

Chapter 9

International Land Deals and Agricultural Investment in Ethiopia: Cases from Gambella and Benishangul–Gumuz Regions

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ABSTRACT

This chapter investigates land deals processes and the effects on livelihoods in Gambella and Benishangul-Gumuz. It applies quantitative and qualitative data from primary and secondary sources. It describes the land deals, actors involved, and the effect of the deal on villagers' land rights, food security, job creation, technology transfer, and sustainable use of natural resources. The study concludes that the government effort towards large-scale land deals and agricultural investment is promising. However, there is a gap regarding making the deals a win-win situation for stakeholders. Therefore, it is recommended that the governance of land deals need to be improved, and the capacity of the three actors—the government, investors, and local communities—need to be developed to play their respective roles in the deals. It is also recommended that effective monitoring and control mechanisms related to large-scale agricultural investments should be put in place and properly implemented.

INTRODUCTION

In the last ten years, foreign companies all over the world have shown strong interest in large-scale land investment in developing countries, mainly in Africa. This is due to financial crises (Cotula et al., 2009), high population growth, high food and fuel prices, high demand for bio-fuels, grow-

ing demand for minerals, the impacts of climate change, the expansion of trade regimes and the emergence of consumer and corporate-driven food systems (Borras & Franco, 2012). In addition, a limited land and water resource base, as well as food supply shortage, aggravated the worldwide demand for large-scale land acquisition. According to Anseeuw, Wily, Cotula & Taylor (2012), of

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the 1217 publicly reported land deals amounting to 83.2 million hectares in developing countries, 62% of the projects covering a total area of 56.2 million hectares are located in Africa, while some 17.7 million hectares are reported in Asia, and 7 million hectares in Latin America. The remaining 2.2 million hectares are in other regions, particularly Eastern Europe and Oceania. Eastern Africa, of which Ethiopia is a part, is the most targeted area with one-third of the reported deals in Africa.

In terms of availability of uncultivated land, sub-Saharan Africa stands first with a potential of more than 200 million hectares, followed by Latin America and the Caribbean with available land of about 123 million hectares (Deininger, Byerlee, Lindsay, Norton, Selod, & Stickler, 2011). Hence, many financially rich and resource-poor countries are turning to resource-rich and financially poor countries to ensure security in food, minerals and energy through the interlinked system of global trade (Borras & Franco, 2012). The need for food supply in these countries is complemented by the need of developing nations to transform their agriculture sector. India, China, Saudi Arabia, USA, Japan, South Korea and EU countries are some of the investing countries that target developing countries with abundant land, water and labor resources and suitable climatic conditions for large-scale agricultural investments, whereas sub-Saharan African countries such as Sudan, Mozambique, Tanzania, Ethiopia, Madagascar, Congo, Zambia, Nigeria, Uganda, Sierra Leone and Ghana are the major receiving countries (Anseeuw et al., 2012; Cotula, Vermeulen, Mathieu & Toulmin, 2011).

Though foreign land acquisition has become a big business, at the same time it is a topic of debate. The debate often centers on the concern regarding what land acquisition (Deininger et al., 2011), land deal (Cotula et al., 2009, Anseeuw et al., 2012), land grabs (Grain, 2008) and large-scale land acquisition (World Bank, 2010) could mean for the local farmers or for agriculture in general. Some African states are promoting large-scale

agricultural land investment to transform their agricultural sector through technology transfer, expansion of local infrastructure, employment generation and securing food (Von Braun & Meinzen-Dick, 2009). This is reflected in very small land rents, tax waivers, limited restrictions on production and exports, and so on. However, evidence shows that these foreign investors focus more on export markets and they do not contribute to ensure local food security (Castel & Kamara, 2009). It is also confirmed that large-scale investors displaced the rural poor and damage their livelihoods and access to key resources like water (HLPE, 2011). This power imbalance among actors put the local livelihoods at risk (Von Braun & Meinzen-Dick, 2009).

International agencies, such as the World Bank, Food and Agriculture Organization (FAO), The International Food Policy Research Institute (IFPRI), amongst others, are joining in this contested debate and looking to establish a code of conduct for Responsible Agricultural Investment that Respects Rights, Livelihoods and Resources. Such a code aims at monitoring how deals will take place in the hosting nation to create “win-win” outcomes that benefit the investing state, the hosting state and local communities. The code of conduct, however, received a large amount of criticism from organizations such as Grain, but also from the academic world. Borras & Franco (2010) argue that the code of conduct is actually a tool to legitimize land deals, and if promoted, could have serious implications. For them, land deals would aggravate the crises – food, financial, oil, and climate – and will end up as a new form of imperialism, increasing poverty and food insecurity in the countryside, and ushering in the wide-scale capitalist transformation of agriculture. However, other scholars and international organizations argue that foreign investments could be vital to the South by helping to develop their agricultural sector, and be beneficial for the investors as such foreign investments could secure a food or fuel supply, if managed in a responsible way (Cotula

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