative and civil servants.

Table 3: Area included in biofuel contract signed by company & village authorities.

Model	Area contacted in village B	Area contracted in village C	Area contracted in village D	Total area contracted (ha)
1+4	251,5	268	98,5	618
2+3	42	85	56	183
Out-grower	Not yet estimated	74	28	102
Total area under contract	**293,5**	**427**	**182,5**	**903**

Source: Own elaboration based on contracts between villages B, C, D and the company.



Source: Own elaboration based on interviews and documents.

Figure 1: Timeline of negotiation and investment regarding large-scale land investment in northern Laos.