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THE SOCIO-ECONOMIC AND ENVIRONMENTAL IMPACTS OF LARGE SCALE LAND TRANSFER ON LOCAL LIVELIHOODS: A CASE STUDY FROM ITANG *WEREDA* OF GAMBELLA REGION, SOUTHWEST ETHIOPIA

BY

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The Socio-Economic and Environmental Impacts of Large Scale Land Transfer on Local Livelihoods: a Case Study from Itang *Wereda* of Gambella Region, Southwest Ethiopia

By

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Advisor: Getachew Kassa (Ph.D)

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Dedication

I want to dedicate this research to my brother Nebiyou Tulu (Mosses) that remains in my heart although the untimely death separated us! You are in our prayers.

Declaration

I undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that all sources of material used for this thesis have been duly acknowledged.

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Mesay Girma Taddesse

July 2015

This thesis is submitted for examination with my approval as an advisor of the candidate.

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Getachew Kassa Negussie

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List of Abbreviations and Acronyms

ADLI Agricultural Development-Led Industrialization

AISD Agricultural Investment Support Directorate

CSA Central Statistical Agency

EIA Environmental Impact Assessment

EPA Environmental Protection Authority

EWCA Ethiopian Wildlife Conservation Authority (EWCA)

FAO Food and Agriculture Organization

FDI Foreign Direct Investment

GDP Gross Domestic Product

GoE Government of Ethiopia

GPNRS Gambella People's National Regional State

GTP Growth and Transformation Plan

Ha Hectare

IFAD International Fund for Agriculture Development

IFPRI International Food Policy Research Institute

IPA Investment Promotion Agency

Km Kilo Meter

LSLT Large Scale land Transfer

Masl Meters above Sea Level

MoARD Ministry of Agriculture and Rural Development

MNC's Multi-National Companies

NGO's Non-Governmental Organizations

PSNP Productive Safety Net Programs

PASDEP Plan for Accelerated and Sustained Development to End Poverty

SSA Sub Saharan Africa

SNNPR Southern Nations Nationalities and Peoples Region.

TNC's Trans-National companies

WB World Bank

WDR World Development Report

UN United Nations

UNECA United Nation Economic Commission of Africa

Abstract

This study attempts to examine local perception of the socio-economic and environmental impacts of large scale land transfer on local people's livelihoods in Itang Wereda of Gambella Peoples National Regional State, Ethiopia. The analysis of this study followed descriptive qualitative Approach. The primary data was collected through key informant interviews, focus group discussions and direct observation. To complement the primary data, secondary data which the researcher found from various published and unpublished sources were used. After analyzing the data collected, the study found that the transfer of land to domestic and foreign investors have brought no significant social benefits to the local communities, as measured by the level and type of technological transfer, creation of employment opportunities and level of food crop production. However, some LSLT to investors has helped improve infrastructure. The study also found that the investment has negative impacts on the local subsistence economies economy in terms of loss of crop land, grazing land, grass land, firewood and water resources; these have negatively affected local agrarian and animal rearing livelihoods. Moreover, the investments have negative environmental effects on the biodiversity resource as observed by the scale of clearing of the indigenous vegetation cover, damage on wildlife, depletion of water resources, exposed the land to soil erosion and soil degradation. Besides these issues, this study identified the coping strategies pursued by local communities in response to the impacts of the transfer of their land and natural resources ownership to the investors. These strategies include changing land use, sharecropping, tenant farming, changing occupation and mobility or migration patterns. Lastly, the study suggests some ideas for policy makers which emerged from the field study. They include suggestions for the government, investors and civic societies.

Key Terms: *Large scale land transfer (LSLT), Local Community, agribusiness Investment, Socio-economic Impacts, Environmental Impacts, Coping Strategy*

CHAPTER ONE: INTRODUCTION

1.1 Background

According to the World Bank Report (2010, p. 2), six of the top eight fastest growing economies in the world were in Africa with Ethiopia being one of these countries. The Report further stated that African policy makers had made great strides in order to capture market shares and increase Foreign Direct Investment (FDI)[1]. One area that is attracting the current trend of FDI is agribusiness. African countries had been engaged in reorientation of their agricultural development strategy at the government level in order to modernize subsistence farming systems and to insure the food securities of their citizens. This includes the liberalization of land market and commercialization of agriculture (ibid). One of the policy changes taken by several African Governments, including, changes by the Government of Ethiopian (GoE) was the lease or sale of large areas of land to domestic and foreign investors (UN, 2014, p. 1).

This transfer of land ownership or use right from local occupants to domestic and foreign investors have several labels ("Land Acquisition", "Land grabbing", "Land Transfer" and others). The term land grabbing was first used by Karl Marx in 1876 in relation to European colonization (Marx (1909) p. 349 as cited in Ronalds, p. 192). Other researchers, for example, Danial and Matthal, (2009, p. 1) defined land grabbing as "the purchase or lease of land by wealthier, food insecure nations from poor and developing nations in order to produce crops for export". Recently, the term land acquisition which refers to leasing of large tracts of land by local/foreign companies, Governments or to individuals for the purpose of undertaking large scale mechanized commercial agriculture had been used extensively by several authors (Dessalegn, 2011; Dessy, Gohou and Vencatachellum, 2012).

The investment in land and natural resources are not new and have been practiced for quite some time although, this phenomenon of Large Scale Land Transfer (LSLT)[2] expanded

[1] FDI is a direct investment into a host country by a company or government in another country (OECD, 2008, p. 22).

[2] Large scale land transfer (LSLT) refers to the transfer of user right of land that measures 200 ha or more to local, transnational, multinational, private and state owned agribusiness companies (my own definition) I will use this definition in the rest of the study.

following the recent food price hike of 2007–2008[3] (von Braun and Meinzen-Dick, 2009, p. 1). This phenomenon of global land rush and LSLT by local and foreign agribusinesses has been particularly intense in Sub-Sahara African (SSA) countries like Ethiopia, DRC, Madagascar, Tanzania and Zambia, which have been involved in leasing agricultural land to various local and foreign agribusiness investors (Cotula et al., 2009, p. 3; Richards, 2013: Table 1, p. 14).

The total land sold or leased to agribusinesses in Africa account for some 48% of the total cultivated agricultural area of the continent in 2008, which is approximately the size of Kenya (Cotula, et al., p. vii). A study by United Nations (2014, p. 1), further stated that many countries in Africa seem to be keen on adopting a development model that places LSLT's or agri-businesses supported by the FDI at the heart of their policy. The Report also showed LSLT in Africa is based on a permanent or long-term lease (lease period ranges from 25 to 99 years). The land leased to investors is intended for market centered production of cash crops, floriculture, bio-fuels products, and reforestation for carbon mitigation (von Braun and Meinzen-Dick, 2009, p. 2).

The recent allocation of user right and ownership of productive land and abundant natural resource in Ethiopia as well as in Africa is frequently done with large scale agribusinesses like national sovereign wealth funds or corporations, who are based in the wealthier and more developed countries of the world (Cotula et al., 2009, p. 27). It should also be noted that, local investors have also participated in the leasing of arable land (ibid, p. 29). Furthermore, a research by Dessalegn Rahmato (2011, p. 12) indicated that, out of the total land the GoE transferred (3,619,509 ha), almost half of the land was transferred to local investors. However, the research also inferred that the size of land allocated to foreign investors is much bigger than that of domestic investors: the justification given by government officials is that the foreign investors are much better endowed in terms of capital and technology and thus much better placed to make a success of their operation (ibid, p. 13).

According to Dessalegn (2011, p. 13), the two main investment interests in large scale agricultural are investments for growing food or agro-industry crops and investment for the purpose of growing bio-fuel. Investment in food crops included rice, maize, pulses and edible oil

[3] A culmination of factors such as drought in grain producing countries and rising oil prices led to high food prices globally (von Braun and Meinzen-Dick, 2009, p. 1)

crops (like sesame), whereas the major agro-industry crops grown are cotton and sugarcane. Large scale agricultural investment had also been carried out by growing biofuel plants such as palm oil trees, jatropha curcas, and castor oil trees (ibid, p. 13).

In the past few years, one observes that there exist an increase in attention given by the media, studies by Non-Governmental Organizations (NGO's) and academic research on the thematic issues of investment in Africa. This recent government policy and practice of allocating land ownership or user right to investors have been labeled/called by scholars, activists, media and forums, as 'land grabbing' (BBC, 2008). Reading their reports, most conclude that it is likely to exacerbate the insecurity of livelihoods for rural peasants by restricting access to land and natural resources, environmental degradation and undermining production for local consumption (von Braun and Meinzen-Dick, 2009, p. 1). Furthermore, recent researches by Desalegn Keba (2013, p. 95) viewed LSLT as a threat that will increase local people's rates of food insecurity. Furthermore, the research added that, despite Ethiopia's endemic poverty and food insecurity crisis, there have been no instruments and mechanisms in place to ensure and hold to account foreign and domestic investors[4] that violate and endanger local livelihood (ibid, p. 106).

In the early years of LSLT, many studies were interested in reporting the factors behind investors drive of agricultural investments (Daniel and Anuradha, 2009; Andersen, et al, 2010, Cotula et al., 2009). But over the years, researchers have tried to show the constructive and the undesirable outcomes of LSLT on local livelihoods (Dessy, Gohou, Vencatachellum, 2012; Richards, 2013; Desalegn, 2011). The studies mostly focused on the impact of LSLT on local economy, the environment, local peoples, land right and other impacts. Most researches done by NGO's, human right activists and environmentalists are criticized by African Governments for being politicized and one sided (BBC, 2008).

On the other side, multinational organizations like UN(2010), World Bank(2010), FAO(2010), IFAD(2011) and other international institutions support the liberalizing and commercialization of land, agriculture and investments in the developing world. They further identified LSLT as an effort by the government to enhance "sustainable development" following on the paths of other nations like Latin America, Eastern Europe and South East Asia countries, which have benefited

[4] The LSLT in Ethiopia is undertaken by sovereign wealth fund, TNC's, MNC's and domestic agribusinesses (cotula et al., 2009, p. 27). However, for the purpose of this study I will generalize them as domestic and foreign investors.

from commercializing and liberalizing their land. However, they highlighted the risks associated with the current pace and scale of expansions. According to Gobena (2010, p. 5), the above stated international institutions further specified that large scale land transfer will ensure long-term food security through the increased capital investment and transfer of agricultural technology and know-how to the small-scale subsistent farmers in countries such as Ethiopia. However, they proposed a key code of conduct having seven principles for ´´responsible agro-investment´´. However, they also indicates that the realization of the perceived and promised benefits from large scale land transfers to investors will depend largely on how the land deal contracts and perceived promises by the host country governments and investors are actually implemented.

1.2 Statement of the problem

The issue of "Large Scale Land Transfer" is one of the most debated and also very controversial topics of our time; partly because of the existence of conflicting views on its impacts on local people in the countries that are transferring land. Consequently, the topic is subject to ongoing debates not only among researchers, but also among politicians and policy makers. The Government of Ethiopia (GoE) claims that the country has "plenty" of agricultural land, which it claims is "idle" land that can better be managed by financially able investors without hampering the livelihoods of local communities. However, in reality, these lands have been used by local communities for generations for farming, grazing, fishing, hunting or settlement purposes. The assertion that the lands that are leased are previously unused or unoccupied is also flaw as land in many cases could be temporarily left for various reasons, such as, shifting cultivators or trans-human pastoralists are good examples. As a result, it is feared that the Government's agricultural land investment policy could marginalize and exclude the indigenous population by depriving them from their land and natural resources for their livelihood bases. However, LSLT's that are happening in Ethiopia are done on the bases of pledges held by both the investors and the Government.

On the other hand, as we shall discuss in Chapter Four, the GoE claims ownership of all land whereas the farmers and pastoralists have only the right to use. For this reason, local communities have no say over the transfer of their land and hence the Government can transfer

ownership or user right over any patch of land as it wishes to any other use or user. This in turn makes rural communities "voiceless" because the ultimate power of deciding on the fate of small holder agricultural land, pastorals and other communities rests on authorities. Consequently, these communities could see their lives and livelihoods hampered when large scale land is transferred to investors at the expense of their interests.

1.3 Objective of the study

1.3.1 General objective of the study

This study attempted to examine the socio-economic and environmental impacts of the current phenomenon of transfer of user right of land and natural resources from indigenous uses/users to domestic and foreign agribusiness investments on indigenous community lives and livelihoods, and the environment using a case study of transfer of indigenous community's land and natural resource to investors in Itang Wereda of Gambella Peoples National Regional State (GPNRS).

1.3.2 Specific Objectives of the study

The specific objectives of this research are:

- To assess Ethiopia's agricultural sector, the institutional processes, organizational structures of rural land governance and the state of land transfer in the country.
- To examine the socio-economic impacts caused by the transfer of user right of land and natural resources from local people use to agribusiness investors on local farmers, herders, fishermen and other groups of the community's lives and means of living
- To examine the environmental impacts caused by the transfer of user right of land and natural resources from local people use to agribusiness investors.
- To explore the local people's patterns of coping strategies adopted in response to the shortage of land and natural resources caused by their transfer to investors in the study.

1.4 Research questions

Overall research question:

> What are the socio-economic and environmental impacts caused by the transfer of user right from indigenous community to local and foreign agribusiness investors on local community's lives and means of living?

In line with the research objectives, the overall research question is sub-divided into different sets of questions:

1. What are the socio-economic impacts caused by the transfer of user right of land and natural resources from local people to agribusiness investors on local farmers, herders, fishermen and other groups of the community's lives and means of living?
2. What are the environmental impacts caused the transfer of user right of land and natural resource from local people to agribusiness investors on local farmers, herders, fishermen and other groups of the community's lives and means of living?
3. What are the local people's forms of coping strategies adopted in response to the shortage of land and natural resources caused by the transfer of user right of land to agribusiness investors?

1.5 Significance of the study

The findings of the study have provided additional information about the perceptions of local community, the constructive and undesirable outcomes and the lives and livelihood impacts of the LSLT in the study area. Through field observation of the study area, focus group discussions and face to face interview with affected members of the community; local and regional level Government Officials and management staff of investment projects this study analyzed the situation on the ground and helped to provide a real understanding beyond the rhetoric and hype of the actual impacts of LSLT in the study area.

The immediate users of this research would be research institutes, investors, and local and regional administration of the study area. Besides, the Ministry of Agriculture and Rural Development (MoARD), at federal level; the GPNRS Agriculture and Rural Development

Bureau; GPNRS Investment Promotion Agencies; GPNRS People's Regional State Administrative office, other national and international research institutions will use the findings of this research as a knowledge base for their further implementation of their strategic plan. Furthermore, the research will contribute to formulate policies that help check and channel land, investment and development policies which will benefit the investor, local community and the country as a whole. Additionally, the study will also harness its potential role in developing strategies across countries which may reduce different challenges local communities are facing before, during or after LSLT. Finally, the research will also serve as a springboard for other fellow researchers who are interested to conduct further study on different issues in relation to LSLT in the study area.

1.6 Scope of the study

The impacts of LSLT can be studied by looking at a range of factors such as social, economic, environmental, cultural or even political. However, this research project has delimited itself to the socio-economic and environmental impacts of LSLT on local lives and livelihoods. The study is also limited to Itang *Wereda*, GPNRS in South-West Ethiopia and relies on data set from the first land transfer deal in the study area.

1.7 Structure of the study

The study comprises six chapters. The first chapter is about introducing what the study is about, the problem to be examined, the research questions and objectives, significance and scope of the study. The second chapter is about the methodological aspects of the study. The third briefly reviews literature to the major theme of the study and provide a highlight of pertinent related empirical studies on the issue. The fourth chapter gives a summarized review of Ethiopia's agriculture, land governance and LSLT in Ethiopia. The fifth chapter presents the finding of the study where the thesis discuses LSLT in the study area and its impact on the community and the environment. Finally chapter six gives conclusions and suggestions.

CHAPTER TWO: Review of Literature

As of the end of 2009, more than a dozen countries in Africa, including Ethiopia, have given out millions of hectares of farm land to foreign capital under highly concessionary terms (see Cotula et al., 2009; von Braun and Meinzen-Dick, 2009; and Richards, 2013). This chapter's main purpose is to discuss and reflect on various concepts used to refer to the transfer of land and natural resources from the user right of the indigenous community to the user right of agribusiness investors or as I and several researchers call it large scale land transfer (LSLT). Building on the brief introduction given in Chapter One I will review the history of LSLT, the macroeconomic global trends that led to its emergence and the agro-ecological factors that determine selection of investment land.

2.1. Perspectives of Large Scale Land Transfer

There exists ongoing debate on whether LSLT is beneficial to local lives and livelihoods, particularly in the context of developing countries. The argument for governments transfer or allocation of land ownership to agribusiness investors will create new opportunities for the local smallholder farmers and will lead to improvement of the living standards in African countries, but also entail risks of losing land and being marginalized to the local communities (Cotula et al., 2010, p. 15).

Proponents of the policy argue that LSLT has the potential of bringing the much needed FDI to the poor and developing countries, particularly to poor African countries (see WB, 2008; UN, 2010; FAO, 2010). They argue, LSLT can benefit the host countries both by increasing their foreign exchange earnings and in enhancing their economic development "through providing local economic spillovers, trade benefits and access to new markets" (Ibid). They further claim that this owes to the fact that most governments of poor countries cannot in their own raise the much needed investment in rural agriculture due to limited resource capacity, hence leasing land to agribusinesses investors is seen as an opportunity for increased investment in agriculture. Thus, giving out user right for agribusinesses will result in improvement of land productivity and allow for technology transfer and introduction of best practices to the local people. It could also stabilize global food price and increase in food crop production which would be available for

local and national consumers in addition to overseas consumers' (Ibid). Proponents further argue that the rural poor community would benefit from LSLT through, among other things, creating on farm and off- farm jobs, development of rural infrastructure and construction of schools and health centers provided that negotiations are carried out transparently, existing land rights are respected, and benefits are shared between local communities and agribusiness investors (De Zoysa, 2013, p. 6).

To the contrary, some critics point out that LSLT has rather devastating consequences on local livelihoods and ecological sustainability (Cotula et al., 2010, von Braun and Meinzen-Dick, 2009, Daniel and Mattue, 2009). First, land-lease agreements are often in favor of investors than local communities, because firms hold greater bargaining power in negotiating these agreements especially when the host government and local elites support the investment (von Braun and Meinzen-Dick, 2009, p. 2). Second, as will be discussed later in this research paper, it is often the case that smallholders will be displaced from their lands and the promised job and local development may not be fulfilled (ibid, p. 2).

It is argued that the transfer of land to investors not only denies local communities their entitlements to land, but also violates their rights to use it. According to the UN Special Rapporteur on the right to food, States would violate the human rights of citizens to food if they deprive local populations, access to productive resources important for their livelihoods, by selling or leasing land to investors (De Schutter, 2009, p. 2). Giving out land to investors also disrupts the local land tenure system by altering formal land rights that are under state control (German, Schoneveld & Mwangi, 2011, p. 3). Consequently, local authorities who play a key role in allocating land rights often fail to act in communities' interest.

2.2. Drives for Large Scale Land Transfer

LSLTs have particularly accelerated since 2008, corresponding to the period of global food price hike (von Braun and Meinzen-Dick, 2009, p. 1). Although the crisis was a big factor for the increase in LSLT in recent years, there are also a number of other reasons. Generally, the following factors are identified as the main motives for the acceleration of the current trend of LSLT in developing countries:

i. Food Security

For foreign agribusiness investors, although food prices have been perceived to be in long-term decline over the last century, the 2007/08 price hikes changed this assumption. During 2007/08, aggregate food prices doubled and although slightly dropped in the aftermath of the crisis, they remain high. It is expected that prices will continue to rise in the long-term and hence prompt mass investment in agriculture (Cotula et al., 2009, p. 52; De Zoysa, 2013, p. 6). For countries that heavily rely on imports for domestic food consumption, such as the Gulf States, food security concerns are extremely significant (Ibid, p. 54). Hence, overseas land lease is an important strategic decision for such states in order to address their concerns of food security.

ii. Biofuels

Apart from food security concerns for foreign agribusiness investors, increased investment in biofuel is another catalyst of LSLT in developing countries. Biofuels are fuels produced from biomass for the purposes of transport, heating, electricity generation and cooking (Cotula et al., 2007, p. 54; Dessalegn, 2011, p. 10). There are certain reasons that compel the use of biofuels over fossil minerals such as oil. These include: energy security, rural development, export development and climate change mitigation (Cotula et al. 2009, p. 54).

iii. Non-food agricultural commodities

The demand for non-food agricultural commodities is also another factor behind the rush for agricultural land, particularly by countries that are dependent on these commodities for smooth operation of their industries. As the global economy grows, the demand for such commodities as rubber, cotton, sugar, coffee, cocoa, tea and soya beans will increase and hence importing countries need to secure supply by acquiring overseas lands (Cotula et al., 2009, p. 56).

iv. Expectations of returns

This refers to investment in agricultural products not for the sake of food or energy security, but for fetching financial returns from such investment. Because of rising price for agricultural products, private and Government backed land acquisitions are becoming increasingly attractive

sources of wealth. Such investments target return in agricultural investment over the long-term. Following the financial and food crises of 2007/8, agricultural land is highly considered as strategic asset, because it is cheap and relatively risk free (Cotula et al., 2009; De Zoysa, 2013, p. 6).

v. Emerging carbon markets

Carbon markets may also foster land transfers in the expectation of long term increase in land values. These may include afforestation projects under the Reduced Emissions from Deforestation and Forest Degradation (REDD) scheme of the post Kyoto climate change regime. Because potential returns from carbon markets may increase land value, investors that look at long-term returns (such as investment funds) are attracted to acquiring large tracts of land (GERES, 2009 cited in Cotula et al., 2009, p. 58).

vi. Host country incentives

For host countries, such as African states, agriculture is a major source of employment, growth and revenue as well as assures food security in the long term. Besides, foreign investment in agriculture is seen as a vehicle of technological transfer, improved productivity, infrastructure development and increased supply of food to local markets. Thus, host countries strongly support such investments by providing various incentives[5] to local and foreign investors. The favorable investment environment in turn attracts more and more investors who shall acquire land in good terms (Ibid, p. 58).

In addition to the above motives, the World Bank (2010, p. 2) claims that, population growth and high rate of urbanization also contribute to the increase in LSLT. Moreover, rising incomes tend to increase the demand for food products, which in turn need to be addressed by increasing cultivable land and improving productivity (Ibid, p. 2). Consequently, there will be increased LSLT to meet these challenges.

[5] E.g. adoption of favorable investment codes, new and less strict legislations on land; banking, taxation, and customs incentives

2.3. Elements of Preferred Land for Agricultural Investment

Once the need for agricultural land arises, the next step is to select the appropriate site or location where investment land can be acquired. The decision about where to acquire investment land depends on a set of several factors. These factors include resource endowments, particularly agro-ecological characteristics of the target countries (De Zoye, 2013, p. 7). In this regard, such characteristics as 'yield gap'[6] and 'land availability' are major determinants and they are used to provide typology of target countries (Arezki et al. 2011, p. 16). The underlying assumption in terms of the yield gap is that farmland is underused compared to the potential yields and that such land can be improved to increase its market value through additional inputs (such as water, fertilizers, seeds, infrastructure, and know how) (Ibid, p. 16-17). Meanwhile, land availability refers to the availability of land that is not being used, but suitable for rain fed cultivation and that has a population density of less than 25 persons per km (Ibid, p. 17). Thus, countries with high yield gap and abundant land availability are the most preferred investment destinations according to a typology developed by Deininger et al. (2011, p. 17). This typology accounts for the largest share of land acquired according to Land Matrix database[7], representing 58% of all deals. Most of the countries affected in this category are located in Africa, particularly, Sub-Saharan Africa (ibid 2011, p. 12).

In addition to yield gap and land availability, the types of land covers also determine the choice of suitable land for large scale agriculture. According to the Land Matrix Project, cropland and forests are the most commonly targeted land covers followed by shrub land/grassland and marginal land respectively (Ibid, p. 17). The Land Matrix Project shows that out of 82 cases for which there is information about former land use, most land (about 56) were reported to have been used by smallholders for cultivation, followed by communal use (particularly for grazing animals) (Ibid, p. 39). Meanwhile, only few of the reported cases of LSLT were under forest cover or under conservation prior to the investment (Ibid). Croplands make up 43% of all 246 land deals (and 22% of the land transferre), which include different cropping varieties of

[6] 'Is a measure to compare current yields with potential yields in a given location' (CSA, 2014)

[7] Land Matrix database is an online public database of large scale land deals (http://landportal.info/landmatrix). The Land Matrix Project records transactions involving the transfer of rights to use, control and own land through sale, lease or concession; that cover 200 hectares (ha) or larger; and that have been concluded since the year 2000.

stallholders (Ibid, p. 16). Other croplands targeted also include irrigated areas and rain fed croplands.

Thus, contrary to the aggregate, nation-wide data that suggest 'unused land' as the common targets of land transfer, this local- level analysis shows nearly half of the investment target land had some form of cropping activities (Ibid, p. 18). Lands covered by forests are the second preferred target by investors with 24% of the 246 land deals (31% of the total surface) targeting such land covers (Ibid). The third preferred land covers for LSLT are shrub lands and grasslands, which account for 28% of all deals (and 17% of their surface area) (Ibid). While the economic benefit of converting these lands to croplands is probably enormous, it has significant negative impacts on non-measurable benefits of the local people. These losses include important grazing fields for pastoral communities as well as local biodiversity. Finally, the remaining 5% of the recorded land deals (or 30% of the total surface area) targeted bare areas, for instance desert, wetlands, and urban or per-urban areas (Ibid).

Other determinants of land transfer for large scale agriculture are accessibility of the land and local population density. Often, the main targets of agricultural land are those with good accessibility and considerable population densities (Ibid). This in turn affects local population's livelihoods. Accessibility, measured by travel time to urban centers, determines the ease of delivering agricultural produce to the nearest markets or to a processing plant. It also determines accesses to inputs such as fertilizers, pesticides, seeds, and machinery. Besides, it represents the ease of access to market information, extension services and policy making processes (Ibid, p. 20). On the other hand, many LSLT's have targeted areas with a population density of more than 25 persons per km^2. According to the Land Matrix project, more than 60% of the land deals fall in this category (Ibid). Thus, land deals often result in strong competition with local land users who themselves rely on smallholder agriculture. This is usually the case in areas with fertile land in East and West Africa as well as South and South East Asia, whose agriculture is dominated by very small farm sizes and high population densities (Ibid).

2.4. Shortcomings of Land Deals

There are a number of limitations associated with large scale land deals. These include lack of transparency and consultation in land governance (particularly during the planning and decision-making processes and contractual agreements), absence of community involvement, risk of eviction for the local people, lack of compensation and lack of monitoring, enforcement and conflict resolution mechanisms (Coutla et al., 2009, p. 70-75). Evidences show that these problems are very common during the process of land transfer for large scale agricultural investment.

First, lack of transparency and consultation with local people may bring unfair deals, which in turn result in controversies and long-term conflicts among all the parties involved (ibid, p. 70-71).

Second, lack of adequate information about the extent of land deals also hinders involvement of local communities, civil society organizations and other actors, which in turn provides opportunity for corruption and other misconducts (Ibid, p. 72). The Land Matrix database reveals that only few projects have been launched with adequate consultation of local communities, and even if there are few cases of community involvement, the process was 'limited' (Deininger et al., p. ix). There is limited evidence from the Land Matrix on community involvement in land deals for which information was recorded only for 86 cases. It was observed that only six cases had prior and informed consent with community before the start of the projects, whereas 29 cases had some form of community participation but such processes were limited (Ibid, p. 40).

Third, even if communities are consulted in the processes of LSLTs, displacement is often the case in developing countries (Dessalgn, 2011, p. 22). Such evictions due to land transfers may be substantial since land acquired by investors is equal to land used by several smallholders (Ibid: 23). The Land Matrix shows that most land acquired was at least used for some purposes by local farmers prior to the land transfer and some of the projects recorded in the database led to substantial evictions (Deininger et al., p. ix).

Fourth, compensations for local people are other factors of concern that often attract criticism. As discussed above, land transferred for large scale investment is often used by local population

for some purpose and that land transfer could lead to substantial displacement for the local people. Local communities are often given vague promises of 'benefits' for instance, employment, together with inadequate or sometimes inexistent compensation for their loss of land and livelihoods (Aabø and Kring, 2012, p. 14). This is compounded by the difficulty to provide legal proof of ownership or title for the land used especially by local inhabitants who have customary land rights, which are not recognized by laws (Cotula et al., 2009, p. 41). Besides, people who have only 'use' rights are not entitled to sell land as in the case of Ethiopia, where state owns all land and farmers have only the right to use. Thus, there is no guarantee for such people to receive compensation for lost livelihood base as a result of land deals. However, this does not mean compensations do not occur at all. Investors may offer various compensation schemes depending on the legislation of the host country with regard to foreign investment and on the power of former user as well as the investor (Anseeuw et al., 2012, p. 42). There are different forms of compensation scheme and they range from in-kind compensations, such as building social or productive infrastructure, to cash-payments for affected individual farmers. Nevertheless, compensation and lease payments are often received by local authorities on behalf of communities and are usually subject to nepotism (Ibid, p. 44).

Finally, large scale land deals are also characterized by lack of monitoring, enforcement and conflict resolution mechanisms, which are other sources of controversy in land deals (Cotula, 2007, p. 83). Neither the state organs nor independent agencies scrutinize the activities of large scale agricultural investors, particularly, in those countries that have weak institutional capacity. This in turn leaves the ground for tensions between the investors and local communities, sometimes resulting in conflicts.

2.5. Land Administration in Affected Countries

Resource Tenure Systems, including but not limited to Land Tenure system, are parts of rules and institutions governing the way land and other resources are held, managed, used and transacted (German, Schoneveld & Mwangi, 2011, p. 35-38). Apart from ownership, land rights (tenure) also include a range of land holding and user rights such as leasehold, usufruct, servitudes, grazing rights and so on, which may coexist over the same plot of land (ibid, p. 38). Land rights may be held by individuals or groups as private property or by the state in the form

of ownership, trusteeship and so on (Ibid, p. 38). There are usually two major types of land tenure systems: customary land tenure and statutory (legal or formal) land tenure systems. In between the two systems, there could be a combination dual or mixed (of customary and statutory) land tenure systems (ibid, p. 38).

According to Cotula (2007, p. 10), ‘‘customary law’’ is a body of (usually unwritten) rules founding its legitimacy in ‘‘tradition’’, i.e. in its claim to have been applied from time immemorial’ (Ibid, p. 10). In customary resource tenure systems, especially in Africa, land is usually held by clans or families intertwined with group and individual rights, and accessed on the basis of group membership and social status (German, Schoneveld & Mwangi, 2011, p. 35). Meanwhile, statutory or legal land rights are rights legally granted by the state to use land for limited/unlimited period of time and hence could provide legal protection for holders against any voluntary or involuntary losses. In most countries of Africa, customary ownership of land, rather than statutory law dominates land governance (German et al., 2011, 2). However, customary and statutory land rights normally coexist over the same territory often resulting in overlapping of rights, contradictory rules and competing authorities (ibid, p. 2).

Customary land tenure entails rights not recognized by law and hence provides no guarantee for holders against any potential expropriation. As a result, customarily held lands in Africa, especially those which are unsettled or unfarmed (i.e., land normally held collectively by individual communities or ‘‘the commons’’), have always been vulnerable to involuntary loss (ibid, p. 35). Although the majority of African governments have implemented land reform programs to grant customary rights a legal recognition, customary claims hardly receive the same type of legal protection as formal/statutory rights and are still subject to expropriation (Ibid, p. 75). Besides, since investment flows to Africa are becoming increasingly conditional on the ease of access to land and other resources, host governments policies will have to choose between conflicting policies objectives of strengthening customary rights or promoting investment (German, Schoneveld & Mwangi, 2011, p. 2).

According to recent study, investors exploit weak land tenure systems across developing countries to their advantages (Gobena, 2011, p. 19). This is because investors prefer countries with weak land tenure system in order to secure easy and cheap land (Ibid, p. 19). One of the features of land rights and land governance in developing countries is that such countries have

poor land governance systems which cannot secure land-related property rights for the citizens (Ibid, p. 19). For instance as discussed above Sub-Saharan Africa's land tenure systems are often characterized by 'dual land tenure systems' where a mix of customary land rights and formal (statutory) property rights is practiced. Although such dual system under the dominant customary land tenure systems does not lead to inefficiencies in itself, the introduction of large scale investment projects may alter the rules of the game. In other words, since customary land rights do not represent formal ownership, it leads to local population losing their access to land without adequate compensation and this could in turn lead to potential conflicts (Ibid).

2.6. Large Scale Land Transfer's Impact on Local Community

Although LSLT may provide capital for Africa's land-dependent economies, in the presence of weak domestic governance of investments they could pose socioeconomic and environmental risks (see Richards, 2011; Coutla, 2011, Dessalegn, 2011). In this section, I will discuss some of the impacts of land transfers on local livelihood.

Studies show that most affected countries of land transfer are countries which are significantly poor, whose economies depend mostly on agriculture and countries that are less involved in world food exchanges (Richards, 2013: 7). Thus local people could lose access to the resources on which they depend, including not only land but also water resources, wood and grazing areas (Cotula, 2010, p. 95-96). LSLT could marginalize smallholder farmers, who are known to be very efficient and resilient producers (Ibid, p. 96).

The Land Matrix Database indicates that the highest number of farm deals (roughly 66% of the land areas acquired) target countries that are significantly affected by hunger and those which have higher agricultural share to their GDP (Deininger et al., 2013, p. 17). This implies that hunger affected countries are significantly dependent on agriculture as their main source of livelihood (Ibid). Since most of the investment in large scale agriculture is aimed at non-food production or export crop, it can have a negative effect on local food availability (Ibid, p. 12). Such dependency on agriculture suggests that poor people have no other alternative for income generation and any eviction and resettlement will likely have bad consequences to these people than to richer societies with diverse economies (Ibid, p. 12).

LSLT also shifts control of food resources and food producing lands away from domestic to foreign firms, which in turn, reduces the likelihood of food self-sufficiency among poor nations. Because most of the host countries of such investments are themselves net food importers or food aid recipients, critics view such land transfers as host Governments' outsourcing of food at the expense of their most food insecure citizens (Daniel and Mattue, 2009, p. 16). It is also often the case with land deals that even if national indicators may suggest the abundance of large reserves of suitable land for investment, in reality land given out is often found within cultivated areas and farmlands (Richards, 2013, p. 7). This contradicts the claims made by governments that investments are carried out on 'idle' land.

There are also indirect impacts of LSLT on local livelihood; which include loss of access to seasonal resource for non-resident groups such as transhumant pastoralists, shifting of power from women to men when land's commercial value gets high, eviction of local users from higher-value lands to marginal lands which could create more pressure on the latter (Cotula et al. 2009, p. 15). The introduction of large scale agriculture in countries dominated by subsistence or smallholder farmers could lead to social unrest, socio-economic inequalities and local political turmoil (Daniel and Anuradha 2009, p. 11).

There is mixed evidence on the impacts of land transfer on local infrastructure development and employment opportunities. According to the Land Matrix database, the majority of the projects brought infrastructure development particularly in the form of health or educational facilities, better access to markets and project infrastructure that can be used by the local population (Deininger et al., 2013, p. 23). In addition, financial support and capacity building are some of the facilities extended to the local communities although they are not significant (Ibid, p. 24). However, only few projects ensured environmental protection to the local people through LSLT (De Zoysa 2013, p. 25).

Although employment creation is another important potential benefit expected from LSLT, the type of jobs created are often characterized by low wages and is often in poor working conditions (Dessalegn, 2011, p. 8-9). Employment impacts are difficult to judge due to the difficulty in differentiating between additional employment and job replacement particularly when smallholders lose access to land. Besides, information is hard to come with regarding the type of job created as in the case of agriculture, for example, most jobs are seasonal and are mainly

performed by unskilled laborers (Desalegn, 2013, p. 90-91). Employment creation is also often confused with contract farming, which is not a particular type of employment creation in itself but rather contracting of existing farmers leading to no additional employment (Ibid).

The impact of large scale agricultural land investment on ecological sustainability is also significant. Large scale investments are characterized by intensive agricultural production that can 'threaten biodiversity, carbon stocks and land and water resources' (von Braun and Meinzen-Dick, 2009, p. 3).

In sum, this chapter highlighted the history of LSLT, the macroeconomic factors for increased land transfer and host countries Governments policies towards LSLT.

CHAPTER THREE: Ethiopia's Agriculture, Land Governance and Large Scale Land Transfer

This chapter discusses some of the features of Ethiopia's agricultural sector, the institutional processes and organizational structures of rural land governance and the state of land transfer in the country. The chapter will also highlight additional contexts, conditions and trends by looking at the different policy settings in Ethiopia.

Before discussing the state of agriculture, land governance and LSLT in Ethiopia, I would like to present a brief background of the country's rural population. Ethiopia is one of the poorest nations in the world with per capita income of only $350, and about 29% of the people live below the national poverty line (WB, 2008, p. 332). The 2014 Human Development Index[8] also ranks the country at 173th, out of 186 countries in terms of human development (UNDP, 2014, p. 143). The following factors are often cited as the main causes of rural poverty (IFAD, 2013):

- An ineffective and inefficient agricultural marketing system;
- Underdeveloped transport and communications networks;
- Underdeveloped production technologies;
- Limited access of rural households to support services;
- Environmental degradation;
- Lack of participation by rural poor people in decisions that affect their livelihoods.

Although poverty remains to be wide spread phenomenon, its intensity varies across households on the basis of size, quality and productivity of land owned as well as climatic conditions and productive technologies (Ibid).

[8] Human Development Index (2014)
https://www.google.com.et/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=.bGg

3.1. Overview of Ethiopia's Agriculture Sector

In Ethiopia, agriculture is a source of livelihood for overwhelming majority of the population. It is the main source of food and cash both to the people working in the sector and others (CSA 2014, p. 1). The economy is dominated by small scale farmers who contribute the bulk of food supply, foreign exchange as well as labor and raw materials for other sectors. These smallholders that account for about 12.7 million, produce more than 95% of the agricultural GDP of the country (ibid).

There are different types of farming systems across the various agro-ecological zones of the country. These include (CSA 2014, p. 2):

- Mixed farming which is predominantly practiced in highland and mid highland areas by peasant farmers
- Large scale commercial farming mainly practiced by private investors and;
- Pastoral production system, mainly rearing of livestock, widely practiced in lowland areas

Cereals are by far the major grain crops produced in the country, accounting for 81% of land cultivated during the year 2011/12 and providing 87% of quintals produced, followed by pulses and oilseeds (CSA 2014, p. 14). The major cereals produced include teff, maize, sorghum, wheat and barley (Ibid, p. 14). In addition to grain crops, root crops (such as potatoes, sweet potatoes, Taro (Godere) and Enset also play important roles in households' food consumption (Ibid: 20). The majority of the population in South and Southwest of the country mainly rely on root crops for daily consumption both during surplus and/or poor harvest seasons. Among root crops, enset is the major grown and consumed crop by households (representing 66% of the area cultivated for root crops and 35.7% of the production in quintals), and is followed by Taro (Godere), potatoes and sweet potatoes respectively (Ibid).

Nevertheless, the agricultural sector is predominantly characterized by subsistence farming and production is usually far less than the demand. Smallholder farmers struggle to produce enough food to feed their households let alone to abundantly supply the market with their produce. Apparently, most of these smallholder farmers are very poor and constitute the single largest

poor group of people in the country (IFAD, 2013, p. 14). Smallholders are also very vulnerable to external shocks such as volatile global food markets and other natural disasters (Ibid). Agriculture is also hampered by structural problems that include 'fragile soil and environmental degradation, small and declining size of land holdings, fragmentation of farm plots, poor farm management, population pressure, poor road networks and weak markets, and poor human development' (ibid).

The bulk of agricultural activities are dependent on the amount of rainfall, which affects the volume of production. The average annual rainfall in Ethiopia varies between 200-2500 mm, where highland areas get more rain than lowlands (MoARD, 2009, p. 4). The level of rainfall is generally considered moderate by global standards and hence agricultural production remains low (Ibid, p. 4). There are two main rain seasons, particularly in most of the highlands: the less intensive 'Belg' season - from February to May; and the main rainy season of 'kiremt' from June to September. Rainfall not only determines the level of production, but it also defines rural poverty in any given period of time. It is claimed that persistent lack of rainfall is a major factor in explaining rural poverty (ibid, p. 4). It should be noted that lack of rainfall caused frequent and severe drought throughout the country over the last decades, and the trend indicates sign of worsening (Ibid).

The impact of drought is most felt on such vulnerable groups as lowland pastoralist and high-density areas of highlands (ibid). Every year, a large number of households face a prolonged season of hunger, particularly during the pre-harvest period (Ibid). In fact, the country has historically experienced severe famines; often in drought affected rural areas and significant number of the population are still dependent on food aid every year for their survival. For instance, in 2009 about 22% of the rural population was dependent on emergency food aid and productive safety net programs (PSNP)[9] (Dessalegn, 2011, p. 3). Households in such areas usually find it difficult to feed the entire family since own production of food falls short of the demand in the household.

[9] PSNP is a policy initiative by government and donors to shift millions of chronically food-insecure rural people from recurrent emergency food aid to a more secure and predictable, and largely cash-based, form of social protection. Beneficiaries usually get paid for such social works as constructing roads, wells and so on (Dessalegn, 2011).

3.2. Rural Land Administration in Ethiopia: Land Tenure

Agricultural land, be it large or small, is a core livelihood base and hence its governance is an important issue. According to the Ethiopian Ministry of Agriculture and Rural Development (MoARD, 2009, p. 4), the total land area of the country is about 111.5 million hectares, of which 74.3 million hectare is suitable for annual and perennial crop production. However, despite the presence of large sizes of agricultural land, only about 18 million ha (about 25%) is being cultivated with rain fed crops (ibid, p. 4). However, land holding for such an agriculture-dependent economy is very low, especially in the face of large family sizes, where around 55.7% of farming households cultivate less than 0.5ha and around 80% cultivate less than 1 ha (ibid, p. 5). Besides, out of the total land area, 45% (50.2 million ha) is highland, the remaining is lowland, both of which may not be very suitable for agricultural activities.

The institutions governing access to and use of land as well as land tenure security vary from exclusive or traditional to registered or legally protected land. Land tenure in Ethiopia has significantly evolved during the last four decades. The pre 1974 era was described as mainly feudal system, where tenant – landlord relationship dominated land governance. When the Marxist regime of Derg came to power in 1975, it abolished the feudal system, transferred land into public ownership and redistributed it to the tillers. Following the fall of the Derg in 1991 in the hand of Ethiopian People's Revolutionary Democratic Front (EPRDF), market oriented economy has been introduced but land still remained under public ownership. According to the current constitution of Ethiopia, land is owned by the state and the people have only the right to use (FDRE, 1994).

Article 40 of constitution states that:

> *The right to ownership of rural and urban land, as well as of all natural resources, is exclusively vested in the state and in the peoples of Ethiopia. Land is a common property of the nations, nationalities and peoples of Ethiopia and shall not be subject to sale or to other means of exchange.*

Furthermore, following the ratification of the constitution, several proclamations and guidelines have been introduced in different times with regards to land governance. One of these proclamations is the *Rural Land Administration and Use Proclamation* of 2005. The

proclamation states that peasant farmers as well as pastoralists shall be given land (to use) free of charge to undertake agricultural activities (FDRE, 2005, Article 5 (1.a)). The proclamation further asserts that any member of a peasant farmer, pastoralist or semi-pastoralist family, who have the right to use rural land, has the right to get land by donation, inheritance or lease from the competent authority (Ibid, Article 5(2)). Rural land can also be acquired either by distribution (of Government land, communal land, other unoccupied land and land with no inheritor), redistribution or settlement programs (ibid, Article 5(3)). Farming households can also rent land from other holders in the form of fixed rent or sharecropping.

The majority of land being used by farming households is allocated by the rural *Kebele* administrations. Accordingly, rural Kebele administration can allocate land within their jurisdiction to farming households whereas regional states allocate land through resettlement programs. The duration of land use rights is not limited and smallholders can use it indefinitely. With respect to communal land holdings, the Government may allocate land to communities for common grazing, forestry and other social purposes (Tamrat, 2010, p. 6). However, the laws do not specify the extent of communal landholding rights. Besides, both the Federal as well as Regional laws provide the Government absolute right to convert communal lands to private holding (such as for investment purpose) whenever necessary (FDRE, 2005, Article 5(3)). Thus, communal land holders do not have the same rights that individual landholders have and only the Government decides on the transfer of communal land use rights for other purposes. In fact, Ethiopia unlike some African countries (for instance Mauritania and Rwanda) does not provide legal protection for customary land rights (German, Schoneveld & Mwangi, 2011, p. 13).

Meanwhile the 2005 *Rural Land Administration and Use Proclamation* states that peasant farmers, semi-pastoralist and pastoralist who have land holding rights can lease land to other farmers or investors from their holding of a size equivalent to the intended development in a way that does not displace them, for a period of time determined by regional rural land administration laws on the basis of local conditions (FDRE, 2005, Article 8(1)). It also states that any land holder shall have the right to transfer his/her rural land use rights to members of his/her family through inheritance (Ibid, Article 8(5)).

In sum, the land tenure system in Ethiopia is generally characterized by State ownership of all land in the country. Hence, individuals have only the right to use land by leasing from the State

or other individuals. However, some land is also customarily held by communities for which there is no legal recognition. Contrary to customary tenure, statutory land tenure in Ethiopia provides legal recognition to individual landholders.

3.3. Large Scale Land Transfer in Ethiopia

In the past two decades, agricultural development policies of Ethiopia mainly focused on smallholder farmers because they were seen as catalysts of the country's development. Strategies such as the Agriculture Development-Led Industrialization (ADLI)[10] were very prominent pro-smallholder initiatives. However, smallholder-focused development strategy proved to have limited economic and social success in Ethiopia (De Zoyas, 2013, p. 5). Therefore, smallholders are no longer seen as the engines of economic transformation and it became necessary to introduce commercial agriculture. Nevertheless, smallholders are still protected due to their political sensitivity while great emphasis is given to mechanized agriculture, thereby, creating a dual agricultural system of smallholder and large scale commercial agriculture (Ibid, p. 5-6).

The need for the current shift from a smallholder agriculture based economy development to large scale mechanized agriculture (export oriented) was clearly indicated on the 2006 Governments economic Plan for Accelerated and Sustained Development to End Poverty (PASDEP) (MoFED 2006). It was clearly stated in this document (on the PASDEP) that in order to eradicate poverty and improve peoples' livelihood, there must be accelerated and sustained economic growth (Ibid, 46). According to the document, to achieve the intended accelerated economic growth, two big steps were specified to be undertaken: namely commercialization of agriculture and accelerating private sector development. In addition the document states the focus areas or sectors with respect to agricultural development, these include the 'shift to high-valued export oriented cash crops, (promoting niche high-value export crops), focus on selected high-potential lands, facilitating the commercialization of agriculture and provide support for the development of large-scale commercial agriculture wherever it is feasible, and integrate smallholder farmers with markets -both locally and globally' (Ibid, p. 47).

[10] ADLI was a development strategy adopted by GoE in 1993 to transform the economy to industrialization through the agriculture sector development. This strategy was a guiding principle for three successive 5-year development plans: the Sustainable Development and Poverty Reduction Program (SDPRP) - 2002/03-2004/05, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) - 2005/06-2009/10 and the Growth and Transformation Plan (GTP) - 2010/11-2014/15 (Getnet, 2012, p. 13).

Despite the document's claim to encourage investment of the private sector in agricultural development, their participation has not been realized during the previous two national development plans. The Growth and Transformation Plan (GTP)[11] – was announced in 2010 (MoARD, 2010, p. vii). In this plan, the Government showed great determination to involve the private sector in its agricultural development program. This plan also emphasized that the private investors showed focus on projects involving the lowland Regions[12], where there is "abundant supply of land". Meanwhile, the GoE will identify suitable land for investment and keep a land bank, from which local and foreign investors can rent or lease land. Accordingly, the GoE planned to transfer nearly 3.58 million ha for commercial farming to investors who primarily intend to engage in the production of export crops (See table 1, p. 39).

3.3.1. Investment Legislations and Institutional Arrangements

Since the change of government (Derg by EPDRF) and the introduction of economic liberalization and reforms in the major sectors of the national economy in 1992/93, the regulatory regime governing the FDI in land has evolved to a great extent. The most significant rallying initiatives for attracting foreign investment and encouraging large scale farm investment were, however, the formulation of the 2002 Investment Proclamation (No. 280/2002) and the amended Investment Proclamation of 2003 (No. 373/2003). The first proclamation identified the need to attract foreign investors, in addition to local investors, in order to enhance the country's investment activities (FDRE, 2002a). This proclamation was amended and issued in 2003. The proclamation shows some changes. It included, among others renaming of the Ethiopian Investment Authority as Ethiopian Investment Commission (FDRE, 2003b). One of the notable policy provisions in these proclamations were attributive incentives by the Ethiopian Government pleged to foreign investors.

Generally, the investment legislations were found very generous to foreign investors. For example, the conditions included, first any foreign investor must allocate a minimum capital of USD 100,000 for a single project he/she is willing to set up in Ethiopia. A foreign investor who shall launch business jointly with local investors is required to allocate a minimum capital of USD 60,000 (FDRE, 2002a, Article 11). However, the capital limits could be less if investors

[11] GTP is the current 5-year national development plan that runs from 2010 through 2015. (MoFED, 2009)
[12] Regions of Ethiopia which have a low altitude and low density (Benshangule-Gumez, Gambella and SNNP)

want to engage in other businesses, like engineering, architectural, accounting and audit services, project studies or business and management consultancy services or publishing. In such cases, the foreign investor must allocate USD 50,000 if the project is set up alone and USD 25,000 if it is to be undertaken jointly with domestic investor. Second, a foreign investor who reinvests his/her profits/dividends, or who exports 75% of his output shall be exempted from allocating the above minimum capital requirements.

Consequent policy discussions or directives which have been issued by the Council of Ministers have also clearly outlined lucrative financial incentives to FDI in land or local agribusiness investors. For instance, Articles 4 and 5 of Regulation No. 84/2003 indicate that the agricultural sector is eligible for tax exemption and the same articles list a set of investment activities which could win tax exemption (FDRE, 2003a). Article 2 of Regulation No. 146/2008 also includes some conditions for exemption of income tax (FDRE, 2008). Agricultural investment projects engaged in expanding or upgrading the existing activities are exempted from income taxes for up to two years given that the project exports at least 50% of the output and increases the value of production by at least 25% (Ibid, Article 2). Furthermore, foreign investment in land and large scale agriculture is exempted from income tax for a period of two to eight years depending on the proportion of their output to be exported to foreign markets, location of the investment, and the decision of the Board of Investment (ibid). Besides, eligible investors are also allowed to import, free of customs duty, all capital goods, construction materials and spare parts that they use for establishing or upgrading of their enterprises (ibid).

Generally, the legislations imply that the Ethiopian Government is determined to encourage large scale agricultural investments to produce export goods. This shift in focus from small scale subsistent agriculture to large scale agriculture aims to boost export and foreign earnings for the country through the large scale production of agricultural products which are destined to foreign markets. This is, however, carried out at the expense of domestic food security.

The second instrument which is as important as the legislations is institutional arrangement. The 1994 Constitution empowers the ethnically delineated regions to undertake land management (FDRE, 1994, Article 52(2d)). The Constitution states that basic land policy and laws are prepared by the Federal government and respective regions are given the mandate to issue their own land policies within the framework of Federal Laws. Accordingly, the responsibility of

administering land (its contracts, distribution, transfer, leasing, use and development) lies within the jurisdiction of Regional States. The Regional States formally conclude land deals through their Regional Investment Commissions, after the environmental feasibility of the project is studied by the Federal Environmental Protection Agency (EPA). It has the legal authority or mandate to review and approve Environmental Impact Assessment (EIA) report of any project; this is expected to be prepared by the investment project (FDRE, 2002a). Yet, there are conflicting mandates among the institutions involved in large scale land transfer to investors. This mandate given to investment authorities, land administration authorities, environmental agencies and agricultural bureaus often clash with each other. For instance, while the environmental laws require strict environmental impact assessment before the land transfer, investment laws do not impose such requirements.

The increasing level of FDI interest in agribusiness and Government's willingness to satisfy the demand for land by investors led the Federal Government to centralize the responsibility of land allocation from the Regions to the Federal Ministry of Agriculture and Rural Development (MoARD). In 2008, the Government gave mandate to the MoARD to become the lead agency in dealing with the process of transfer of arable land user right from domestic occupiers to large scale foreign and local investors. Some of the responsibilities of the ministry included preparing information and other inputs for potential local and foreign investors, assessing land suitability, signing contracts with and transferring land to eligible investors, undertaking follow-up and oversight, and other relevant matters. To speed up these processes a new agency called Agricultural Investment Support Directorate (AISD) was established within the MoARD (ibid).

The much justification for launching the AISD was that it would speed up the process of transfer of arable land user right from domestic occupiers to the large scale local and foreign investors, especially in "emerging Regions"[13] where the processes are considered slow, bureaucratic and corrupt. Thus, AISD is tasked with allocating land to all foreign investors and large scale domestic investors, who seek land for the area of more than 5,000 ha (Lavers, 2011, p. 5). Regional States are barred from deals involving such land, a large hectare of which was incorporated in to the Federal Land Bank to be accessed by investors through AISD/MoARD

[13] Emerging regions refers to regions which are relatively least developed and have weaker institutional capacity. They include Afar, Somali, Benishangul-Gumuz and Gambella regions (FDRE, 2008)

(Getnet, 2012, p. 15). Although AISD/MoARD undertakes all aspects of land deals in excess of 5000 ha, the income generated from the transactions, i.e. rent, income tax, and other payments are supposed to be given back to the Region concerned (Ibid).

The new arrangement of centralizing decision making power regarding land has attracted serious criticism for at least two major reasons (see also Gobena, 2010; Dessalegn, 2011; Tamrat; 2010). First, the constitutionality of transferring land management from the regions to the federal government was disputed. Critiques argue that there is no provision in the constitution that allows an upward delegation of authority from the regions to the Federal Government (Tamrat, 2010, p. 9). It is rather the Federal Government that may delegate the mandates given to it, to regional states under the constitution (ibid, p. 9). Thus, the above centralization of regional mandates to administer their land 'stands on a shaky constitutional basis' (ibid: 9). Second, there is no clear division of roles between the Regions and MoARD in practice and until now only emerging Regions are represented by MoARD for land investment related issues while established Regions[14] still carry out some large scale land transfers in their regions (Lavers, 2011, p. 5)

3.3.2. The Current State of Large Scale Land Transfer in Ethiopia

The Government of Ethiopia has been trying to attract investment in land (agriculture), by easing regulatory framework and providing various incentives. Accordingly, between October 1995 and July 2011, the Ethiopian Investment Agency has issued investment licenses for 1,055 FDI projects in land with a total of about 4,219,780 ha of land to be cultivated (Getnet, 2012, p. 16). These projects were also expected to create 320,474 permanent jobs and 844,052 temporary jobs (ibid, p. 16). However, only 126 of the registered or licensed projects became operational over the period, accounting for only 11.9% of the total approved projects (Ibid, p. 16). The 126 projects being carried out created 19,543 permanent and 209,829 temporary employment opportunities, which represent 6.4% and 25%[15] of the projected permanent and temporary jobs respectively (Ibid, p. 16). There are a number of reasons for the licensed investors, failures to implement the planned projects, some of which are poor infrastructure facilities such as irrigation

[14] These are Amhara, Oromia, Tigrai and Southern Nations, Nationalities and People's Regions (FDRE, 2008)
[15] Based on calculation of the author

schemes, roads, communication, and inhospitable climate in some lowland areas (Getnet 2012: 16). Generally, delays in investment projects in developing countries may arise due to lenient legal practices and low land prices (Deininger et al., 2011, p. 11)

There were and still are a number of foreign investors in agricultural land, mainly from Asia, the Middle East, Europe and the USA, who have acquired land in various parts of the country. Based on the size of farmland acquired, Indian firms are the largest, with over 35 companies acquiring extensive tracts of land particularly in the remote and highly productive pastoral and agro-pastoral areas of Benishangul-Gumuz, GPNRS and Oromia national regional states (Getnet, 2012, p. 17). Many of these companies hold lands measuring 25,000 ha to 50,000 ha while a few have received land measuring over 100,000 ha (ibid, p. 18). There are reports that out of total land earmarked for investment under the Growth Transformation Plan (GTP) which will run from 2010 to 2015 year, about half (1.8 million ha) were transferred to Indian MNC's and TNC's who showed sufficient interest (Ibid, p. 20).

After Indian investors, the second prominent agriculture investments came from the Middle East, mainly Saudi Arabian investors (Dessalegn, 2011, p. 12). The Ethiopian-born Saudi billionaire Sheikh Al-Amoudi and the Saudi Star company are the two biggest investors from Saudi Arabia. Other major foreign actors of agribusiness investments are companies from US, Israel, and Europe. However, local investors out number foreign investors in number of projects but size of the land allocated to them are really small (ibid, p. 12).

The Ethiopian Government has so far leased out large tracts of arable land and natural resource to local and foreign investors (see MoFED, 2010). Expanding the scope of investment in commercial farming is part of the Government's overall plan to promote agricultural products destined for export and to supply local industries with raw materials (Desalegn, 2013, p. 45-46). To attract more foreign investors, the federal government had guaranteed any potential investor coming to invest in agriculture a favorable investment climate that include, but not limited to, offering financial incentives (ibid, p. 46). The study indicated that the government firmly believed that large scale land investment, particularly foreign investment, would bring in the much needed technology and capital. Other expectations include foreign exchange earnings, employment creation and achievement of national food security (Lavers, 2011, p. 5). In sum, the following benefits of large scale agricultural investments were foreseen by GoE.

They include the following,

1. Produce export crops and hence increase the country's foreign earnings; it is also expected to expand production of crops needed for agro-industry such as cotton and sugar cane;
2. Create employment opportunities in the localities concerned;
3. Benefit local communities through the construction of infrastructure and social assets such as health posts, schools, access to clean water;
4. Provide the opportunity for technology transfer; and promote energy security

(MoARD as cited in Dessalegn, 2011, p. 13)

The GoE claims that, Ethiopia possesses vast areas of unoccupied, unused and empty lands, which are suitable for cultivation of different kinds of food and cash crops (MoARD, 2006). It further indicated that there is a sufficient water resource for irrigation schemes. It believes the above mentioned reasons will extend favorable investment conditions for those willing to engage in investment. Besides, the Government authorities believe that the transfer of this natural resources which are 'unused' by the pastoralists and farmers' to investors, will not threaten the people and their livelihood. However, the lands transferred for large scale agriculture investment are not always idle or unused as claimed by the government officials. In fact, the term 'unused' land as defined from the Government's perspective may refer to "land" objectively, unused for any human purpose and land used by local people for purposes considered by the officials for being unproductive or subsistent (e.g. hunting and gathering, pastoralism and shifting cultivation). Thus, such "unused land" or "empty land" is leased out to investors with the expectations that the new owners or users will turn it from unproductive land into productive land or will replace 'inefficient' practices with settled agriculture. Other categories of the land transferred to investors include state farms, communally-held land (communal tenure) and individual holdings and the investors could also be entitled to ownership and user right of such land if they are expected to make them more productive, compared to the previous users.

Data compiled by MoARD (2010, p. 2) shows that between the late 1990s and end of 2008, the amount of land transferred by the Government to domestic and foreign investors amounted to approximately 3.5 million hectares. In 2008 alone, the country allocated more than one-third of the total land leased out during the ten years preceding it (Dessalegn, 2011, p. 12). Evidence

gathered suggest that by the end of the Growth and Transformation Plan (GTP) period in 2015, approximately 7 million hectares of land would be transferred to large scale agriculture investors, which amounts to 38% of all lands currently held by smallholders (Dessalegn, 2011, p. 12, Getnet, 2012, p. 19). Government documents on investment on large scale agriculture also show that between 2003 and 2009, about 500 foreign agribusiness investors were granted about one million hectares of agricultural land (Dessalegn, 2011, p. 12). The increasing attraction of investors in the agricultural sector has been evident in the growing number of both local and foreign investors acquiring land over recent years.

However, land is just one of the resources which were transferred from "unproductive" local owners to large scale "productive" agriculture investors; investment projects also require access to and use of large quantities of water resources (Getnet, 2012, p. 19). The agricultural land transferred to investors also includes high potential arable land, pasture land, woodland, forestland, savannah grassland, wildlife habitats, and wetlands. There are documented cases where the lands transferred to large scale agriculture investments in Gambella and eastern Oromia regions fell inside area initially designated for national park, protected areas and wildlife sanctuaries (Ibid). Besides, large tracts of land have also been leased in highly populated areas, where it can be cultivated by smallholders (Lavers, 2011, p. 15). Consequently, there is no clear separation between smallholder and investor sectors contrary to the claims made by the Government (Ibid). There are three main types of land uses in the highly populated areas: these were state farms, communal grazing land and individual holdings (Ibid).

Approximately, 3.6 million ha of land has been transferred to the federal land bank from these regions (see table 1). Currently, the majority of large scale agricultural investments are carried out in the Benishangul-Gumuz, Gambella, Oromia and SNNP regions and the Federal Government claims that these regions have abundant supply of land and water (Dessalegn, 2011, p. 11).

Table 1. **Investment Land under Federal Land Bank**

No	Region	Land in Hectares
1.	Amhara	402,000
2.	Afar	209,678
3.	Benishangul Gumuz	691,984
4.	Gambella	829,199
5.	Oromia	1,057,866
6.	SNNPR	180,625
	Total	3,589,678

Adopted from Dessalegn (2011, p. 11) (Source: MOARD 2009c, 2010a; interviews with Oromia land and environment bureau)

In Ethiopia, the transfer of user right of land from local users to the large scale agriculture investors are carried out by the Federal Government authorities in a less complicated manner. The procedure is as follows: First, the interested investor fills in a formal application form and presents his/her or their business plan along with written request for land. However, there are no serious requirements which oblige investors in their application forms or the business plans that sanctioned them in case of failure to fulfill their duties. Besides, there exist no mechanisms to cross check the accuracy of the information provided by the investors about their remittance, technical capacity and asset. Consequently, the investors tend to exaggerate their capital holdings or the technical capacity they are going to invest and the potential benefit of their projects to the local people in order to secure the land from the Federal Government (Investment bureau and MoARD. According to Getnet (2012, p. 18), investors are not required to provide detailed information about the proposed project and on average; it takes only 10-15 days for investors to obtain an investment license. However, the allocation and delivery of investment land takes longer, although it varies from region to region. After the land to be given is determined, the investor is required to prepare Environmental Impact Assessment (EIA) report, which will be reviewed by the MoARD (ibid, p. 20). The EIA should incorporate a range of issues outlined in the Environmental Impact Assessment Proclamation (No. 299/2002). The proclamation states that:

> *A proponent shall undertake an environmental impact assessment, identify the likely adverse impacts of his project, incorporated the means of their prevention or containment, and submit to the Authority or the relevant regional environmental agency the environmental impact study report together with the documents determined as necessary by the Authority or the relevant regional environmental agency (FDRE 2002b: 1954).*

According to the proclamation, no local or foreign agribusiness investor should commence a project that requires environmental impact assessment without the authorization of the Federal EPA or the respective Regional Environmental Agencies. Despite this, their official law was not strictly implemented and even no strict environmental requirement was put forward by investment authorities to the respective investors. If the EIA is approved, which is said to be the case, then the MoARD instructs the concerned Regional Authorities to cooperate and facilitate the land transfer.

3.3.3. Obligations of Large Scale Agriculture Investors

In investment in large scale agriculture, there are no clearly stated rules or directives that oblige investors in land to share their benefits or profit from the land they use with the previous users of the land. Large scale agricultural land transfer contracts have neither provision for meeting the country's food security needs nor stipulate obligations for the investors to provide social services to the local communities where they operate their agribusiness. Investors are not obliged to supply the local or national markets, but rather they are strongly encouraged to engage in exportable products, hence they export most or all of their products to foreign markets. The developments of basic infrastructures, such as roads and irrigations schemes for the projects are even constructed by the government in most cases (see also Getnet 2012, p. 21).

Contracts signed directly between Federal Government Authorities and agribusiness investors, and contracts signed between Regional State Authorities differ in some ways. For example, according to a study by Desalegn Keba (2013, p. 49), almost all contracts signed between Oromia Regional Authorities and agribusiness investors oblige investors to plant native tree species in at least 2% of the project land they use, but in contracts signed between investors and Federal Government Authorities, the Federal Authority did not strictly impose such obligations,

instead the investors were required to ‘conserve tree plantations that have not been cleared to make way for cultivation of crops.

Although, all large scale agriculture investments are required to include in their Environment Impact Assessment (EIA), assurance that the project would not cause damage to the natural environment such as bad land management practices, there was significant clearing of woody and herbaceous vegetation and pollution of soil, air and water. Subsequently, multiple studies have shown lack of accountability have resulted in the loss of vegetation cover and bio diversity, pollution to soil, water and air and serious soil erosion and land degradation thereby depriving local community of their valuable natural resources (Desalegn, 2013; Gobena, 2012; Richards, 2013).

The Regional offices and staff have the responsibility to monitor and enforce project obligations. However, they have very limited institutional and technical capacity to undertake these tasks effectively. The projects are scattered across the country, which makes it difficult for the staff, which are already overburdened with other duties, to conduct periodic visits for on-site inspection and monitoring.

There is also lack of inter-agency cooperation in the process of decision making. For instance, MoARD carried out almost all the decision making while more concerned agencies like the Ethiopian Wildlife Conservation Authority (EWCA), Ministry of Culture, Ministry of Energy and Water and others were often not consulted. For example, management of the Ethiopia’s national parks, game reserves and sanctuaries are the core responsibilities of EWCA, but its jurisdictions and mandates were often violated by the practices of MoARD. According to Dessalgn (2011, p. 17), the EWCA authorities were not informed about the decision by MoARD to transfer thousands of hectares of land inside the Gambella National Park as well as the Babile Elephant Sanctuary in Eastern Oromia region to investors until the issue was brought to the attention of EWCA authorities by activists, media and concerned groups.

To conclude, there was lack of transparency, cooperation and consultation between Federal Ministries, between Federal and Regional State authorities, branches of Federal/Regional authorities and the local inhabitance. This problem has led to large scale agriculture investors being less accountable and transparent.

CHAPTER FOUR: Research Methodology

This part of the study presents methodology of the study that entirely shaped the research design and methods of data collection as well as the manner of presentation and interpretation of the data that is collected through various tools. The method employed to find answers to the research questions is qualitative method. Hence, in order to address the issues, the researcher has attempted to use only qualitative information. The selection of research sites, methods and designs, and sampling procedures and data collection techniques are presented following description of the study area.

4.1. Description of the Study Area

The field work for this study was conducted for almost two months (January 26 to March 16, 2015) in Itang *Wereda*[16] located in Gambella People's National Regional State (GPNRS), in South Western Ethiopia. GPNRS is bound by 6°28'38" to 8°34'00" North Latitude and 33°00‟ 00‟ „ to 35°11‟ 11" East Longitude[17] (See Figure 1). The region accounts approximately 2.7% of the total national area coverage, i.e., 2,978,282 ha. It is bounded to the north and east by Oromia Regional State; to the south and southeast by the Southern Nations, Nationalities and People's Regional State (SNNPR) and to the west by the Republic of South Sudan.

According to the Ethiopian Statistical Abstract (2013/14), the population of GPNRS was 409,000. The Region is administratively divided into three Zones containing twelve *Weredas*, and one special *Wereda*. The Zones are Anguak Zone (Gambella, Gog, Dimma, Jor and Abobo Wereda), the Nuer Zone (Lare, Jikawo, Wanthwa and Akobo Wereda) and Mejenger (Goder and Menegesh). The special *Wereda*, Itang is not part of any Zone administration in the GPNRS; it is considered a Special *Wereda*, an administrative subdivision which is similar to an autonomous area. Itang *Wereda* is located in the Northern end of GPNRS situated in the lower plain of Baro-Akobo basin and has a distance of some 35 km from Gambella Town (the Regions capital) and 750 km from Addis Ababa, the capital city of Ethiopia. Itang is bordered on the south and

[16] Wereda is an administrative unit of Ethiopia equivalent to a District.

[17] http://tools.wmflabs.org/geohack/geohack.php?pagename=Gambela_Region&params=7.6184422_N_34.6893311_E_source:nlwiki_region:ET_scale:1600000

southeast by the Anguak Zone, on the west by the Nuer Zone, on the northwest by South Sudan, and on the north by the Oromia Region; part of the southern boundary is defined by the Alwero River.

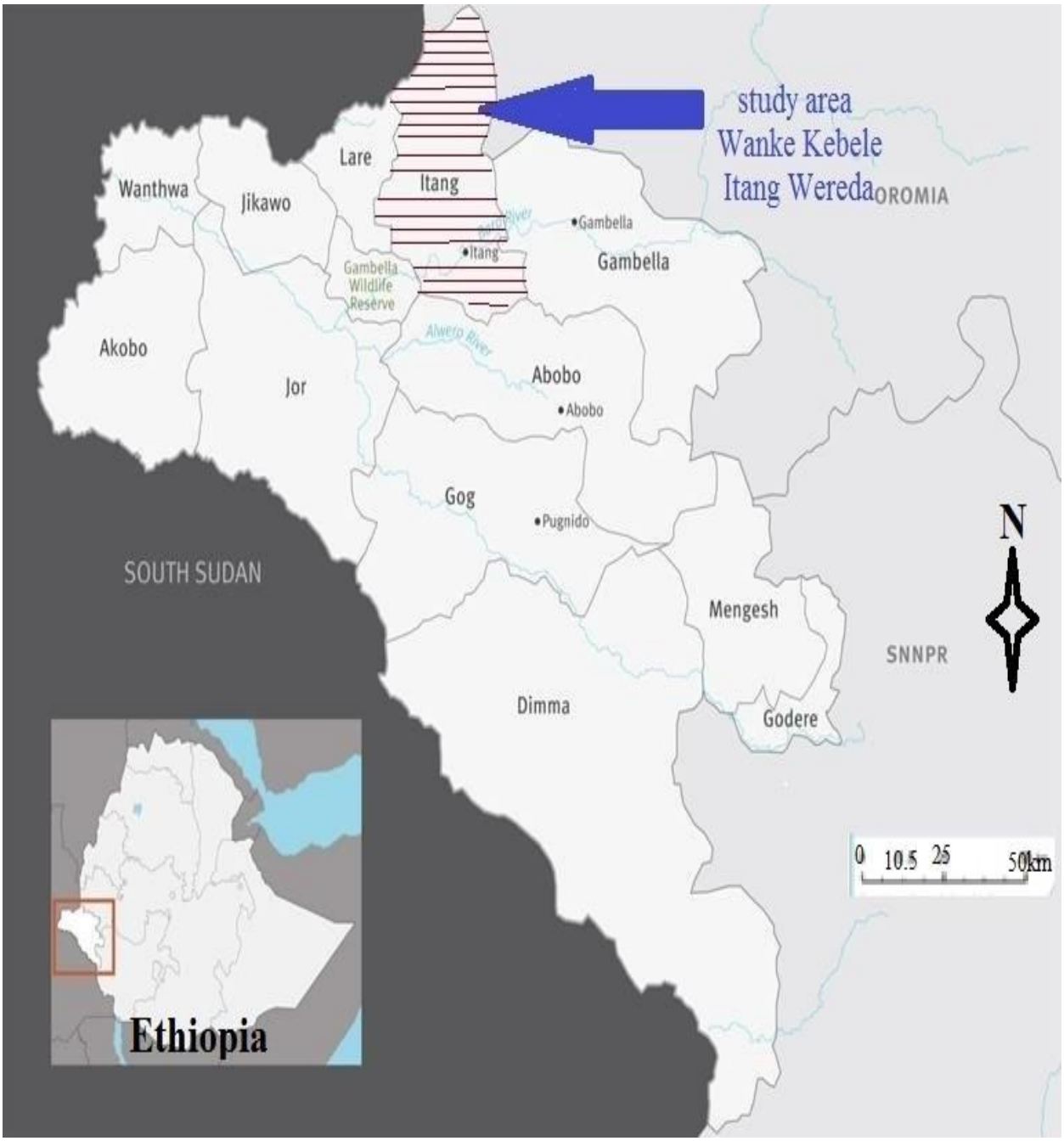

Figure 1 Map of GPRS, Showing the location of the study area.

Source: 1. http://www.ethiodemographyandhealth.org/GambAdmMap_op_800x558.jpg

The major town in Itang is Itang Town. The study site was mainly Wanke Kebele[18], which is about 25 km north of Itang Town (the district capital) and 2 km off the main road, but observations and key informant interviews were also held in Gambella Town, Itang Town and 4 other Kebeles which border the agriculture investment projects in Itang Wereda (Achua, Pulkod, Piluwal and Itangkir). The study site is purposefully selected because of high concentration of large scale agricultural investments.

According to the 2007 Census, Itang Wereda had a total population of 35,686; the Ethiopian Statistical Abstract (2013/14) estimates the population to reach 46,024 by the end of 2015. With an area of 2,188.34 km^2, Itang has a population density of 21.0 per km^2. The 2007 census showed that, a total of 6,578 households were counted in this Wereda, which results in an average of 5.4 persons to a household, and 6,248 housing units. The main ethnic groups of this Zone are the Nuer (63.96%), Anuak (25.17%), Opo (2.4%) and foreigners from South Sudan (4.62%), Shita (2.66%), and all other ethnic groups 3.59%. Languages spoken in this Zone include Nuer (68.72%), Anuak (25.75%), and Opuuo (2.66%). The religion with the largest number of believers is Protestant with 81.63% of the population, while other groups with sizable followings are traditional beliefs (7.54%), Orthodox Christian 6.27%, and Roman Catholic 2.62%.

The region is characterized by two major topographic features, namely, the lower piedmonts (500-1900 masl) and the floodplains situated below 500 masl. According to the Atlas of the Ethiopian Rural Economy published by the CSA (2007), around 10% of the Wereda was covered with forest[19]. Itang Wereda contains 21 Kebeles among which 95% are situated in the floodplain zones of Baro River Basin. The Itang town and most of the villages are located to the left and right banks of the river which provides ecological importance and sources of livelihood to the inhabitants.

According to a report by CSA (2014), the major livelihoods of local people in Itang Wereda were flood recession farming to grow cereals crops (sorghum and maize), root crops, fruit crops and a variety of vegetables, livestock herding (Agro-pastoralism) and fishing, while 16.7% of the population were urban inhabitance.

[18] Kebeles are the smallest administrative units of Ethiopia, a collection of which (about 800 households).
[19] http://www.csa.gov.et/text_files/Atlas%20of%20the%20Ethiopian%20Rural%20Economy.pdf

However, other practices including hunting and gathering and bee-keeping were practiced by a small number the community members. The major livestock reared are cattle (both ox and cow), sheep and goat (CSA, 2014). According to a report by Alemseged, Negash and Ermias (2014: 76), there was intermittent drought in the study area and the people received food aid from 2003 to 2009. Besides, diseases especially water-born diseases are common, also Animal fodder is scarce.

Itang Wereda had become a major attraction for large scale agriculture investment. Since 2009, the Federal Government of Ethiopia had transferred large area of arable or agricultural land (61,000 ha) to 25 local and 2 foreign investors (see Annex IV). However, prior to 2009, attempts were made by the GoE to expand large scale agricultural farms in the study area through leasing agricultural land to various local investors and as a result quite a number of local investors had been engaged in agricultural activity. It was since 2009 that LSLT in Itang Wereda become a wide spread practice by the GoE. The land transferred to investors was concentrated in Wanke Kebele, a fertile low land in the northern tip of Itang *Wereda*.

4.2. Methods and Instruments of Data Collection

In order to meet the main objective, the research is based on qualitative descriptive research design. According to Kothari (2004, p. 28), Qualitative research data collection methods are time consuming; this makes qualitative research more expensive. Therefore, data is usually collected from a smaller sample than would be the case for quantitative approaches. The benefits of a qualitative approach are that the information is richer and has a deeper insight into the phenomenon under study.

The data collection procedure took place for two month (From January 26 to March 16, 2015), in Itang Wereda, GPNRS. Primary Data was collected through Observation, key informant interview and focused group discussion mainly in Wanke Kebele. However, key informant interviews were also held in Gambella Town and Itang Town. 13 key informants who were selected because of their firsthand knowledge and information about the topic and the area; they consisted of farmers, herders, fishermen, local government officials and management staff of large scale agriculture investment projects. The Focus Group Discussions were organized and carried out with selected farmers, herders, fishermen, community elders and local government

officials, from different age group and sex. Accordingly, a total of 2 Focus Groups, each of which comprising 7 people were randomly drawn from the above groups.

In addition, critical and comprehensive reading had been made on texts, Government archives, journals, books, news (both printed and broadcasted), and other documents relevant to the issue under study.

4.3. Methods of Data Analysis

Therefore, the actual data analysis began by transcribing the data collected into English. Following the phase, data collected was stored and arranged depending on the source of the information. Themes and categories have been formulated to conceptualize, reduce and abstract the data which helped the researcher analyze them accordingly. Attempts have been made to analyze each question separately. Finally, by using the qualitative data analysis methods, the researcher reached to conclude the study. Additionally, the collected secondary data from literature have been analyzed to supplement primary data.

4.4. Limitations of the Study

Due to time constraints and the vastness of the research issue, it was difficult to address all the issues that are raised about the transfer of land and natural resource. Hence, the researcher did not cover all existing debates and discussions about land and large scale agricultural investment and instead he limited his focus on micro-case study of the Itang experience and some mentioned objectives, since the researcher is convinced that it relates to most of the African community experience. As a result, in order to make the study more manageable in terms of importance and time, one study area was selected purposely as a study site. This study site is intended to represent other areas with similar land transfers' in GPNRS and Ethiopia as well. Therefore, the findings of the study from the study site will give the real socio-economic and environmental impact of LSLT in the Wereda and the Region, in general.

While conducting the field study the researcher encountered some difficulties during data collection. One of the challenges encountered was in Itang Wereda offices where there was no compiled data on the extent and distribution of land transfer. Also comprehensive statistical data

of contracts, which were kept in MoARD, Investment Promotion Agency (IPA) and regional offices, were very difficult to obtain. Furthermore, during face to face interviews in the study sites, suspiciousness of affected respondents hindered data quality and reliability. Some of them attempted to cover up some information for fear of the Government or investor retribution. I was also not allowed to visit and observe some locations including newly setup villages for the displaced in Itang Wereda. In addition, some Government Officers resisted providing information about the issue during data collection, because, they assumed it might be related to the current political condition of the country.

4.5. Ethical Considerations

The study issue of this research was approved by Center for African and Oriental Studies, College of Social Science, Addis Ababa University. The objective of the study was explained to the identified study subjects. They were affirmed by the researcher that any information concerning them will never be passed to any individual or institution without their consent. To ensure anonymity they were not asked to give their names during face to face interviews and focus group discussions. This will ensure that the respondents remain anonymous. The researcher at the end will intend to submit the copy of the research result to Itang *wereda* Administrative office and the GPNRS's Investment Bureau.

CHAPTER FIVE: Findings and Discussions

5.1. Extent of Large Scale Land Transfer and Role of Local Community

In this sub-section, I will briefly show the course of land transfer by local and foreign investors in *Itang Wereda* and the roles local communities and local Wereda administration officials played during the land transfer.

5.1.1. Large Scale Land Transfer in Itang *Wereda*

As discussed in chapter two, Itang Wereda possesses 218,834 ha of land; from the total land the Government leased and transferred 61,000 ha (35% of total area) for agricultural investment purpose. Data gathered from Itang *Wereda* Investment Office shows the first land deals were concluded in 2008 with local private agribusiness investors mainly *Bro Line Agribusiness*, *Dawit Farm* and *Kidane G/Michael Farm*, each of the investors obtaining agricultural land size of 2000 ha. In 2009 and 2010, additional deals were made with 10 local agribusiness investors. The size of the lands transferred varied from 27,000 ha to 300 ha. The first foreign land transfer deal in Itang Wereda was made with an Indian company *BHO Agro Process* which leased 27,000 ha. Then another Indian company, *Karatory Agro Products* followed with a 10,000 ha deal. Until 2011, additional 12 companies obtained land for agriculture investments. All 27 agriculture investment companies have started their project operation in the land they received in Wanke Kebele (see Appendix IV).

5.1.2. The Process of Community Consultation

From the interviews conducted by the researcher, significant number of respondents emphasized that there has been no consultation by the Government during the land and natural resource transfer and also they were not provided with any information and explanation about the deals between the Government and the agribusiness investors. Hence, the studied community members stated to the researcher that they were not included in the process. Empirical studies indicate that most agricultural investment projects in Ethiopia are undertaken without consultation with local communities and without their knowledge or consent (see also Dessalegn 2011, p. 37).

Participants of the focus group discussions stated that no one had prior information about the land transfer until the agribusiness investors came by the Wereda to take possession of the land assigned for them by the Federal Government, and later the Wereda officials announced that the user right of their land had been given by the state for agribusiness investors for development and that local communities could no longer claim ownership or user right, over the patches of land assigned to the investors, and were told to avoid that patch of land and move away. The participants said they were shocked hearing this and bitterly complained about their eviction from the lands which they had inhabited and used for several generations. Since, the officials transferred the user right of the land and natural resource to the agribusiness investors, local community members were prohibited from grazing their livestock, collect firewood and grass or cultivating the land.

It should be noted that, what makes LSLT a puzzling issue in Itang Wereda as well as GPNRS is that all the large scale land deals were done between the Federal Government Ministries and the foreign and local agribusiness investors. Hence, the Regional Government has no say over decisions concerning their own land. During an interview with one Wereda official, I was told the following:

> *Here in the Wereda and even the Regional state, we only have power to facilitate the process of land transfer. We had no say on the matter at hand. Since, we are considered a weak Region most decisions are made by the Federal Government. Hence, if people are upset about being not consulted even we the people who serve them were not consulted (Respondent # 4: interviewed on 10.02.2015).*

On the contrary, an official from the GPNRS's investment commission cited that there were consultations between the investors and the local community members prior to the land transfer and that the consultations were documented in the Environmental Impact Assessment (EIA). However, the officials in the GPNRS's land and environmental protection agency were not willing to show me the contents of the EIA and their claim remains less credible.

5.1.3. Transparency of the Large Scale Land Deals

My own study and other studies about the issue of land deals cite that the processes of LSLT deals were challenged by lack of transparency during the signing of the deals (see also Dessalegn, 2011). The whole process of LSLTs was not disclosed to the local people and they had no means or mechanism to understand the various matters associated with the land transfer. Issues such as how the land was going to be used, what the investor's commitments would be, how the local peoples' interests would be protected, how they would benefit or be affected by the LSLT were not sufficiently addressed. During an interview with one local herder (Semi-pastoralist), I was told the following:

> *…none of our community members saw the contents of the agreement [between the Government and the investor] such as about the obligations of the investor, protection of our interests and rights. And I heard that even officials in the Wereda Bureaus were not aware of the details of the land deal. Hence, there was lack of awareness on the part of the community as well as local officials regarding the contents of the deal (Respondent # 2: interviewed on 06.02.2015).*

5.1.4. The Issue of Compensation to the Local People

As described in the first section of this chapter, the majority of the lands transferred to large scale agricultural investments were customarily held communal lands. This in turn makes it difficult to challenge the new land owners over the claim of ownership of the land since all land in the country belongs to the state and the communal tenure ownership right of the people is not formally accepted except in the right to use it. Besides, the absence of legal protection for communal lands makes it difficult for the local people to sue the investor for the lost benefits and opportunities. Moreover, both Federal and Regional land use laws seem to exclude the issue of compensation regarding communal holdings for owner uses in contrast to individual holdings. However, there are provisions for individually held lands to receive compensation for the lost assets. However, some legislation as the Land Administration and Use Proclamation (2005) oblige investors to provide compensation to the local community in the event of eviction. It states that:

> *Holder of rural land who is evicted for [the] purpose of public use shall be given compensation proportional to the development he has made on the land and the property acquired, or shall be given substitute land thereon. Where the rural landholder is evicted by Federal Government, the rate of compensation would be determined based on the Federal land administration law. Where the rural land holder is evicted by Regional Governments, the rate of compensation would be determined based on the rural land administration laws of Regions (FDRE, 2005, Art. 7 (3)).*

In the study under consideration, compensations were made to some victims of LSLT who had individual holdings in Wanki Kebele. The most common types of compensation given to these individuals for losses they incurred due to LSLA were allocation of substitute land elsewhere. But, the size and productivity of the substituted land was found to be small in relative to the loss as found out from the discussions held. Participants of the discussions claimed that some individuals received compensation in the form of substitute land for the lost opportunity because of the LSLT but the compensations were insignificant compared to the loss they incurred. Also, compensation payments to some members of the community were ratified only after a group of affected community members (most of them semi-pastoralists) repeatedly complained to the Wereda administration office. However, the amount of the compensation was not sufficient to adequately cover the lost land and the community members claimed that they deserved more than what they obtained.

Finally, participants of the focus group discussions argued that, compensation for loss of rivers and wetlands used for fishing were not paid to the affected community members.

5.1.5. Resettlement or "Villagization" Program in Itang Wereda

"Villagisation" was a process by which the Government promoted a settled way of life in the GPNRS in the same Kebele by bringing households at a radius of about 5 km from community's original place of habitation to a central village (GPNRS Investment Bureau, 2008-2011). As I have mentioned in chapter two, the community members of Wanke Wereda had different livelihoods (farming, herding, fishing and others). Because of their different livelihoods, local people use to live in sparsely populated areas before the LSLT to agribusiness investors took place. Besides, significant members of the community are mobile, moving and searching for

pasture for their livestock in the flood plains of Itang Wereda. From interviews held with local Government official, approximately 180 households who lost their land user right to the agribusiness investors were moved and relocated to other places selected by the Regional Government authorities. During an interview with Regional Investment Bureau official I was told the following:

> *Before the land was transferred to the investors first, we specified a sizable land in three different locations to gather all the sparsely located households. Secondly, in all the locations we divided up the land and built a suitable home for the households, also adding a primary school and health center. Third step was to divide the local residence in three groups and starting the settlement process. All moved smoothly with no resistance from the local community. It's been five years since the setup of the settlements and the people have been benefiting from the road, school and health infrastructure provided by the Government. Also the settled households have been given the first choice for employment in the investment projects (Respondent # 1: interviewed on 02.02.2015).*

He also argued that the aim of villagisation was to transform a scattered way of life in to a settled, more modernized way of life, where the quality of life of the community would improve. However, during my field work I tried to observe the livelihood situation of the resettled community members but I was not given access by the local Authorities. Furthermore, participants of discussions mentioned about the health center facility and primary school constructed by the Government and agribusiness investors and also said the new villages lack professionals for the primary school and the health center built and access to nearby clean water.

5.2. The Impacts of Large Scale Land Transfer on Local People's Lives and Livelihoods

A livelihood is said to be socially sustainable when it can cope with and recover from stresses and shocks and provides means of living for future generations (Chambers and Conway (1991) as cited in Desalegn 2013, p. 85). Meanwhile, a livelihood is environmentally sustainable when it maintains and enhances local assets (both tangible and intangible assets such as natural

resources, claims and assets) on which livelihood depends on and when it can generate net benefits on other livelihoods (Ibid, p. 85).

GPNRS official that I questioned stated that, it is in the best interest of the local people of the community and the country to give out any land for agricultural development investment purpose. The authority further believes that foreign agribusiness investors come to this area with sufficient capital and technological resources and expertise, which are of paramount importance for the development and increase of agriculture production. Therefore, the current trend of transfer of arable land user right to investors is the only way to boost agricultural productivity in the local people in the regional state and the country in general. A key informant interview with an officer in Itang Wereda agricultural bureau reveals that:

> *Even though, the land in our district is very fertile and suitable for Varity of crops, agriculture in our district has been predominantly subsistence. Partly, this has to do with the farming techniques employed by farmers. Smallholders rely on archaic and backward means of cultivation, which often proved ineffective. Crop production has been minimal relative to the size and quality of arable land. As a result, the Government decided to transfer most of the fertile land to foreign investors with the expectations of boosting agricultural productivity. We believe that investors, particularly foreign ones have better resources to develop the land than smallholders who have generally little resource at their disposal (Respondent # 1: interviewed on 02.02.2015).*

The Regional State investment Commission officer also claimed that the land which they allocated to investors had minimal use to the local communities from whom the land was taken and hence the transfer of the land to investors had no significant negative impact on the local people's lives and livelihoods. He goes on to say that in the long run the LSLT will benefit the local people by providing job opportunity, new infrastructure, new technology and know-how for agriculture and other benefits. Contrarily to this claim, focus group participants disagreed. They complained that they have been denied access to the land and natural resources they need to cultivate crops, graze livestock, grass to build houses, firewood, fishing ground and other uses.

It should be noted that any community with limited livelihood base, such as the communities of the study area, could be harmed by any loss of land and natural resource could have significant negative consequences on the lives and livelihoods of the community members. Nevertheless,

the extent of the socio-economic impacts caused due to the transfer of user right of land to investors varies from household to household. One can argue that the impacts of loss of land on the community members seem to vary a lot. Some suffered more than others, some had even benefited.

5.2.1. Social Impacts of Large Scale Land Transfer in Itang Wereda

One of the arguments in favor of LSLT is that the government and agribusiness investors promise of providing the local community members with new technology and skills for agriculture, creation of jobs and construction of rural infrastructure, which provide services such as clean water, schools, and health centers and so on. In this sub-section, I will discuss whether these assumed and promised benefits were delivered to the local people in the study area following the transfer of land to agriculture investors.

As pointed out earlier, land deal contracts signed between large scale agriculture investors and the Government often did not separately oblige the investors to undertake social investments. However, investors normally include the expected social benefits of the proposed projects in their applications for land. Therefore, their fulfillment of their promises can be used as an indicator on whether the assumed benefits of LSLT had materialized.

i. Transfer of New Technology and know-how

Smallholder or shifting cultivation farming is mostly labor-intensive; while large scale farming is done by capital-intensive means. Hence, the technologies being used by the agribusinesses in Wanke Kebele are not transferrable to the local people because they are expensive and/or require technical know-how to operate them. For example, the two Indian MNC's that currently operate in the study area (BHO Agro Products and Karaturi Agro products) own stocks of heavy machinery which in most cases are operated by skilled workers that are brought in from urban areas or personnel who came all the way from India and other foreign countries. Meanwhile, the local people are not capable to either buy such equipment or operate them given the fact that most of the local people which are herders and farmers are either too poor or are not adaptive to new sophisticated machinery.

In an interview conducted with one local farmer, I was told the following with respect to what he knew about the new technology and know-how transfer from the agribusiness to the local people. When asked whether any farmer has acquired or rented any kind of machinery similar to that being used by the project, he replied:

> *Ever since the project commenced, we see different kinds of machineries which we never saw before. As you see, our agriculture is based on subsistence farming which depends on human labor and therefore it is too expensive for us to buy or rent out tractors and harvesters. I do not think that any farmer can afford to buy or rent such equipment's in our village given the expensive cost (Respondent # 5: interviewed on 15.02.2015).*

Yet again, as I have observed almost all the agricultural projects in Wanke Kebele are in their early stages and therefore I cannot verify that they failed to transfer the machineries and technological skills to the local communities. The role of the projects in technological transfer could be positive if they are studied in the long run after they become fully operational.

ii. Food Crop Production and Supply to the Local Community

From unpublished data obtained from Regional branch office of the CSA during the field study, out of 61,000 ha transferred to investors only 5,683 ha of this land had been cultivated during the past Four years (from 2010 to 2014). So from this data one can deduce that the agriculture investors operating are still engaged in a trial stage. However, high-yield crop and subsequent crops cultivated on the farm have shown promising results. Most of the companies currently operating in the study area have produced satisfactory yield on crops tried out which include cereal, pulses, and edible oil. But, disappointing results were observed on cash crops like sugarcane and Cotton. During the first focus group discussion, participants claimed the companies which tried out sugarcane and Cotton had a very bad harvest in the past four years (from 2010 to 2014), therefore most have limited themselves to growing pulses and cereal crops. One company, BHO have planted edible oil crops in a sizable land and it's yet to see its harvest.

An interview held with one official from the agriculture investment projects revealed that, the crops produced by the investors in the study area were transferred to storage facilities in Gambella town. At the time of the field work, there was no plan by the companies to sell their

produces in the local markets. During an interview with one of the agriculture investment project manager:

> *Most of the agribusinesses operating in the district have no plan to sell to local markets, especially when food price is as expensive as it is in the foreign market. The smaller (domestic) companies, those that operate less than 500 hectares probably will sell it to local markets but still the district's share of the market will be very low. The two foreign companies (BHO and Karaturi) have a plan to divert the left overs of the produce to locals that I think will benefit the local people in many ways. They could use it both for their consumption and as animal feed (Respondent # 6: interviewed on 16.02.2015).*

Even though food and cash crop yield may increase once the projects become fully operational, this too is not expected to boost the supply of food crop in Itang Wereda considering the future plan of the agribusiness investors. It is stated that the main goals of the agribusiness investors was too produce export crops, which are destined for foreign markets (see also Dessalegn 2011, p. 3). The Government as well, strongly encourages investors who export their products; by providing them with incentives. Thus, large scale agricultural investment is driven by priority for exports and foreign revenue earnings and tends to ignore the need for boosting or securing local food demand. Hence, the Government support for export oriented agriculture investors and agricultural investment projects are criticized for not being subjective to obligations which oblige them to contribute to the food security needs of the country. In most cases contracts signed between agriculture investors and the Government did not contain provisions obliging agricultural investment projects to produce and supply food to the local markets, even in the context of food shortage in the study area. Thus the main objective of the project under consideration is to produce high valued export crops to foreign markets. During a key informant interview session with an official of one of the agriculture investment project operating in the study area, I was told the following:

> *…our main objective is to export various types of crops to the regional markets and beyond. We have already finalized our preparations to export cereals to South Sudan, Kenya and subsequently to the other countries in Africa. We have also a plan*

to export crops to the Asian markets, particularly the Middle East (Respondent # 13: interviewed on 14.03. 2015).

The participants of the focus group discussion further mentioned that several agribusiness companies operating in Wanke Kebele had been sailing their produce to Non-Government Organizations (NGO's) that operate in the GPNRS and South Sudan (UNHCR, save the Children, Red Cross and others), especially after the recent crisis in South Sudan[20] in which an estimated 201,301 South Sudanese refugees had crossed the border to several refugee camps in Ethiopia., all are located in GPNRS. The attempt to confirm this information by contacting the NGO's and management officials of agribusiness were not successful.

If operations of agribusiness investors go according to the companies plan, the benefits in the form of food availability for the local community will be insignificant. Thus, this study had found the agribusiness investments contribution to food crop supply insignificant.

iii. Creation of Employment Opportunity for the Local people

Creation of different types of direct and indirect employments for local people is another approach for evaluating the positive social impacts of the current transfer of large scale agricultural land to agribusiness investors. However, studies as well as my own study show that the contribution of large scale agriculture investment to local agricultural employment in Ethiopia is found to be extremely insignificant (see also Desalegn 2013, p. 91). Thus, looking into the roles of large scale agriculture investment in creating employment for local people, we may not expect the creation of significant employment opportunities. Nonetheless, some of the large scale agricultural investment projects which started operation in Itang Wereda have created employment opportunities to local people in the form of short term and seasonal employments.

In the context of Itang Wereda, contrary to earlier pledges made by the investor to provide significant employment opportunity for the local people, I found that, only few households benefited from the job opportunities created by the large scale agriculture investments. The pledged benefits of direct and indirect employment creation for the local people in Itang Wereda seems far from being realized since there is a tendency among the investors to bring workers

[20] The recent crisis in South Sudan started in December 2013 and until this paper was concluded it's still on going. The civil war has prompted large number of refugees (estimated around 201,301) to Ethiopia, most refugee camps are found in GPNRS, including one in Itang Wereda (UNHCR, 2015).

from other areas. The local people were employed as casual laborers during land clearing seasons or for other heavy duty works that require no skill. The positions that require skill were performed by non-local skilled workers who were brought from urban areas of the country and foreign nationals from India and other foreign countries. From the interviews held with agribusiness management officials, the justification given for not employing significant number of local people is the lack of skilled human power in the district or even the Region (GPNRS). They also claimed that the projects were on their early stage and therefore, the creation of employment opportunity may still need several years.

Furthermore, the other issue of concern for the participants of the focus group discussions was even those who were hired by the agriculture investments did not have job security and complained about the low wages paid to local employees. During my field work for example, in the case of the BHO large scale Agricultural investment Project, those who have been hired were initially paid 25 Birr (1.25 USD) per day and this was later increased to 30 Birr (1.5 USD) per day. This rate is found to be very low compared to what other workers get paid in other similar agriculture investment projects in Ethiopia.

Agricultural investments in Itang Wereda had tough working conditions for those who are employed, some of whom even had to quit their jobs alleging the harsh working environment. In addition, the investors care very little to the safety of their workers. An interview with one member of the community who once worked for one of the Indian agribusiness companies as manual laborer revealed that:

> *I used to work for one of the companies at the beginning of the project. My job was to clear bushes and grasses from the land manually. I used to work for 7 hours a day and six days a week. The job was so intense that we were hardly given enough breaks. We use too work from 6 to 11 o'clock in the morning, then from 4 to 6 o'clock in the afternoon. Because of the high humidity and lack of proper shade many of us found the working condition very tough and many workers have resigned from the job ever since. I quit the job complaining harsh treatment by the company and since then I am unemployed (Respondent # 7: interviewed on 23.02.2015).*

Besides, from the fieldwork, I have observed that the agricultural investments have so far failed to create significant number of indirect job opportunities to the local community members, contrary to earlier pledges made by the agribusiness investors and the GoE. For instance, in the two large Indian agribusinesses, the employees eat from cafeteria inside the companies premise with no opportunities for the local people to set up their own restaurants and so on. Since, the rest of the companies did not employ a significant number of employees; the benefit from indirect job opportunity for locals was low.

iv. Infrastructural Development

Unlike the above stated unfulfilled promises of the large scale agriculture investors, as regards to the development of infrastructure expansion one can say based on observation, the LSLT in Itang Wereda has led to infrastructure expansion and/or construction of roads, fresh water service, irrigation dams, health care center and primary school.

An official from Investment office of Itang Wereda told me that, at list 50 Km of peseta road, crisscrossing the large scale farms and management premises was constructed by the investors and the Government. This peseta road also connected Wanke Kebele to Itang town. However, the roads were constructed to connect the large scale farms with the main road and were not primarily meant for helping the local communities.

Furthermore, the Government with the assistance of the agribusiness investors had built a primary school and a health center in Itang Town. However, participants of the focus group discussion indicate that skilled teachers for the primary school and health care personal for the health center had not been provided by the Government.

v. Other Social Impacts of Large Scale Land Transfer

As indicated in Chapter two, the multiethnic Itang Wereda is comprised of individuals that follow different religions and traditions. However, participants of the focus group discussions indicated that, the LSLT in Itang Wereda had caused a lot of damage to the religious and cultural ways of life of the people. They further stated that the protestant Christians that make up the majority of the population of the study area had lost several meeting and worshiping grounds.

Several of their burial grounds had been destroyed in addition to several cultural grounds where members of the community of the Itang Wereda practiced their traditions for generations.

5.2.2 Economic Impacts of Large Scale Land Transfer in Itang Wereda

The immediate economic effects of the large scale land deals on the communities' means of living are discussed in the following sub-section. Specifically, an attempt will be made to examine the effects by exploring the previous land uses, the opportunities lost as a result of the LSLT and the promises made by investors and as well as the Government. Due to the LSLT, economic losses incurred by local people consisted of loss of access to communal grass lands, flood plains, woodlands, fishing grounds and water resources (rivers and wetlands).

As I found out from the focus group discussions held, following the LSLT in Itang Wereda, significant number of community members had lost access to cultivable and grazing lands, which they customary held. Prior to the transfer, the members of the local community had been making a living from the land and natural resources through herding domestic animals, cultivating crops, fishing and other uses. Therefore, the lands use to contribute for generating significant income and food production to the local people.

i. Access to Grass Land

Investment lands in many regions of the country are often given out with indigenous vegetation cover which was a vital resource among local communities (see also Dessalegn, 2011, Getent, 2010). The same is true about the LSLT in Itang Wereda where a vast communal grass land in was transferred to investors. The grasses and bushes that were used to feed animals and make roof and wall thatching for local houses have been slashed and burned down to give way for large scale mechanized farming. Generally, in Itang Wereda as well as in most parts of Ethiopia, livestock feed resources are mainly natural grazing, which can be made on permanent grazing areas, fallow land and cropland after harvest (see also Mengistu 2006, p. 23). The majority of the community members in the study area were livestock herders, who depended on the land which the GoE transferred for large scale agricultural investments.

According to participants of the focus group discussions, significant number of sheep, goat and cattle population in Wanke Kebele depended on the communal fertile plains for grazing, prior to

the LSLT. In Wanke Kebele and in most parts of Itang Wereda, the grazing lands were customarily held by local communities and they offered good pasture for domestic animals. Although forage availability and quality were not adequately available year round since, what was abundant in the wet season is lost in the dry season, still the land was important grazing field for the local livestock. However, after the grazing land was transferred for large scale agriculture investment, there had been shortage of pasture in Itang Wereda. This led to different problems such as massive sale of domestic animals by some households, which in turn resulted in significant price decline. In some cases, shortage of pasture due to the LSLT also led to the death of livestock. Those members of the community who wanted to keep their livestock converted some of their crop lands into grazing field, which in turn reduced food crop production. They also sorted to graze their animals on crop residues; however that did not provide sufficient and lasting grazing option.

Thus, the LSLT had direct negative impact on the lives and livelihood of community members who owned livestock in the study area. Some studies including my study indicate that in the case of loss of communal grazing land, there may not be displacement but it will affect the livelihood of the poor (see also Desalegn, 2013, p. 98). This is because of the link between availability of adequate pasture for livestock and their productivity, which in turn strengthens or weakens local people's lives and livelihood.

Following the loss of access to their traditional grazing land due to the LSLT, the local people were promised to be given a replacement land to graze their cattle. However, this pelage has not been fulfilled and no alternative grazing land was allocated to the local people until the field work was concluded. The local people have demanded from the project owners' access and use of the large scale agriculture crop residues and feed their livestock but this request has not been accepted. According to the focus group discussions, those who allowed the scheme on their investment land were the Indian agribusiness. This scheme really helped out the members of the community who were granted access.

Furthermore, the additional economic benefit of the communal grassland in *Itang Wereda*, now transferred from local communal traditional use to large scale agriculture investments was that it served as a source of grass for walls and roof thatching, key material for local people's traditional hats or shelters. Hence, I had observed from my field work that, most shelters or hats

in Itang Wereda were made traditionally using tall grass and sticks. The tall grasses for making the roof usually grow naturally in grasslands, such as, in parts of the Baro-Akobo River plain. Participants of focus group discussions claim that after the land was transferred to investors, local people had limited source of grass for making new houses or rehabilitating the existing ones. This paves the way for scrambling to other grasslands that were not transferred, which will in turn lead to reduced supply and/or increased price for grasses.

ii. Access to Crop Land

The second type of land given for investment purpose is crop land, on which some farmers had been growing different crops using shifting cultivation, slush and burn and other methods. Even though crop was grown only on small part of the land, the loss can be considered significant given the small amount of land farmers usually cultivate to grow much of the crops for consumption or sale. Some local farmers cultivated maize and barley on the banks of the major river which passes through Wanke Kebele. However, in most years the produce was not enough to guarantee food security for the farmers. Participants of focus group discussions stated that production of crops in the land was vital and that it presented important source of food crop for household consumption. However, local farmers now buy these crops from the market or cultivate them on other farms due to loss of their farmland to the large scale investors. In response to the lost opportunities from the land, some farmers began shared-cropping with other farmers around or far away from their villages. This in turn costs the farmers more in terms of time, money and production as they have to pay the landlords significant amount of money. An interview with one farmer reveals:

> *...we used to cultivate some crops for household consumption and sale before our land was transferred to outsiders. However, since the land has been taken up for investment, we have difficulty of producing adequate crops for household consumption. This in turn, forced us to purchase additional food from the market or really on food aid to compensate the lost opportunity. In addition to our own purchase, we now also depend on help from relatives, friends or neighbors to satisfy our food demand in the household (Respondent # 8: interviewed on 23.02.2015).*

From observations I made during my field work, the loss of key resources such as land, water and other Natural resources by farmers, herders and fishermen had resulted in reduced food production and livelihood deprivation of significant number of people. However, there is no strong evidence at present that the LSLA has directly contributed to local food insecurity, since some of the local community members in Wanke Kebele, who lost access to the farm land, were already food insecure before the lands were taken.

iii. Access to Forestry/ Woodland Resource

The other economic benefit forgone due to the LSLT in Itang Wereda was loss of woodlands, important natural resource for the local people for different purpose like firewood, charcoal making, structure for hat or shelter, bee-keeping, hunting ground for meat of wild animals and gathering ground for different root crops and vegetation. Even though Wanke Kebel was not endowed with dense forest like other parts of GPNRS; 10% of the total land mass was covered with woodland before the LSLT. The woodland was known for its variety of wild root crops and wild animals used by the local people for nutrition and traditional medicine. From focus group discussions conducted with the local people, the participants stated that much of the wood lands in Wanke Kebele were cleared in preparation for large scale plantation agriculture. The clearance of vegetation cover has affected the members of the community by limiting wild plant root crops, traditional medicine and wild animals which were hunted for their meat and clothe.

Furthermore, in Itang Wereda as well as in many rural areas of Ethiopia, firewood is the cheapest, most suitable and accessible energy source for households. The transfer of user right of land (woodland) to investors means that some households lost their cheapest sources of firewood and would have to rely on more expensive sources and/or means of energy such as gas and solar panels.

Finally, the transfer of user right of land to large scale agriculture investors in Wanke Kebele also affected the wild bee-keepers from members of the community.

iv. Access to Water Resources

Local water resources are the other assets lost following the LSLT. Participants of the focus group discussions insisted that, LSLT in Wanke Kebele resulted in increased competition

between projects and local communities over access to scarce resources such as water. In Wanke Kebele as well as GPNRS, investment projects are given not only the investment lands, but also control of water resources, thereby, depriving the local communities of their essential supplies. The large scale agriculture investments in Wanke Kebele monopolized water resources in the land, thereby, forcing local communities to turn to sources far away from their residences. In the context of the study area, as found from the focus group discussion participants, households located closer to the large scale agriculture investment lands had access to a river and a small reservoir.

The wetland ponds are no longer available or accessible to them since they have been converted into cultivable land by the investor. Hence, community members which did not have access to the river or pond relied on a well water built by the help of the government and agribusiness. There also existed pump water constructed by NGOs, but this too has been lost due to the land transfer. These utilities were important sources of water from which the local communities used to get their water requirements both for household consumption as well as for their animals to drink. Some households heavily relied on the land for their water supply that the loss affected their lives and livelihoods. The participants also claimed that after the LSLT, some households tried to access the water resources but the companies blocked the routes to these resources. Consequently, several members of the local community now have to travel long distances to fetch clean water.

The focus group discussions and key informant interviews held showed that the change in the seasonal flooding of the Baro River was not welcomed by the members of the community. They stated that the flooding was part of their livelihood which benefited them by bringing much needed water for cultivation and fish resource. However, the Government argues the changes made by the investors had benefited the local people by reducing the flow of flood water, which caused significant damage to the lives and livelihood of the community.

vi. Other Economic Impacts of Large Scale Land Transfer in Itang Wereda

The other uses of the land given for large scale agriculture investors included but not limited for settlement purposes. Participants of the focus group discussions mentioned that because of the

transfer user right of land to agriculture investor's significant number of community members had been evicted from their resident and were resettled elsewhere. This resulted in serious conflicts with the local Government officials who insisted demolishment of the huts and shelters. In this context its useful to remind readers that the Rural Land Administration and Land Use Proclamation (2005) entitles district officials the right to expropriate smallholders' land if they believe that the land could better be used for development project (FDRE, 2005, Article 3 (1)). This leaves the local Government officials in Itang Wereda and other districts with enormous power vis-à-vis the local people who are rendered powerless. However, for smallholders with registered land, there is a legal framework whereby they can receive a legally sanctioned compensation (see also FDRE, 2005, Article 8 (1)). In this regard, the Rural Land Administration and Use Proclamation states that:

> *Peasant farmers, semi pastoralist and pastoralist who are given holding certificates can lease to other farmers' or investors' land from their holding of a size sufficient for the intended development in a manner that shall not displace them, for a period of time to be determined by rural land administration laws of regions based on particular local conditions (FDRE, 2005, Art. 8 (1)).*

But most of the community members in Itang Wereda are unregistered and mobile, since significant number of the population are shifting cultivators and herders. Nevertheless, even if such compensation payments to affected households were made, the payment given to the households may be insignificant. As found out from my field work and other researches in Itang Wereda and other districts, the Government takes different measures to limit eviction-resulted problems such as migration, by requiring investors to hire local people in their companies (see also Desalegn, 2013, p. 98). This is particularly the case in the expanding large scale agriculture investments in the region.

5.3 Impacts of Large Scale Land Transfer on the Environment

As discussed in chapter two, *Itang Wereda*, with an approximate population size of 42,000, is situated in the lower plain of Baro-Akobo basin. Significant numbers of the inhabitants had been living in the left and right banks of the Baro River and were vulnerable to flood damage during extreme flood events. The region is inhabited by agro-pastoralists and pastoralists where crop production, animal herding and fishing are the mainstays for their livelihood. Natural and man induced alterations to the natural environment have significantly contributed to the climate change and local weather variability in Itang Wereda. This has been marked by frequent occurrence of extreme weather events such as flood and drought in the study area. The socio-economic implications of such weather variability were diverse and particularly jeopardized the lives and livelihoods of the members of the community in Itang Wereda.

In this sub-section, an attempt will be made to examine the environmental impacts of the investment projects in Itang wereda. It is claimed that LSLT in Ethiopia often harm the environment through, among other things, large scale land clearance, removal of woods and other vegetation covers, which will expose soil to serious erosions and degradation, and damage natural water resources. This is also the case in the study area, where LSLT resulted in different environmental challenges discussed below. As stated before, the land given for investment consisted of grazing land, crop land, grass land and woodland. The transfer of these lands for large scale agriculture investment not only resulted in socioeconomic losses to the local people, it also affected the environment.

In this regard, the Environmental Policy of Ethiopia requires Environmental Impact Assessment prior to the implementation projects. This has paramount importance in promoting sustainable development of the natural resources of the country. However, Itang Wereda Investment Desk, Environmental Protection and Rural Land Administration office and Ministry of agriculture were not able to show me Environmental Impact assessment document that were undertaken for the LSLTs in the Wereda. Key informants' and focus group discussions had confirmed that environmental impact assessment was not done for the projects at all.

i. Impact of Large Scale Land Transfer on Water Resources

As discussed earlier in chapter two, a significant number of the local community members depend on seasonal flooding of the Baro River in lower plain of Baro-Akobo basin which includes *Itang Wereda*. Furthermore, the lower plain of Baro-Akobo basin or (Itang Flood Plains) are hugely important for biodiversity. However, the outcome of the focus group discussion and Key informant interview suggested that the nature of flooding in Itang has substantially changed over the past four years.

Participants of the focus group discussions blamed upstream irrigation schemes of the large scale agricultural projects in Wanke Kebele. Combined with the effects of new man made canals and irrigation dams further upstream, reduction in water supply had damaged several formerly flooded woodlands and significant parts of the bourgou grass. New plans to include an expansion of several irrigation canals were in their works during the field study. If all those plans come to realization, the change in water supply may cause the wet lands of Itang to dry out. There would be virtually no water flow in the dry season, and there would be drastic declines in woodlands, fish, and bourgou grass.

Furthermore, some of the tributaries of Baro River dried up due to extensive irrigation schemes in the dry season thereby altering the flow of the river, this in turn affect downstream users in the form of reduced water supply.

Finally, participants of focus group discussions argued that the highly mechanized commercial farming in their Wereda required the use of large quantities of fertilizers and pesticides and therefore rivers crossing project areas, especially several tributaries of Baro River, had been contaminated. This has attributed to the falling number of fishes in the rivers and floodplains. Furthermore, this man made change brought health risks to humans and animals that fetched water from the rivers for consumption in Itang Wereda.

However, an officer from the Itang Wereda Land and Environmental Protection Bureau stated that,

> *Before the investors came, Itang Wereda of Gambella Region was frequently affected by extreme flood events. The impact of such extreme flood events in the region is manifested by the loss of life*

> *and property observed during extreme flood events. Besides, this flood aggravated soil erosion. Thus, the carrying capacity of the natural channels was limited and significant amount of flood water was overflowing the banks of the main natural water course and consequently inundating vast majority of the villages. However, since the investors built new water way channels and irrigation reservoirs upstream, the problems I mentioned were reduced (Responder # 10: interviewed on 08.03.2015).*

From the key informant interviews held and the observations made I can conclude that the change in the quantity and quality of water due to the activities of the investors is affecting the wild animals and the vegetation cover of the wereda.

ii. Impact of Large Scale Land Transfer on Vegetation Cover

One of the environmental consequences of the LSLT in *Itang Wereda* is the slashing, burning and clearing of grasslands, woodland, mangrove and other vegetation covers from the land during preparation for large scale mechanized agriculture by the investors. The participants of the focus group discussions stated that, Itang Wereda was known for its tall seasonal grass, bushes, floodplain mangroves and woodlands which covered significant area of the land. In the rainy season most of the grasslands, bushes and woodlands use to get inundated with floodwater from the highlands and Baro River. After the water resides it gives way for green fields with variety of vegetation which were used by the local wild life as food and shelter. Furthermore, the local community members used the vegetation covers to pasture domestic animals, to gather dry wood to use as fuel and to gather grass for traditional hat making. However, after the LSLT in Wanke Kebele these grasslands were cleared and trees were cut to ready the land for large scale mechanized farming, which resulted in deforestation and reduction of vegetation cover. An interview with one farmer echoes this:

> *…I have seen significant land clearing activity by the companies at the start of operation, which resulted in the removal of all vegetation covers from the land. This in turn exposed the land to soil erosion and leaching thereby washing away nutrients from the soil and rendering it to be unproductive. During the rainy season the only cover for the soil was the vegetation cover, now it's gone*

the rivers and streams have turned brownish which shows soil being washed away (Respondent # 12: interviewed on 10.03.2015).

Besides, when the vegetation cover is cleared, the various indigenous plant species could be swept away. Thus, the impact on the existing plant biodiversity is also significant. These problems will likely get worse when large scale agribusiness investors fully cultivate all the land under their concession.

iii. Impact of Large Scale Land Transfer on Birds, Wild animals and Fish resources

Itang Wereda as well as GPNRS was known for their reach wild life. Vast collections of plain games were observed and could arguably be one of the best wildlife areas of the country. The major wildlife conserved included white-eared Kob, Nile Lechwe, Roan Antelope, Topi and Elephant. Furthermore, the rivers, swaps and the seasonal floodplains had abounded fish resource. The local people in the Wereda benefited from hunting the wild animals and fishing in rivers and seasonal flood plains.

However, the LSLT in the Wereda is causing a significant damage to the indigenous birds, wild animals and fishes. The construction of canals and irrigation dams which changed the pattern of natural water flow which affected the bio-diversity, furthermore the clearance of vegetation cover have played a negative role by limiting food resource and shelter of the birds, wild life and fish.

The impact of LSLT on the bio-diversity of Itang Wereda has further contributed negatively to Itang Wereda's food security by affecting the livelihood of traditional bee-keepers, hunters and fishermen, which depend on the bio-diversity.

iv. Impact of the Large Scale Land Transfer on Soil

From observations made in the study area the LSLT to agribusiness investors had caused soil degradation due to extensive slash and burning process carried out to remove bushes and grasses from the land. This in turn severely damaged the soil and its nutrients as observed during the

field work. An officer from the wereda land and environmental protection bureau claims that there has been increased soil degradation due to the slash and burning process of the company. He argues that:

> *…farmers in the area commonly apply shifting cultivation and crop rotation and manure to maintain the fertility of soil. These practices are more environment-friendly than slash and burning processes which damages the soil nutrients. Even if slash and burn was practiced by farmers it was in a small scale. However, what we saw following the land transfer was intensive slash and burning processes, which certainly affected the soil texture and will likely have an impact on the productivity of the soil (Respondent # 10: interviewed on 08.03.2015).*

As observed in the field, the slash and burn activity has also exposed the land to erosion, which washes away the essential nutrients of the soil. This could in turn reduce the productivity of the soil. Furthermore, Participants of the focus group discussions stated that the large scale mechanized farming by investors had been using fertilizers and pesticides. This in the long run will cause significant damage to the soil texture, nutrients and fertility.

As observed during the field work, the major environmental impacts are clearing of vegetation cover, depletion of water resources, soil degradation, loss of bio-diversity and ecology. These impacts are serious and could even be irreversible unless appropriate measures are taken.

5.3. Local People's Coping Strategies

We have seen that the transfer of user right of land and natural resource from local people to agribusiness investors in the study area had tremendous impact on local people's lives and livelihoods. As observed during the field work, local people had adopted certain coping strategies to overcome the impacts of LSLT. This section outlines the various livelihood strategies pursued by affected members of the community. It is important to note that members of the community may pursue a particular livelihood strategy due to factors other than land transfer. However, such factors are beyond the scope of this study since this study is only confined to the impacts that have been outlined in response to the LSLA. Therefore, more studies are required to identify other determinants of a particular livelihood strategy.

As I observed in the study area, households adopted some coping strategies to overcome the lost opportunities as a result of the LSLT. Some households diversified their livelihood strategies, while others strengthened existing ones. For instance, some farmers who depended on the land for their livelihood prior to the LSLT had changed their land uses or even their livelihood entirely. Although farmers customarily employed such strategies even prior to the LSLT, the frequency had increased during the last four years as found out during the focus group discussions. However, econometric study is needed to establish detailed analysis of the associations between the LSLT and the coping strategies.

i. Land Use Change

Following the LSLT, some members of the community had been forced to change their land use practices. Land used for grazing and housing (settlement) purpose was converted to cultivation land and vice-versa. Prior to the LSLT, households used to graze their domestic animals on the now investment lands so that they could cultivate other lands they communally own. But now since the grazing field has been transferred to agribusiness investment, they cultivated only part of their land in order to reserve the rest for grazing. This in turn reduced community's food crop production and affected their livelihood. An interview with a farmer who switched a communal grazing land to crop land revealed that:

> *I used to graze my livestock in some parts of the land now possessed by BHO Company, while I farm with flood recession to grow cereals crops (sorghum and maize) on the seasonal wetland near the main river. Following the land grab, however, I am not farming the crop land because I must graze my livestock on parts of it. I also sold out some of the animals due to shortage of pasture, but with low price. Since a lot of farmers also sold their animals due to shortage of grazing area, the price declined significantly in the market (Respondent # 05: interviewed on 15.02.2015).*

Thus, there have been significant land use changes over the past couple of years, following the LSLT.

ii. Sharecropping

Sharecropping is also another coping strategy undertaken to overcome the loss of crop land in the study area. In sharecropping, the land owner allows the tenant to cultivate his/her land in return for a share of crop produced on the land. Traditionally, sharecropping provided access to land for the landless in many developing countries (see also Cotula et al., 2010, p. 55). Sharecropping in this part of the world is seen as an important alternative to fixed-rate rentals (such as tenant farming) because it allows the tenant farmer to share production risks with the landlord and hence it gives incentives for the tenant to undertake such arrangement.

In response to lost agricultural land due to the LSLT in Wanke Kebele, some farmers had been forced to share-crop with those who had relatively abundant land or who weren't affected by the LSLT. During an interview with one female farmer, I was told the following:

> *I used to cultivate some crops as well as graze animals on the land now given for investment. Following the transfer, both cultivable and grazing lands became scarce and therefore I started to share-crop some one's land. This land is, however, located far from my home; it takes two hours to get there. The other problem is that I am widowed and have no grown people in the household to help me cultivate the land. Therefore, I am having a hard time taking care of the farm (Respondent # 12: interviewed on 10.03.2012).*

Sharecropping arrangements generate variable returns for both the landlord and the tenant depending on the volume of production. Participants of the focus group discussions indicated that often, the landlord is entitled a share of up to 50% of the production.

iii. Tenant Farming

Participants of the focus group discussions also cited another form of coping strategy taken by the local people in Itang Wereda called tenant farming. In tenant farming, a tenant resides on and farms a land held by another person for a given period of time and gets his payments either in the form of a share of the product, money or a combination of the two. Thus, the difference between sharecropping and tenant farming lies on the form of payments; in tenant farming the usual arrangement is a fixed rental fee while in sharecropping the land holder and the sharecropper divide the crop (or its proceeds) based on a pre-agreed percentage. However, both tenancy and

sharecropping allow redistribution of income-generating activities to landless, usually small-scale farmers. Unlike sharecropping, tenant farmers assumed the whole risk because the land holder gets a fixed amount of crop or rent for his land irrespective of the outcome of production.

iv. Change of Occupation

Changing occupation was the other strategy used by some members of the community to cope up with the loss of useful land. Participants of the focus group discussions indicated that local people who had been using the land which was transferred to investors for various activities had switched to other economic activities to sustain their livelihood with some community members resorting to petty trading, craftsmanship and other economic activities. As participants of the focus group discussions claimed, some local people abandoned their farming livelihood, herding, fishing and others, altogether following the LSLT. Such significant number local people, who relied solely on the land and natural resources (which was transferred for agriculture investment) for their livelihood and changed to other means of living.

v. Migration

As a result of the loss of agricultural and grazing lands, some local people also migrated particularly to urban areas seeking employment opportunities. As found from participants of focus group discussions, although migration occurred prior to the LSLA, it became however more common following the land transfer in the area. Such migration is usually destined to major urban areas where people can get better employment opportunities and make a living from it.

Migration was common especially among the youth, who exclusively depended on the land and natural resources which was transferred to agribusiness investment. Those members of the community migrated to other areas in search of jobs to make a living for themselves as well as support their dependent families back home. Many of them workd as hired laborers in distant towns and cities while others set up their own businesses and send back remittances to their families.

vi. Other Coping Strategies Employed

Finally, there are also other strategies being pursued by some community members to deal with the effects of the LSLT. These include seeking either direct or indirect employment in the company itself, although only few local people have secured job. As discussed early in this chapter, the contribution of the agribusiness investment projects for local people's employment was insignificant. The other significant coping strategy employed by the locals, specially the youths were too register illegally as a South Sudanese refuge in the refugee camp located in the *Itang Wereda*. By doing this they benefit from the aid given by the UN and other aid groups.

In sum, this chapter identified the various socio-economic and environmental impacts of the LSLT to agribusiness investors on local lives and livelihoods and different coping mechanisms employed by local people in the study area.

CHAPTER SIX: Conclusions and Recommendations

6.1. Conclusions

This study examined the socio-economic and environmental impacts caused by large scale land transfer to local and foreign agriculture investors on local people's lives and livelihoods in *Itang Wereda*, GPNRS. To answer some of the research questions raised in the proposal a two month fieldwork has been conducted in Wanke Kebele of *Itang Wereda*, GPNRS. As mentioned in Chapter Four, the study is based on qualitative descriptive research design and this chapter summarizes the major research findings and on the biases of these findings, gives suggestions to different state and non-state actors.

The first finding of the research is that the transfer of user right of land from indigenous people to large scale agribusinesses in Wanke kebele, Itang Wereda led to the loss of customarily held communal lands by the indigenous community. The lands and natural resources transferred had several uses by the local people including for flood recession farming to grow cereals crops, livestock herding, Fishing and other uses. From the field work, I concluded that local people of *Itang Wereda* were not included when the land deals were made. Furthermore, the deals were not transparent and appropriate compensations were not made to the affected members of the community.

Local perception on the pledges made by investors such as technology transfer, employment opportunity, infrastructure development and others were not fulfilled as promised.

i. Social Impacts of Large Scale Land Transfers

One of the pledges made by the GoE and the agribusiness investors was transfer of agriculture technology and know-how. However, the kind of technology employed by the large scale agricultural projects was largely non-transferrable because it was either too costly or it was beyond the technical knowhow of the local community. Secondly, there is no significant increase in food crop production and supply in the study area as a result of the LSLT. Even if food crop production has significantly increased, the benefits to the local people was insignificant as the agribusiness investor's preferred to sale the produce to nearby NGO's, working for South Sudan

refuges or foreign markets. Thirdly, there were no significant job opportunities to the local communities as a result of the investment projects. The companies employed only a couple of workers who came from urban areas and overseas. Furthermore, the salary and treatment of local employees was disappointing to the community members. Fourthly, the LSLT in Itang Wereda had caused loss of several religious (spiritual) ground, burial ground (cemetery) and cultural ground which had been used by the local people for generations.

Finally, there was one positive social impact due to the LSLT in *Itang Wereda* which was significant infrastructural expansion. One infrastructure built by the companies was roads linking the project areas to the main road; however, this too was intended to connect the project sites to the main road and hence was not intended to benefit local communities. The other new infrastructure built by the investors was several reserve dams to store up water for the companies use in the dry season and waterways (canals) to control flood waters during rainy seasons. The other new infrastructures were a primary school and a health center. However, they lacked proper man power to start full operation.

ii. Economic Impacts of Large Scale Land Transfer

The field work conducted in Itang Wereda indicated that economic impacts of the LSLTs on the lives and livelihoods of local people resulted in loss of vital livelihood resources to the local communities. These include loss of grazing land, crop land, grass land, firewood, water resources and residence areas. The first economic impact of the LSLT was the loss of grazing land. Although, the grazing portion of the land given for the investment purpose was considered idle by the Government, it had in fact significant benefits for the local communities in terms of providing good pasture for their domestic animals. In response to the loss of grazing land, some farmers sold out their livestock while other lost them due to death arising from lack of adequate pasture. As a result, livestock productivity declined and therefore local livelihoods have been gravely affected. Secondly, the investment projects resulted in loss of crop land to the local communities, on which they had been growing crops both for household consumption and sale by implementing shifting cultivation. Consequently, some households were forced to buy crops from the market to compensate for the loss. Following the LSLT, land rent and lease prices also increased, further aggravating the economic impacts. The third economic impact observed was

the loss of grass land, from which local households obtained grasses used in roof thatching for their houses. Hence, grasslands became scarce and many households were forced to buy grasses from others' land holdings for relatively higher price. The fourth economic impact of the LSLT was loss of firewood and charcoal, which are the main sources of household energy in the community. Since firewood is the cheapest and most accessible source of energy for the local households, its loss affected their energy supply and/or forced them to resort to relatively expensive sources of energy. The fifth economic impact was loss of water resources, on which many households depended for consumption. Most of the lands transferred to the agribusinesses were the main sources of water for the local community before the transfers were made. They were rich in variety of water sources like wetlands, rivers and ground water. These water resources supplied drinking water to both humans and domestic animals and their loss deprived local communities of adequate clean water.

iii. Environmental Impact of Large Scale Land Transfer

The study also identified some environmental impacts of the large scale agricultural investments. Firstly, after the lands were transferred to agribusiness investors, there was extensive clearance of vegetation cover from the land. In order to prepare the land for large scale agriculture, grasses and trees were cleared and burned down. Consequently, this resulted in wide deforestation and elimination of vegetation cover from the land, exposing the soil for erosion and degradation. Secondly, the water resources had also been depleted while preparing the land for agriculture; some of the floodplains (seasonal deltas) that existed on the land were no longer available and the wetlands had dried out following the construction of canals and dams. In addition, the slash and burning process resulted in severe damage to the soil and its nutrients.

Finally, the research has identified the different livelihood strategies pursued by local communities in Itang wereda, in order to cope and sustain their livelihoods with the negative effects of the loss of their land and natural resources. The most common coping strategies included land use pattern change, sharecropping, engaging in tenant farming, changing occupation and migration and other strategies such as seeking employment within the company.

Furthermore, this study concludes that the transfer of user right of land to agriculture investors has by and large led to negative socio-economic and environmental impacts on local people's

lives and livelihoods. However, the investment project is at its early stages and we may not conclude that it has no positive socioeconomic contributions at all. Such impacts usually take long time to evolve and hence, more studies need to be conducted in the long run to assertively determine the impacts of the LSLT.

6.2. Suggestions for Various Stakeholders

We have seen that the large scale land transfer in *ItangWereda* had brought no significant social benefits to the local communities, except new infrastructure development. Besides, the investment project had negative economic impacts on local livelihoods. Furthermore, it exerted pressure on the environment. However, such negative impacts can be minimized and/or investment projects can be made beneficial to the local community members if proper measures can be taken. In this section, I will put forward some suggestions to the Government, investors and the civil society and activists in general. It will help them to protect the interests of the local community. The suggestions can also be used by other policy makers and can contribute to public discussions on the subject matter.

i. For the Government

The Government of Ethiopia has the obligation to protect the interests of the local community while also promoting its development policies. Development projects must not be carried out with complete disregard to the local community. Although the land transferred for investment purpose is dubbed as ‘idle’ by the Government, this study found out that it had indeed valuable contributions to local lives and livelihoods. Any LSLT should strictly be carried out on lands not directly or indirectly used by local communities.

One of the controversial issues related to the land tenure system in Ethiopia is that customarily held communal lands have no legal protection. In this regard, the Government should uphold the rights of local communities to use communal lands by extending legal protection for such lands. Since large tract of communal lands provide essential pasture for domestic animals, the Government should secure access and use rights to farmers and herders.

Prior to any proposed land transfer for large scale investment, the Government should consult local communities. Both the Government and investors should be accountable to local communities and hence, should involve them in all stages of the land transfer process. This is done to ensure that local people either benefit from investment projects or the negative consequences are minimized. Lack of adequate consultation leads to lack of public confidence on the project. Prior consultation with the local communities will give them the opportunity to assess how they will benefit and/or be affected by the project and to be prepared for such outcomes. Thus, large scale agricultural projects should be permitted only after full consultation with local communities.

Large scale agricultural land deals should also be carried out in a transparent way so as to incite adequate public awareness on the project. The whole processes of land transfer should be disclosed to the public, and most importantly to the local communities. Expected benefits and costs of the proposed project as well as the details of contracts must be known to the local communities. In this way, local communities may develop a sense of ownership and responsibility than being hostile to investment projects.

If the proposed project is deemed to have negative impacts on local communities but should it go ahead anyway, then the local people must be compensated properly. For instance, those who had been grazing animals, growing crops, fetching water, fishing, collecting grasses or firewood on the land should be given alternative land. Large scale agricultural projects not only dispossess local communities the important assets for their livelihoods, we have also seen that they can result in eviction of local people. The GoE should ensure that any proposed project will not result in eviction, and if eviction is inevitable, then it must make sure that the victims get financial and other compensation packages based on independent assessment prior to the eviction.

The Government must also make sure that land contracts contain clear, enforceable benefit-sharing mechanism with the local people. This can be done by placing obligatory requirements on the project proposals regarding expected employment opportunities to the local people, infrastructural development in the project area, and contribution to local food security and so on, and imposing strict follow ups once the project commences operation. In the event when the

investor fails to deliver the pledges, it should be held accountable and proper legal action must be taken.

Strong regulatory requirements should be included in both social and environmental impact assessments (EIA), by incorporating strict requirements that stakeholders should be properly informed of the contents of the reports before any agreement so that they receive independent and objective advice on legal, economic and social issues. In this regard, the Government should strengthen its institutional capacity to monitor and regulate the activities of investors so that they will be held accountable in cases of harm to the local people. Institutional capacity building should be made in all regions where big agricultural investment activities are being carried out.

Finally, the Government must also conduct periodic inspection of the project site to evaluate the environmental effects of the project. Although the Environmental Protection Authority (EPA) is tasked with ensuring investment projects do no harm to the surrounding environment, I learned that no visits have been made in the study area by the time the field work was completed. Thus, a panel of experts should be organized and carry out periodic visits to the investment project. Besides, the Government must oblige the investor to take measures to avert the environmental damages.

ii. For Large Scale Agriculture Investors

Investors have a legal responsibility to respect the rights of local communities and should avoid actions that may infringe on these rights. In case such rights are violated, investors must extend remedy by establishing grievance handling mechanisms to those who have been affected by the project.

As found out in this study, the local communities have relied on the land now given for investment for their livelihood. However, most of these households have not been compensated for the loss of opportunities from the land. Thus, the victims should be given adequate compensation, either monetary or non-monetary. For instance, one possible way by which the investor could help local communities is to allow them to graze their livestock on its crop residues. By doing so, local communities may secure alternative means of grazing for their livestock.

Although the investment projects are still at their early stage, we discussed that they have virtually no contribution to the local food security. However, once it becomes fully operational, the projects should contribute to the local food security by selling a certain percentage of its production in the local market, preferably with lower prices. Besides, the investor company may also contribute to local food security through food aid for the needy at times of emergencies. The investor may also set up funds to help local people for social purposes such as education, medical or other special needs. It can also support the local people by providing seeds, fertilizers, pesticides and technical advice or by linking the local farmers in the value chains of the company.

To overcome the environmental impacts of the projects, certain measures should be taken. These may include minimizing the slash and burning activities and/or increasing the fallow period of the land; both of these measures could minimize the negative impacts on the soil. The investment projects should also undertake measures to protect the soil and water resources through sustainable farming.

The investors should also establish transparent mechanisms to independent inspectors or auditors who wish to examine the extent of impacts of the investment project. In this regard, the company under consideration should cooperate with researchers who wish to study the impacts of the project.

iii. For Civil Society Organizations and Activists

Civil society organizations and activists can help by making the voices of local people be heard so that the desired attention is given to the local communities. Civil societies and activists may also raise the awareness levels of both the Government authorities and the rest of citizens through campaigns and education. They can also help put pressures on the company and its country of origin to oblige it to adopt standard practices in its business conduct.

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Appendix I

Key Informant Interviews

Informant	Title/Description of Informant	Place of Interview	Date of interview
Respondent # 1	Officer at the Regional Investment Bureau	Gambella Town	02.02.2015
Respondent # 2	Local Farmer	*Wanke Kebele*	06.02.2015
Respondent # 3	Local Herder	*Wanke Kebele*	06.02.2015
Respondent # 4	Officer in the Itang Wereda Agricultural and land administration Bureau	Itang Town	10.02.2015
Respondent # 5	Local Farmer	*Wanke Kebele*	15.02.2015
Respondent # 6	Official of one of the companies	Wanke *Kebele*	16.02.2015
Respondent # 7	Local Farmer	*Wanke Kebele*	23.02.2015
Respondent # 8	Local Farmer	*Wanke Kebele*	23.02.2015
Respondent # 9	Local Farmer	*Wanke Kebele*	04.03.2015
Respondent # 10	Officer from the *Wereda* Land and Environmental Protection Bureau	Itang Town	08.03.2015
Respondent # 11	Local Farmer	*Wanke Kebele*	10.03.2015
Respondent # 12	Local Farmer	*Wanke Kebele*	10.03.2015
Respondent # 13	Official of one of the companies	Gambella Town	14.03.2015

Appendix II

Interview questions guide for Key Formants

Interview Guide 1 (for local community)

Main pointes of Discussion

1. In what ways can you say LSLT in your Wereda affected your community?

2. What are the challenges you faced due to LSLT in your Wereda?

3. What are the social impacts your community faced due to LSLT?

4. What are the economic impacts your community faced due to LSLT?

4. In what ways can you say LSLT in your Wereda put pressure on the environments?

5. In what ways did LSLT in your Wereda contribute in improving the livelihood of the community?

6. With respect to some of the negative impacts you mentioned about LSLT, what is your communities coping mechanize?

Interview Guide 2 (for Local and Regional Government Officials)

1. Can you tell me more about the Trend of LSLT in Itang Wereda?
2. What were the roles of the local population in the proses of LSLT in Itang Wereda?
3. Since the agriculture investor's started operating in Itang Wereda, what are the benefits to the Wereda?
4. How do you see the pledges made by the Government and investors about supposed benefits of LSLT in respect to the different challenges the local population faced due to LSLT?

5. What is the role of the local government in solving the problems that are occurring due to LSLT? Is the Regional Government considering any action on investors that are not meeting their promise?
6. What is done by the Government to protect the environment of Itang Wereda from LSLTs negative effect?
7. What needs to be done by all stakeholders to solve the problems facing the local people of Itang Wereda?

Interview Guide 3 (for Investment Project Officers)

1. Can you mention some of the social benefits your investments brought to Itang Wereda?
2. Can you mention some of the economic benefits your investment brought to Itang Wereda?
3. What is being done to meet the promises your company made when you received land for investments?
4. In what ways did your company help improve the livelihood of the community?
5. What is being done to meet the challenges of environmental impact caused by your investment in Itang Wereda?

Appendix III

Interview Question Guide for Focus Group Discussion

Participant's profile

Age range…….

Sex…….

Level of education……

Main points of the discussion

What were the local community's roles in the process of LSLT deals in Itang Wereda?

What do think about the compensation given by the Government for the loss incurred by the local people?

In your view did the resettlement program by the government benefit the local people?

Socio-economic impact

What kinds of social impacts do you think are the local people of Itang Wereda experiencing because of LSLT in their Wereda?

What do you think are the causes of social impacts?

What kinds of economic impacts do you think is the community filling because of LSLT?

What do you think are the causes of economic impacts?

Environmental impact

What kinds of environmental impacts do you think is being caused by the LSLT and how is it affecting the community?

What are the roles of the Local, Regional and Federal Governments?

Coping mechanism

In what ways are the community members affected trying to cope with LSLT in Itang Wereda?

What needs to be done by all stakeholders to resolve some of the problems created?

Appendix IV

Large Scale Land Transferred in Itang special Wereda

No	List of Investors	Total Land Holding
1.	BHO Agro Process	27,000 ha
2.	Karatory Agro Products	10,000 ha
3.	Bro Line	2000 ha
4.	Dawit Farm	2000 ha
5.	Kidane G/Michael Farm	2000 ha
6.	Gizachew Yelma Farm	1800 ha
7.	Abrihale Farm	1000 ha
8.	Abrihale and Wendemochu Farm	1000 ha
9.	Shenher Farm	1000 ha
10.	H/Sellase Farm	1000 ha
11.	Niguse Farm	1000 ha
12.	Fantaye Farm	1000 ha
13.	Muleye Farm	1000 ha
14.	Emilet Farm	1000 ha
15.	Kidu Farm	1000 ha
16.	Desalegn Farm	1000 ha
17.	Ferede Farm	1000 ha
18.	Adege Farm	1000 ha
19.	Baro 7 Farm	650 ha
20.	Leul Farm	500 ha
21.	Aleka Aderajew Farm	500 ha
22.	Malefia Farm	500 ha
23.	Tedla Farm	500 ha
24.	Mekonnen Farm	450 ha
25.	Alem Desta Farm	400 ha
26.	Siyum Farm	400 ha
27.	Kiros G/Michael Farm	300 ha
Total		61,000 ha

Source: GPNRS Central Statistics Branch Office (Unpublished)