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Science and Technology



**LAND GRAB IN ETHIOPIA: THE CASE OF KARUTURI AGRO PRODUCTS PLC IN
BAKO TIBE, OROMIYA**

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Master Thesis

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May 2014, Trondheim, Norway

Declaration

I, the undersigned, declare that this thesis is my original work and all materials used as a source are duly acknowledged.

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23 May, 2014

Dedication

I dedicate my master thesis work to anti-land grabbing protesters of Oromo Students and People, who were recently killed while protesting the implementation of 'Integrated Development Master Plan of the Capital City of the country, Finfinne', which planned to displace more than one million indigenous Oromo People from their ancestral land.

23 May, 2014

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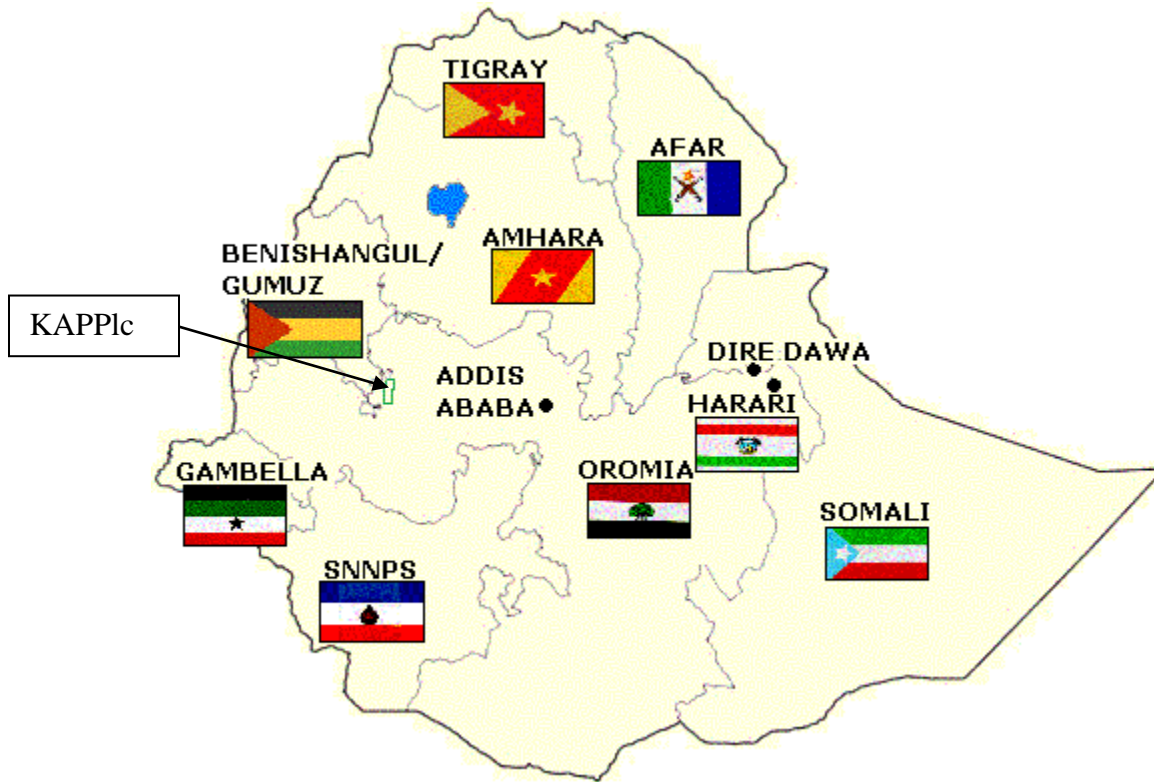
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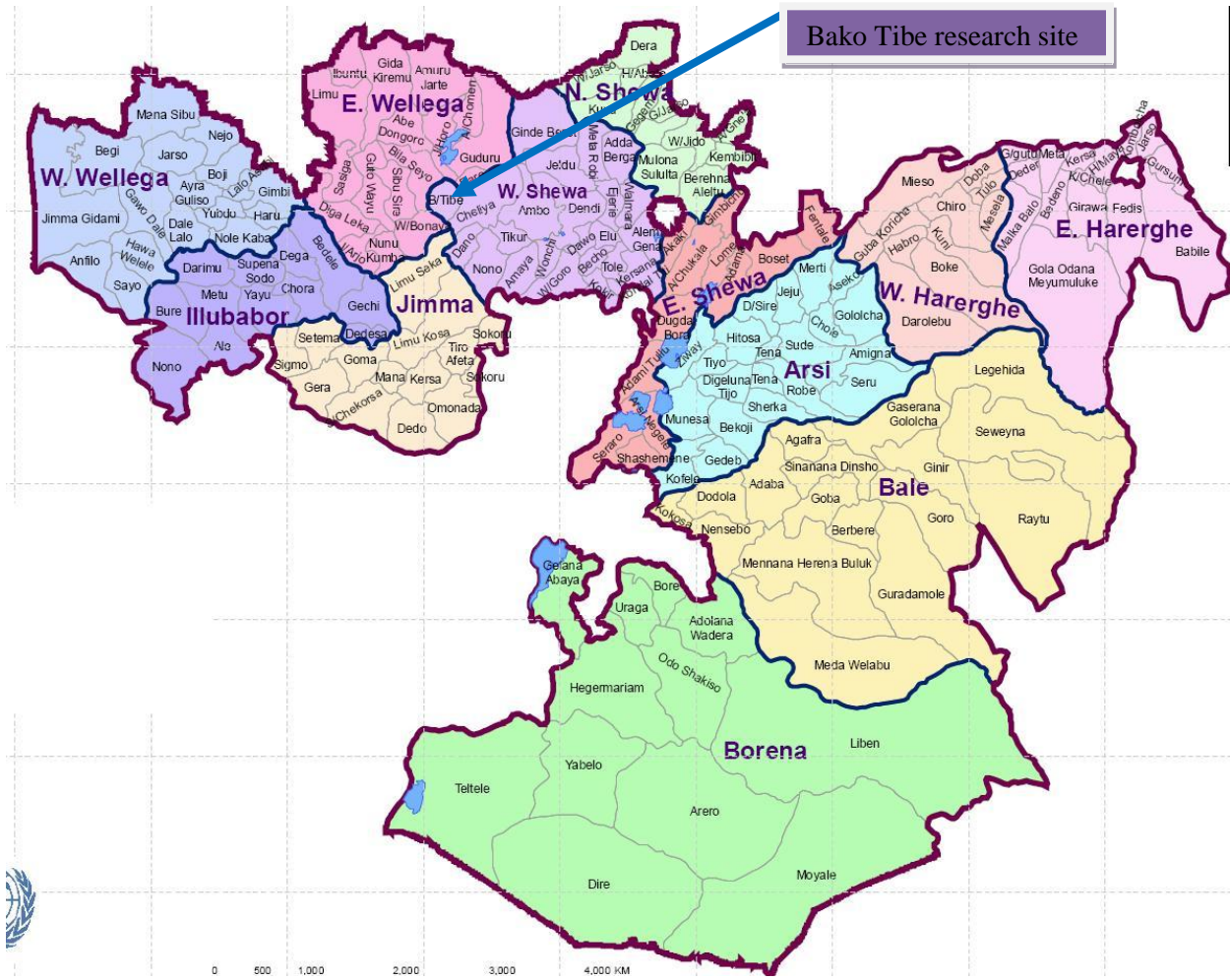
Figure 1: Map of the Federal Democratic Republic of Ethiopia with Regional States



Source: <https://www.google.no/search?q=recent+Ethiopian+Map> 7 May 2014.

The nine different symbols in the map represented the flags of each Regional States of the country

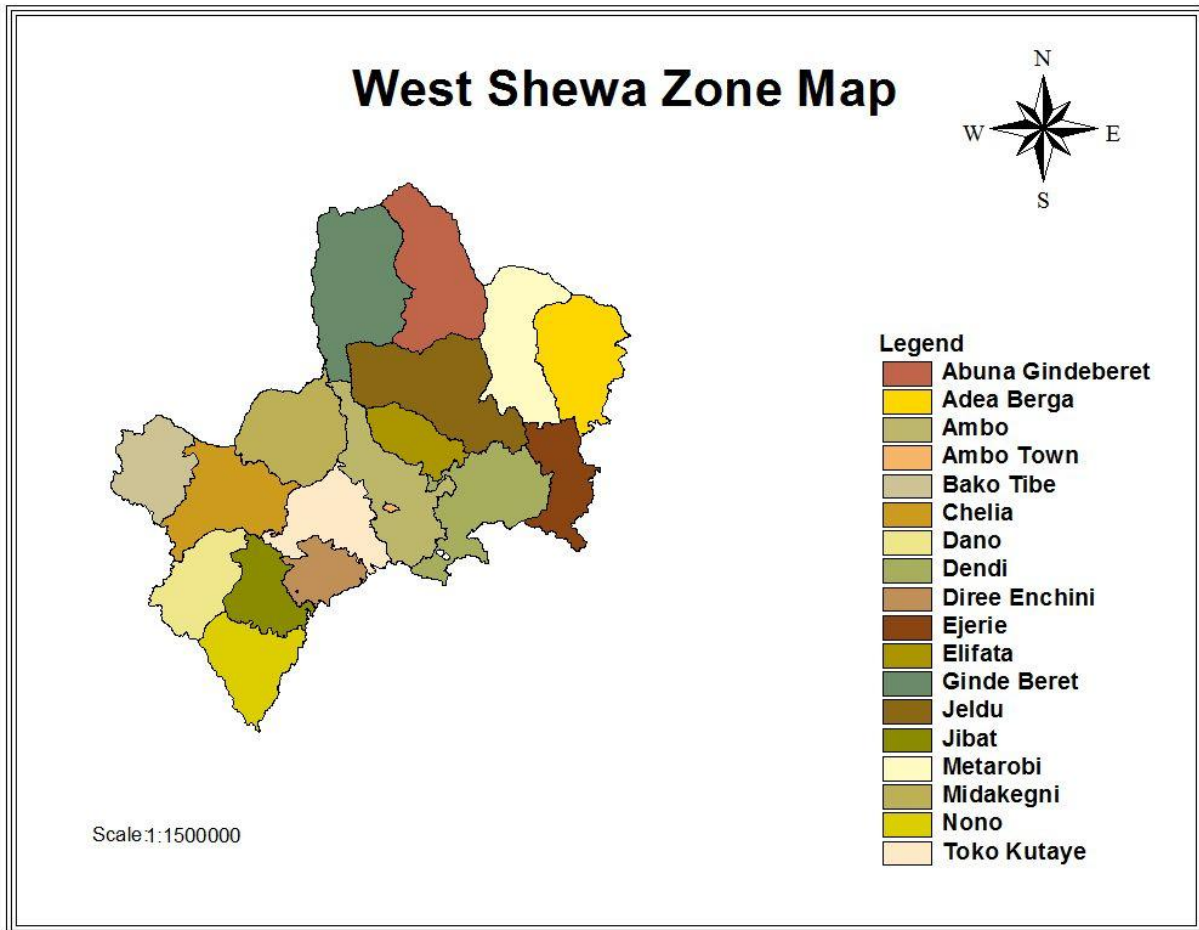
Figure 2: Map of Oromiya National Regional State



Source: <https://www.google.no/search?q=oromia+map+ethiopia&newwindow> 7 May 2014

The map shows the zonal and woreda classification in Oromiya National Regional State. But, this is an old map.

Figure 3: West Shewa Zone Administration Division



Source: West Shewa Zone Rural and Urban Land Administration Office; 2014

Acronyms

ADLI.....	Agricultural Development Led Industrialization
ABO.....	Oromo Liberation Front
EEPCO.....	Ethiopian Electric Power Corporation
EIA.....	Ethiopian Investment Authority
EIA.....	Environmental Impact Assessment
EIP.....	Ethiopian Investment Proclamation
EPRDF.....	Ethiopian People Revolutionary Democratic Front
FAO.....	Food and Agriculture Organization
FDI.....	Foreign Direct Investment
FGD.....	Focus Group Discussion
GIS.....	Geographic Information System
GPS.....	Geographic Positioning System
KAPPLC...	Karuturi Agro Products Private Limited Company
KM.....	Kilometer
MM.....	Millimeter
MoFED.....	Ministry of Finance and Economic Development
NTNU.....	Norwegian University of Science and Technology
PASDEP...	A Plan for Accelerated and Sustained Development to End Poverty
PLC.....	Private Limited Company
TPLF.....	Tigray People Liberation Front
MoFED.....	Ministry of Finance and Economic Development
UFB.....	United Farm Business

Abstract

This study examined the opportunities and risks associated with land grabbing in Ethiopia, focusing on the case of Karuturi Agro Products Private Limited Company in Bako Tibe of Oromiya National Regional State, using qualitative analysis.

Forty local farmers affected by agricultural investment expansion owned by Karuturi were randomly selected from Bako Tibe Kebele (Bacarraa Odaa Gibee) adjacent to the investment, and placed in to five groups each consisting of eight members for Focus Group Discussion. An interview guide was prepared and key informant interviews with Bako Tibe woreda, West Shawa zone and Oromiya National Regional State and Federal Government officials were conducted to collect relevant data. Frequent use of observation of the research site and the surrounding area accommodated data collected through FGD and semi-structured interview. Available official documents, including the country's constitution and several proclamations, were collected from different government organs and used in the research where appropriate.

The study investigated the issue of land grabbing from the process of land acquisition by a foreign company to the outcomes after land expropriation took place in the study area. Local communities lost their communal land, which used to serve for grazing purposes and cultivation of agricultural products for some displaced local farmers. Private property of local famers was transferred to Karuturi Agro Products Plc for a period of forty five years starting from 2008. Natural forests were cleared, rivers were contaminated by waste chemicals, and biodiversity was lost as a result of slash and burn by the company. Local communities used sharecropping, change of occupation and land use change as a strategy to sustain their livelihood.

Government's intension was to bring about a productive land use system with modern agricultural technology and employment creation for the local people including improvement of local facilities and expansion of infrastructures. But, these expected development opportunities for local people and the country were not fulfilled because of the company's low productivity of agricultural outputs as compared to local farmers and failure of the company to fulfill what is agreed during the contractual agreement with the government.

Key words: Land grabbing, risks, opportunities, coping strategy, investment, agriculture.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The increasing number of population across the globe and the 2007/2008 financial crises of the world caused an increasing interest of foreign companies in cultivation of agricultural products in collaboration with developing countries. The hosting countries and foreign investors get a mutual benefit because the host countries look for infrastructural improvement and other opportunities from the investment expansion whereas foreign investors look for arable land for agricultural investment to produce agricultural outputs like biofuels, food crops and palm oil trees and other related products for feeding the world and domestic people.

The expropriation of millions of hectares of arable land by foreign investors took place in developing countries in the last decades which caused development agencies and researchers to be concerned about it due to its environmental, political and socio-economic impact on the host countries and contribution to improve the development aspects of the host countries. One of the myths that gave the opportunity for foreign companies to grab huge amount of land is said to be an availability of access land with investment can be turned into income and jobs for developing countries. It was described by World Bank that targeted land for expropriation of agricultural investment worldwide are described as *empty, marginal, idle, degraded land, largely unpopulated and unused land*. Advocate of this myth, World Bank, declared the existence of suitable land that initiated potential investors to grab land from developing countries (World Bank, 2012:24).

Foreign investor's interest in agricultural investment expansion in developing country is seen in the last decade. Foreign Investor refers to foreigner or an enterprise wholly owned by foreign nationals, as having invested foreign capital in Ethiopia or a foreigner or an Ethiopian incorporated enterprise owned by foreign nationals jointly invest with a domestic investor, and includes an Ethiopian permanently residing abroad and preferring treatment as a foreign investor (FDRE, Proclamation ,No.769/2012:2).

Millions of hectares of land in Ethiopia are handled by foreign investors with long-term lease agreements when seen in a worldwide perspective. This has created the intention from local and

global initiators, international organizations, development agents, national and international Medias to talk to investigate how acquiring huge tracts of land from developing countries is currently taking place.

It is clear that investment expansion has created socio-economic benefits for those hosting countries even though the leased land for investment purposes and other related resources are over used by investors. The policy of investment that allows foreign investors to lease renewable leases may lead to permanent loss of the land and the existing natural resources (White *et al*, 2012).

Before the coming of what we call ‘Land Grabbing’, International Organizations that support smallholder farmers and other communities affected by poverty used the term ‘Large-Scale Agricultural investment’. Later comes the idea of land grabbing based on the amount of years allowed for leasing the land of smallholder farmers and its socio-economic impacts on the local people of the hosting country and on the leased land and other natural resources (Borras Jr. & Franco, 2010b, Borras Jr. et al, 2012, Scheidel & Sorman, 2012). Additionally, the frequent report of medias about land grabbing attracted the attention of researchers due to the process of taking control over land through either rights of use, its limited time framework with a possible extension, preference of geographical location; the large size of land allotted for investors, size ; the lack of transparency and incompleteness of contracts; the emergence of resource-seeking investors oriented to the production of food for export to their home markets (Cuffaro and David, 2011:6).

Most of the researchers before the year 2006/2007 used the term ‘Large-Scale Investment’ to study investment expansion in relation to the existing natural resources, because the term ‘Land Grab’ was not popular and later considered as a negative term as compared to Large-Scale Investment. According to Obsa, ‘unlike the term land grab which portrays a negative message, the term large-scale investment in land portrays almost a neutral message with regard to land deal and negotiation processes, implementation and its socio-economic benefits.’ (Obsa, 2013:6).

Some researchers in Ethiopia are afraid of the country’s political issues attached to the case of land grabbing and preferred to use ‘Large-Scale Land Acquisition’ in their study (Gobena, 2010, Obsa, 2013, Adil, 2010, Dessalegn, 2013). Large-scale land acquisitions and large-scale agricultural investment was interchangeably used so far and defined as long-term leases and

acquisitions of thousands of hectares of land and related resources by powerful national and/or transnational actors from private equity funds and corporations to sovereign wealth funds for the purpose of producing for profit or non-profit agricultural food crops and agro-industrial commodities (Gobena 2010). Proponents of large scale land investment argue that, the investment flow increases capital in the agricultural sector, particularly in the developing world and enhances infrastructural expansion, creates more jobs and skill, increases the availability on domestic food supply, increases access to market and foreign exchange reserve and these contributes to “sustained” and “broad based development” (World Bank, 2010; MoA, 2011, cited in Gobena 2010:12). However, Andersen argues that if the risks associated with land acquisition remain unaddressed; this could lead to failure to become a development opportunity for host countries. These risks are natural resource degradation, loss of indigenous farming practices and increasing food insecurity and conflict (Andersen, 2010:275). The Government of Ethiopia argued that large scale agricultural expansion is part of the country’s strategy and policy to achieve the national food security objective (MoFED, 2010). There is some controversy on understanding the difference between Large-Scale Agricultural Investment and Land Grabbing. Because those proponents who stand against Large-Scale Investment criticize it as negatively affecting the local people and argue that rather than promoting rural development, it neglects the local rights, exploits the natural resources of the host country and impoverishes farmers not bringing about the promised benefits (Theting, et. al 2010; Kachika, 2010; Grain, 2008 cited in Gobena 2010).

It was difficult to get the exact definition of land grabbing due to difference of focus given by several scholars. Difference of understanding has resulted in viewing term land grabbing in the paradigm of the political arena. Some focus on exchange of land ownership rather than who controls the land, whereas others define land grabbing based on focus on scale rather than impact and on process, emphasizing how land grabs violate principles of transparency and accountability (Cotula, L et al 2009:45). The definition of Land Grabbing thus varies as indicated in the following statements. *The definition of Land Grabbing, based on the lens of political economy, is referred to as the capturing of power to control land and other associated resources like water, minerals or forests, in order to control the benefits of its use* (TNI Agrarian Justice Programme 2013:3).

Rehmato (2011) defined ‘Land Grab’ as the rush for commercial land in Africa and elsewhere by private and sovereign investors for the production and export of food crops as well as bio-fuels, in which the land deals involved stand to benefit the investors at the expense of host countries and their populations. This definition includes purpose of grabbing the land for investors and negative impact of commercialization of land at the expense of host countries and their populations. For the Transnational Institute of Agrarian Justice Program (2012), land grabbing refers to the capturing of power to control land and other associated resources like water, minerals or forests, in order to control benefits of its use. However, all proponents and opponents agree that the issue of land grabbing came from media when describing Large-Scale purchases or leases of agricultural or forest land (Murphy 2013:3).

In Ethiopia, more than hundred foreign Investors are operating their projects on the farmland of the local people and the Government leased more than 3 million hectares of land for a long term. As indicated in Appendix 1, more than one million eight hundred thousand hectares of land was in the hand of the listed companies, where Saudi Star and Karuturi Global PLC occupied a large number of hectares of land. World Bank identified that tax holidays and tariff-free policies used by Ethiopia for attracting FDI could be the main motivating factors behind FDI (World Bank 2012:3).

Against this background, this thesis focuses on the risks and opportunities of Land Grab for the Ethiopian Economy and how people locally cope with it. No matter how much the land deal in Ethiopia is politicized when using the term ‘land grab’ in the research, the objective of the present study is to search the reality from the grass-root level and present to the world what is going on in the country. The researcher used eminent domain to examine the land deal and acquisitions process as development outcomes of the investment and to provide the framework to examine the impact of the investment on livelihood of local people. Eminent domain gives the power to the government to take private property under certain conditions; the property must be put to public use and the property owners must get compensation for their property.

1.2. Problem Statement

Land Grabbing by foreign investors is becoming a controversial contemporary issue across the world and viewed differently among Multinational Companies, organizations, academicians' civil society groups and others (World Bank 2012). Investment in land can create a good opportunity for the host country and for investors as well. But, it also has its drawbacks if not handled well. For example, in the name of expanding mechanized modern agriculture in developing countries, where they thought abundant arable land for farming and cheap labor force for securing working man power with a wage exists, foreign companies are exploiting the natural resources of many countries (Gobena 2010:3). This kind of approach affects the benefits of small-scale farming as contrasted to the expansion of large-scale, highly capitalized types of farming (Cotula, *et al* :2009:5).

The disagreement between the proponents and the opponents of land grabbing raise the issue of viewing agricultural investment expansion in two perspectives. The proponents view the strong contribution side of Large-Scale Investment as one solution for the people who are in the line of poverty and where there is food insecurity. They think that such investment can improve the opportunity for job creation, technology transfer, knowledge sharing and accelerated public infrastructure like school, health and telephone, whereas opponents view land grabbing as the loss rather than gain when huge amounts of land is taken from many people by a single foreign investor or multinational company (ibid:2).

Thousands of people have been displaced from their ancestral land due to land grabbing in Ethiopia and have failed to feed their families afterwards (The Oakland Institute 2009). Thus, this study focused on land grabbing by way of examining its risks and opportunities for the local people of Oromiya National Regional State of Ethiopia, Bako Tibe, on Karuturi Agro Products Plc.

Much research has been done at Bako Tibe so far by different researchers. Rehmato (2011) on Land to Investors, Obsa (2013) on Large-Scale Land Transfers in Ethiopia, *Effect of Large-Scale Agricultural Investment on Local Livelihoods: A Study of Bako-Tibe Karuturi Agro Products Plc*, Gobena (2010) on *Effects of Large-scale Land Acquisition in Rural Ethiopia: The Case of Bako-Tibe Woreda*, Desalegn (2013). *The Socio-Economic and Environmental Impacts of Large*

Scale (Agricultural) Land Acquisition on Local Livelihoods: A Case Study in Bako Tibe, Adil (2010). *Large scale transnational land acquisition in Ethiopia – is it an acceleration for development? The case of Bako and Gambella region in Ethiopia*. But, none of these researchers did a research on risks and opportunities attached to the case of land grabbing in the local people of Bako Tibe. Therefore, this research tries to fill an existing research gap in Bako Tibe District and gives the direction for the coming young researchers to investigate the issue in depth.

1.3. Objectives of the Study

The general objective of the study is to examine the risks and opportunities of land grabbing in Bako Tibe Karuturi Agro Products Plc on the livelihoods of the local people of Ethiopia.

The following specific objectives of the research are:

- To scrutinize the motivating factors welcoming foreign companies, such as Karuturi Agro Products Plc to Bako Tibe.
- To identify the environmental and socio-economic risks of land grabbing in the study area.
- To identify the socio-economic opportunities of land grabbing for the local people in the study area.
- To study the coping strategies of local people of Bako Tibe.

1.4. Research Question

Research question employed for this research were the following:

- How did the acquisition of land and other resources by Karuturi Agro Products Plc from local people take place?
- What were the effects of expropriation of land and other resources to Karuturi Agro Products Plc on the livelihoods of the local people?
- What were the coping strategies of the local people to overcome the challenge of investment expansion?

1.5. Organization of the thesis

The thesis has seven chapters. Chapter one has presents background of the study, whereas chapter two presents the general description of the study area. The chapter presents a brief overview of Bako Tibe area and site project's description.

Chapter three presents research methodology. This chapter includes methods applied to collect data and techniques employed through data collection processes to gather relevant data. Primary sources and secondary sources of data collection with their research techniques are discussed.

Chapter four contextualizes the causes of land grab and regulations used to manage land grab. It discusses about the driving forces that attracted foreign companies to lease huge tracts of land and controversies in land acquisition, and laws appropriate to administer the investments are reviewed.

Chapter five presents analytical framework for the study. The chapter briefly discusses theory of eminent domain that gives a framework to examine the land deal and acquisitions process as well as related development opportunities of the investment, whereas sustainable livelihood approach presented to provide the framework to examine both the negative and positive impacts of the investment on livelihood of local people understudy.

Chapter six presents the analysis and findings of the study. The analysis mainly based on the qualitative data collected. The chapter discusses land acquisition processes and development opportunities of the investment for the local communities in relations to expected local development opportunities. It also deals with related risks of land grabbing on the livelihood of the local people and the coping strategies used by local people to overcome problems related to investment expansion.

Chapter seven presents the conclusions of the research and recommendations for the concerned bodies to take corrective measures.

CHAPTER TWO

2.1. DESCRIPTION OF THE STUDY AREA

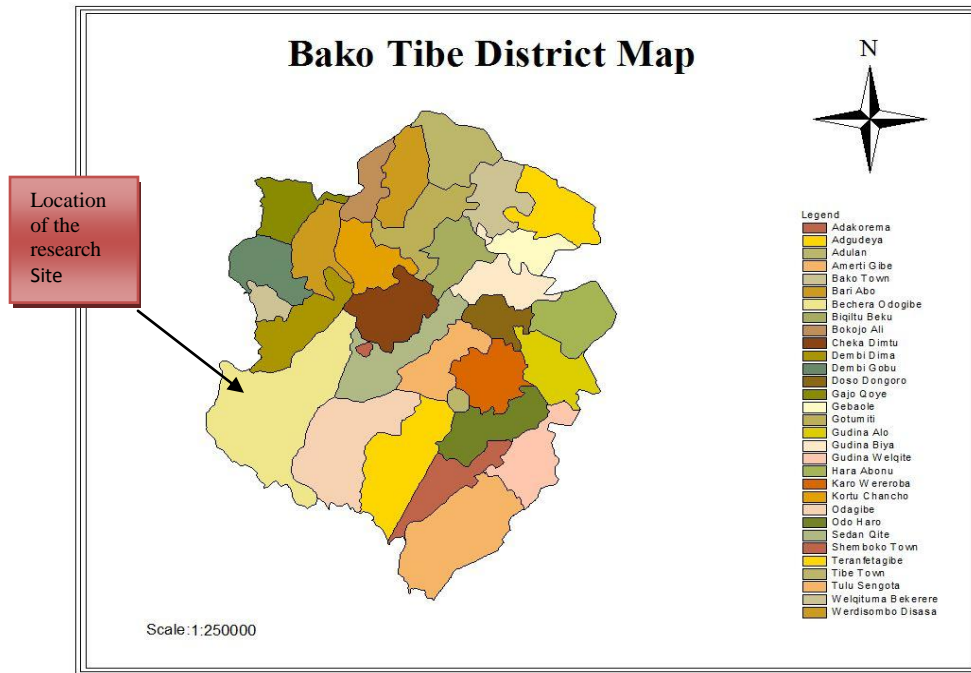
Ethiopia is a Federal Democratic Republic which is composed of nine National Regional States: Tigray, Afar, Amhara, Oromia, Somali, Benishangul-Gumuz, Southern Nations Nationalities and People Region (SNNPR), Gambella and Harari and two Administrative states (Addis Ababa City Administration and Dirree Dawwaa city council).

The land area of Ethiopia is estimated to be about 1.4million square kilometers with a total population of about 81 million, it is located in the Horn of Africa bordered by Eritrea to the north, Djibouti and Somalia to the east, Sudan and South Sudan to the west, and Kenya to the south. Oromiya National Regional State has estimated land coverage of 284,538 square kilometer. Oromiya shares more than 20% of the country's land coverage.

Ethiopia Investment Authority has identified that about 513,000,000 hectares (45%) and 3,420,000 hectares (3%) were arable and irrigated land respectively in the country in the past years. Accordingly, population density was thought to be about 68 per square kilometer (EIA 2013). The Government report showed that Oromiya National Regional State shares about 34 million people and 600,000 hectares of land in the country (ibid 2013).

The research is done in Oromiya National Regional State, *Shewa Zone*, which was categorized into different zonal classifications. Eastern, South-Eastern, Northern and Western Shewa zones. This research is done in the Western part of *Shewa zone* in a district of *Bako Tibe*. *Bako Tibe* Karuturi Agro Products Plc is located on a distance of 235KM from Addis Ababa, the Capital City of the country, Ethiopia, 125KM from the big town of the zone, *Ambo* (the big town of Western *Shewa zone*) and 16 KM from Bako town; the administrative town of Bako Tibe district. The district is bounded by Chaliya and Ilu Galan Wored in the East, Jimma Raaree and Gannati in the West, Horro Guduru Wollaga in the North and Gudeya Bila and Gobu Sayo in the West. *Bako Tibe* district has about 28 (twenty eight) and 4 (four) rural and urban, totally 32 (thirty two) kebeles respectively and located on 1650-2800 meters above mean sea-level, getting about 1266 mm annual rainfall.

Figure 4: Bako Tibe administrative map and location of Karuturi Farm



Source: West Shewa Zone Rural Land Administration Office, 2014

Figure 5: Karuturi Agro Products Plc and its' surroundings



Source: Map is modified from Obsa (2013:90).

The map shows the overlapping nature of land between the Karuturi Agro Products Plc, domestic share company called UFB and the local people of the surrounding are

This research was conducted in Bachara Oda Kebele, Oda Gibe and Amerti Oda Gibe Kebeles since the company occupied large share of land in these kebeles.

2.1.1. Population in Bako Tibe

It is difficult to get the current number of total population of *Bako Tibe woreda* due to lack of population registry database. I tried to search different offices of *Bako Tibe woreda* to find out sources for getting the real population number. But, I couldn't find the recent population data and was forced to use the population census of 2007. According to this population census, *Bako Tibe Woreda* has a population was about 1,025,561 (One million twenty five thousand five hundred sixty one) (*Bako Tibe woreda'a Earth and Environmental Protection Office, 2007*).

The following table indicates the total population number of *Bako Tibe's woreda* and also shows the genders of both urban and rural dwellers of the district.

Table 1: Population of Bako Tibe Woreda

N ^o	Rural populations		Urban Populations		Remarks
1	Male	49509	Male	11760	
2	Female	51203	Female	11089	
3	Total	1002712	Total	22849	
	Total	1,025,561			

Source: *Bako Tibe woreda's Administration Office, 2014*

2.1.2. Topography of Bako Tibe

The area surrounding the company is very attractive with its mountainous, plain level, hilly and plateau land escapes with plenty of rivers; *Muxxee*, *Abboonnoo* and *Dilbii* are its famous mountains (all were named in local language based on their located kebeles), where as Gibe, Roobii and Abbukko are top ranked rivers and more that 345 spring rivers (*Bako Tibe Land Administration Office, 2013*). Gibe River is one of the rivers being exploited by Karuturi Agro Products Plc in Bako Tibe.

2.1.3. Climate of Bako Tibe

There are four seasons in the country; this applies also for Bako Tibe: Summer (June-August) is characterized with heavy rainfall; spring (September-November) is a season when farmers harvest their agricultural outputs, winter (December-February) is characterized as a dry season and autumn (March-May) is the hottest season as compared to others. Bako *Tibe woreda* has three different climatic conditions; *qolla* (or low altitude) shares about 12%, *woyna degga* (mid-altitude) shares about 37% and *dega* (high altitude) shares about 51% and has a mountainous and hilly land escapes.

2.1.4. Economic Aspect of Bako Tibe

The livelihoods of the rural communities in Bako Tibe woreda depend basically on rain-fed agriculture with some irrigation practices. Maize, Nug, Sugarcane, and *teff* are the main crops cultivated in Bako Tibe. The land provides several opportunities for Bako Tibe people; for constructing the house, grazing their cattle, planting trees and thus has a lot to say about the importance of land for the surrounding community. Rearing cattle plays a significant role for the people; cows, goats, sheep, hens, horses, donkeys, oxen, and dogs are crucial domestic animals. Irrigation played a significant role for decades on Gibe River.

Bako town, which consists of a collection of different ethnic groups, has been invaded by unemployed young university graduate students and other job seekers. However, the transit of East-West Wallaga and vice versa of highway through Bako town helped some to participate on informal economic sector, like black market, selling of *Chat* (slow-growing shrub or tree that is consumed) and Sugarcanes. While observation took place in Bako town, informal markets took place in an open field where several people exchanged goods and services. Saturday was a big market day for undertaking trade.

Hotels, shops, supermarkets and kiosks were mechanisms of generating income for urban dwellers. Some hotels opened job opportunities for prostitutes in Bako town though it was difficult to put in number. Besides this, Commercial Bank of Ethiopia, Oromiya International Bank and Awash Bank were the leading Banks serving the community in the town.

In general, both Urban and Countryside dwellers practiced mixed systems (both agriculture and trade) to sustain their ways of lives in Bako Tibe

2.1.5. Religion and Language

The researcher tried to collect data to get the number of different religious followers in Bako Tibe district. No data was available at culture and tourism bureau and religious institutions denied to provide the statistical number of their followers when asked. But, through observation and interviews, the researcher identified that Muslims, Protestants, Orthodox Christians, Adventists also called Seventh Day, Catholic and *Wakefata* (those who believe in one God) were found in Bako Tibe. It is difficult to rate them without enough data based on the number of followers.

The dominant spoken language and the working language of Bako Tibe is *Afaan Oromoo (Oromigna Language)*. *Oromigna* language is a working language of Oromiya National Regional State. This is why the district was classified under those where the working language was derived from the mother tongue language of the native people of Oromo. The Official language (Amharic) of the country was dominantly spoken in the town of Bako. The researcher was a little bit confused on the widespread use of Amharic language in the town and interviewed several individuals of Oromo Ethnic groups to identify the reason behind this. Accordingly, the data collected showed that, when Emperor Menelik ruled Ethiopia from 1889-1813, he gave the land of Oromos to Amhara Ethnic groups because he belonged to *Amharas* and they started to reproduce each other on Oromo land.

2.1.6. Case Description (KTAPPlc)

Karuturi Agro Products Plc is owned by Ram Karuturi and incorporated to South Indian City of Bangalore since 1994, which was the family business of Deepak Cables. Due to large number of companies engaged on the same activities in India, Karuturi failed to compete for long on price in the competitive international market and preferred shifting production to Africa. After India's government proclaimed liberalization of their economy, Karuturi strengthens his business and did well in the liberalized economy. Karuturi started leasing a huge tract of land from Kenya and Ethiopia since 2008 and became the world's largest cut rose producer exporting about 1.5

million stems of 40 different rose varieties a day to markets in Japan, Australia, South-East Asia, the Middle East, Europe and North America. In April 2008, Ram Karuturi received an investment proposal from Ethiopian government to invest on more than 613,000 hectares of land in the country, including Bako Tibe investment project. From the following table, one can read that Karuturi dominantly expanded its investment plan in to Ethiopia as compared to its origin, India and Kenya.

Table 2: Details of Karatur's production facilities in Africa

Site	Company name	Company	Area	Crop	Farm Start	Lease Period
Hoolotaa, 40 kms from Finfinne	Ethiopian Meadows	Ethiopia	108 Ha	Floriculture	2005	15 years being extended to 30 years
Walisoo, 96 kms from Finfinne	Surya Blossmos PLC	Ethiopia	372 Ha	Floriculture	2008/2009	30 years
Naivasha, 90 kms from Nairobi	Karuturi Limited	Kenya	200 Ha	Floriculture	2007	NA
Gambella, 800 km, from Finfinnee	Karuturi Agro Products PLC	Ethiopia	600,000 Ha	Agriculture	2009	50 years
Bako, 250 Kms from Finfinnee	Karuturi Agro Products PLC	Ethiopia	11,704.33	Agriculture	2008	45 years
Doddaballapur, Bangalore	Karuturi Limited	India	10 Ha	Roses	2008	45 years

Source: Adapted from London Business School 2008:10

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Methodology

The study employed both primary and secondary sources of data collection to answer the research questions and to meet the objective of the research. The primary data was used to get first hand data from the field and officials by directly inviting the researcher to the study site using different techniques of data collection.

Focus Group Discussion, Semi-Structured Interview and observation were used to collect data on different subject matters while contractual agreement between lesser, means Karuturi Agro Products Private Limited Company, and lessor, means Ethiopian government, reports on the progress of Karuturi Agro Products Plc, related articles and journals, recorded videos and books were reviewed to consolidate data collected through interview, observation and FGD.

3.1.1. Primary Sources of Data Collection

The following part presents techniques used in the process of data collection, which is qualitative research. Such an approach provided a good opportunity for researcher to shape his techniques of data collection base on the importance of existing data. Both random (FGD participants) and purposive (interviews with stakeholders) sampling were used.

3.1.1.1. Focus Group Discussion

Forty farmers from Bacarraa Odaa Gibee kebele were randomly selected for FGD purpose and grouped into five groups based on their age and sex. The researcher used a moderator to facilitate the discussion between the group members and recorded the discussion using his mobile device. The researcher selected the moderator or facilitator, who was a commander of local security officer of Bacarraa Odaa Gibee Kebele, since he had become more respected person and one of the victims due to expropriated land to KAPPlc.

A person selected for facilitating Focus Group arranged a safe place and organized the discussion turn by turn until all FGDs were ended. The moderator was responsible for leading the Focus Group Discussion, posing all questions specified in the focus group question guide, keeping the

discussion on track, and encouraging all participants to contribute. According to Marck et al, moderators play a significant role during FGDs (Mack et al; 2005:68).

Data collected through FGDs includes; the advantages obtained after the coming on Karuturi Agro Products Plc, investment expansion, the role of the people in contributing for Karuturi Agro Products Plc, the relationship between the company and the local people. These data are discussed in the analysis part of the research.

3.1.1.2. Semi-Structured Interviews

The researcher developed a series of questions into an interview guide before going to fieldwork and selected informants purposively. There were people who have deep knowledge about Karuturi Agro Products Plc, from Bako Tibe Administration Office, West Shewa Zone Investment Office, employees of the company and the surrounding peasants of Bacarraa Odaa Gibee kebeles. In addition to in-depth interviews done with these informants, the researcher interviewed Government officials to get data about contribution of Large-Scale Agricultural Investment expansion to local people and risks associated with it. Oromiya National Regional State Investment Office, West Shewa Zone Investment Office, Urban and Rural Land Administration Office of the Zone, Bako Tibe Administration Office, Investment desk and Communication desk of the district, Labor and Social Affairs of Bako Tibe, Karuturi Agro Products Plc site Manager, Company's employee's coordinator and finance director of the company, guards of the company and Bacarraa Odaa Gibee kebele's administration were interviewed one by one according to the checklist prepared for carrying out an interview. Some questions were derived from the FGDs in order to cross-check the validity of the data collected through FGDs.

Data collected through the Semi-Structured Interviews were used to get insights about the difference of political influence between the upper (Ministry of Agriculture and Rural Development, ONRS Investment Commission and Western Shewa Zone) and the lower (Bako Tibe Administration Office and the kebeles) administrative unity on the decision making process of assigning land for investment purpose for foreign companies and protecting the human rights of employees from the side of the Company.

3.1.1.3. Observation

The Researcher rented a house at the research site in order to carefully observe what was going on from the beginning of arrival date to the end of the field work. Observation provides an opportunity to get beyond people's opinions and self-interpretations of their attitudes and behaviors towards an evaluation of their actions in practice (Gray 2004:238). But, due to security reasons, the researcher did not reveal his biography while he lived in Bako Tibe since the topic of the research was very politicized by the Ethiopian Government. It was not easy for the researcher to use observation as a technique of data collection as compared to other methods. Because, when the researcher moved here and there in Bako Tibe holding his camera and other materials for the purpose of collecting data, some groups of individuals were followed him regularly from a distance, but it was a big question for the researcher what they want to do so.

The researcher's observations of marketing services, Bus Stations, roads that took employee to the Karuturi Agro Products Plc, infrastructures developed by KTAPPLC if any, grabbed rivers, daily economic activity of the local people, their daily life, and treatment for employees by KTAPPLC during day work time helped the researcher to get data in a holistic way to supplement data collected through FGDs and interview.

3.1.2. Secondary Sources of Data Collection

Primary data need to be supported by previous research and other documents in order to make this research richer in data and strengthen the argument for its accomplishment. The researcher used Internet sources and other written materials. Investment Proclamation, Constitution of the Country (Ethiopia), Ethiopian Statistical Authority's report to get statistical data, Investment Contractual Agreement, Ethiopian Investment Policy, reports and other relevant literatures, which were reviewed to collect data to access the remaining research gap.

3.1.3. Ethical Consideration

The risk that ranges from minor discomfort due to some questions related to sexual practices, drug and alcohol use to severe emotional well-being may occur on the study that involves human participation (Geoffrey 2005:132). This can be avoided using the ethical guidelines while

carrying out the research. Accordingly, the local people's cultures, identity, and their way of life were treated respectfully. Before starting an interview, the researcher explained to all interviewees the purposes of the research. Researcher kept the confidentiality of participants; their names were not exposed to outsiders and have not been used in this research. All participants have the right to withdraw from participating and answering any question they do not want during an interview session and participation was based on voluntary.

3.1.4. Scope and Limitation of the Study

The main importance of this study is to investigate the positive and negative sides of the expansion of agricultural investment on the livelihood of the local people of Bako Tibe. The issue of land grabbing became a prominent problem in Oromiya National Regional State where overpopulation resulted in competition over existing resources, and the government took measure of leasing a huge amount of land displacing the local people. There are some limitations in the process of this research.

In Ethiopia, other than dealing with the issue of Large-Scale Agricultural Investment when doing a research on Agricultural Investment Expansion, the issue of land grabbing is much politicized. The government described the term 'land grabbing' as something imposed by Medias on the developing countries about not to develop and share the experience from foreign companies and therefore does not want anyone to talk about land grabbing even though doing a research on it. This made the researcher afraid during fieldwork in the beginning of the first weekend when permission for data collection was not approved by government officials. But, the methods used by the researcher made him relaxed in collecting data because he used his rented house for interviewing individuals other than government officials.

The Researcher directly went to the study area in mid-June, 2013, before starting to collect data from the site for getting permission. The first thing he did was to talk with Bako Tibe District's Administration Office for giving detailed issues about the research after showing the official letter of NTNU, from the Geography Department. The Administration Office warned the researcher not to go to the research site until the instruction came from top management, West Shewa Zone. The following day, the researcher went to West Shewa Zone Administration to get permission to carry out the research at Bako Tibe District on Karuturi Agro Product's Plc. The

Zone's Administration Office denied permission due to the general framework of the letter that Norwegian University of Science and Technology, geography department wrote to researcher for doing a research in Ethiopia. The title of the letter said 'To Whom It May Concern', but the Zone asked if there was another letter written directly to West Shawa Zone Investment Office, which made the Zonal Administration unclear to give permission for researcher.

The researcher did not stop his decision to do research at West Shewa Zone, rather directed his decision towards the upper officials of Oromiya National Regional State and contacted Investment Commission Commissioner of the region for permission. Commissioner was not much interested in the research title at first, and some of his colleagues advised the researcher to modify his research title to *opportunities and challenges of investment expansion* than talking about land grabbing. Additionally, the researcher agreed with the commissioner to present his final research to government officials and took a letter of permission to do a research.

As soon as he got his permission letter, the researcher distributed it to the West Shewa Zone Investment Desk, Bako Tibe District's administration Office and the Investment Office. No one stands against the permission letter sent from the Regional Investment Commission Commissioner because they afraid of the upper officials. All this gave the researcher the opportunity to invest his time and knowledge to collect data from different offices, groups of people and individuals.

The transparency of government officials in providing relevant data during interviews, the fear of the local people during an interview and the advocacy of the local police officers to exert pressure on researcher were some noticeable challenges.

The failure of Karuturi Agro Products Plc, Bako Tibe site's manager, for not speaking either English or the official language of the country, Ethiopia or the language of Oromo people challenged the researcher. For solving the problem, the researcher used an Indian interpreter to collect relevant data on the field.

It is difficult to have self confidence in different working milieus if there is no structured set of rules and regulations in a country for using as guideline in day-to-day activities. However, data were successfully collected for two months (June-August 2013).

3.1.5. Validity

Both validity and reliability have a special place in this research because the appropriate use of selected instruments for data collection and consistency of collected data determine the quality of this research. Quality of good research can be measured in different ways and I can only deal with a few of the issues in this research. Gray (2004:90) believes on the validity of a research when a research instrument measures what it was intended to measure and stated not to ask questions in a misguided attempt to collect as much data as possible. But, he reflected on the complexity issues related to validity while doing research using qualitative approach. Accordingly, Gray defined the issue of validity in seven different categories; internal, external, criteria, construct, content, predictive and statistical validity (Gray 2004:93). But, for the matter of this research, I am going to list out with their contribution in the research some types of validity I have used in the process of all the procedures of this research.

Eventhough the title of the research is politically very sensitive for host country; the techniques used to collect data during fieldwork enabled the research to be fully completed. Data collected from government officials through semi-structured interviews were accommodated with Focus Group Discussions with the local communities. Because, during an individual interview, respondents may be affected by the existing situation if they do not understand the aim of the research first. In order to avoid this happening, first I discussed the purpose and objectives of the research and asked for their willingness to start the conversation. Because, I believe that before interview process takes place, the understanding the respondents gain can help them to answer the question in a focused manner.

Semi-structured interviews gave the researcher an opportunity to collect data that cannot be easily observed. Sometimes, respondents can provide different responses for similar questions, which is tricky for researchers to identify the right answer. As a solution, the researcher created acquaintance relationship with some respondents and indirectly discussed with them at tea rooms during lunch time and while walking on the street with different individuals at different times. This helped to identify the true data from the listed answers.

In this research, the use of Focus Group Discussions created an opportunity to collect data in several perspectives. For instance, it can allow respondents to be interviewed and then re-

interviewed to cross-check the validity of the data to be collected. It also helps respondents to generate a variety of views. But, sometimes it is difficult to generalize data collected using FGDs because it may include unnecessary information. I believe that this kind of problem was compensated with data collected using semi-structured interview and through observation.

In general, as this study is particularly qualitative research, I basically used validity than reliability and described the research qualitatively.

CHAPTER FOUR: CAUSES AND REGULATIONS OF LAND GRAB

4.1. Driving Forces behind the Land Grab

It is clearly indicated in much of the literature that countries that depend on food imports search land as part of their national food security strategy and associated agricultural investment expansion by increasing land values and agricultural output products. Additionally, the commitments of the hosting countries and the opportunity they are looking from this investment expansion have to be taken into consideration. Some has been said by researchers on the driving forces of land grabbing. Though not all triggering factors are listed in the following section, the researcher presents selectively some of the driving factors of land grabbing for the purpose of this research, such as food security and biofuels production.

4.1.1 Food Security

The year 2007/2008 is seen as the stepping stone for Multinational Companies when the price of goods and services including price of food stuffs and oil price became expensive. Many Governments are looking for stabilizing supplies by acquiring foreign lands for food production in the hopes of averting potential domestic upheavals over food prices and supply. Fears of a global food shortage are still valid as food prices continue to remain high and food emergencies persist in 31 countries (FAO 2009). The Gulf States, with scarce water and soil resources on which to grow food, but with vast oil and cash reserves, have watched their dependence on food imports become increasingly uncertain and ever more expensive. Their total food import bill ballooning from US\$ 8 billion to US\$ 20 billion from 2002 to 2007 (GRAIN 2008). These states have moved quickly to extend control over food-producing lands abroad. Qatar, with only 1% of its land suitable for farming, has purchased 40,000 ha in Kenya for crop production and recently acquired holdings in Vietnam and Cambodia for rice production and in Sudan for oils, wheat, and corn production (ibid). The United Arab Emirates (UAE), which imports 85% of its food, purchased 324,000 ha of farmland in the Punjab and Sindh provinces of Pakistan in June 2008 (Kerr and Farhan 2008).

It may be argued that constraints in food supply is also due to dramatic decreasing agricultural production intensification due to environmentally related problems, which can affect the top fertile soil from production system and the availability of water supply as compared to previous decades. For example, Saud Arabia was self-sufficient in producing wheat before 2007, but then the production of wheat went down due to the external environmental influence where desert covers most part of their land and made the land unproductive (Woertz *et al*,2008; Woertz, 2009). Climate change is deemed as one way of facilitating environmental degradation and water scarcity in many parts of the world and is affecting the seasonal weather condition of many places (Selby, 2009). Inflation and deflation of oil price also affect the supply of agricultural products since agricultural outputs moved from one part of the world where surplus food is managed to other places where scarcity of agricultural outputs are seen. Therefore, oil can be described as a central role player to modern agricultural intensification.

As stated by Von Braun *et al* (2008), in his research for International Food Policy Research Institute, an increased amount of biofuel demand in the year 2000 to 2007 have contributed about thirty percent of weighted average increase of cereal prices (von Braun *et al.*, 2008). The increasing demand for food consumption due to population increase and influence of globalization are found to be the major factors for pushing up global food demand (Woertz, 2009, Cotula, L., Vermeulen, S., Leonard, R. and Keeley, J., 2009:52).

Gulf countries faced the inflation of food and it has been becoming a serious issue when the higher food prices are driving inflation in their wider economy. Acquisition of vast amount of land internationally was taken as one strategy to handle the problem (World Bank, 2008b). Besides these factors, the host countries are also the main role players for opening the doors of investment for foreign companies. For example, Rahmato identified the presence of poor nature and food insecurity motives behind welcoming investment expansion in host countries where countries with large population and food security issue concerns like India and China were preferred for overseas increased investment in agriculture (Rahmato, 2011:2).

4.1.2. Biofuels

Another medium for the expansion of land grabbing in countries where abundant arable land exist is the making of biofuel (Dheressa 2013:31). In order to reduce the impacts of climatic change, most Global North countries are running for production of biofuels (Dufey *et al.*, 2007). One of the objectives of the European Union is to use biofuel as an alternative energy source to achieve the 10% renewable energy target by 2020. This has been one factor for land grabs in developing countries (Lonza.1 2011:2). Thus, the need to preserve the environment and the need to use energy sources in a modernized way made the developed countries show their trust to the land of developing countries to satisfy their demand. According to Mengistu, about 86 companies granted license from Ethiopian investments in biofuels (Mengist 2013:7).

4.2. Current Factors Affecting Land Grab in Ethiopia

4.2.1. Constitution of the Country

The current Government of Ethiopia implemented a new Constitution after coming to power since 1995. The Federal Democratic Republic of Ethiopia's Government Constitution has 106 (one hundred six) articles. Article 40 of the constitution endorses the right to property. According to sub-article 1, every Ethiopian citizen has the right to the ownership of private property. The Constitution fully grants the right of ownership of rural and urban land, including all natural resources by peasants, but limited in sub-article three of Article 40 where land is exclusively vested in the state and the people in Ethiopia, stating that land is common property of the Nations, Nationalities and People of Ethiopia and shall not be subject to sale or to other means of exchange (Constitution: Article 40/3).The Constitution also limits the power of private property owners when that property is needed by the Government for expropriation. Accordingly, Article 40/8 stated that *'without prejudice to the right to property, the Government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of property (Constitution 1995: Article 40/8).*

In the Constitution, a note about when the Government acts on behalf of the people for taking land and other natural resources to expropriate for the common benefits of all people of the country. Hence, the regional states took the responsibility to administer the land and other natural

resources in accordance to the Federal law, where Oromiya National Regional State has the responsibility to administer land. But, when it comes to the reality, the legislative power is given to the Federal Government. For instance, Rehmato (2011:12) identified about 3,589,678 hectares of investment land under Federal Land Bank.

4.2.2. Investment Proclamation of the Country

The Ethiopian Investment proclamation encourages the expansion of investment in the country by both domestic and foreign investors (Proclamation No.373/2003). Article 3 of the proclamation encourages domestic investors to invest in the rural land where allocated land is found for investment purposes. Article 4 welcomes foreign investors to invest in the country. The Government uses different systems to encouraged investors in the country; exception from custom duty when importing agricultural and other investment related machineries, investors are free of paying profit tax (profit tax is the tax imposed on the taxable business income net profit) for five years if he/she export at least 50% of the products and supplies at least 75% of the products for the purpose of increasing the number of exported item in the future while investing in the country (Article 4 of Investment Regulation No. 84/2003).

4.2.3. Environmental Policy of Ethiopia

Environmental Impact Assessment (EIA) is one of the requirements before implementing investment in the country. Investors are allowed to carry out an assessment to identify if the development activities either affect the environment or not. Based on the Environmental Impact Assessment result, the proposed investment plan was approved by the Government of Ethiopia. Ethiopian Environmental Protection Authority has the mandate to implement the policy for managing activities related to the environmental aspect (EIP: 1997:25). Ethiopian Environmental Policy addresses social, socio-economic, political and cultural conditions of the people while addressing Environmental Impact Assessment. In so doing, the policy helps to ensure both public and private sector development programmes recognize environmental impacts early before implementation of investment project to incorporate the repression into the development design process (ibid 1997:26).

CHAPTER FIVE: ANALYTICAL FRAMEWORK

5.1. Eminent Domain

Eminent domain, which was coined by Hugo Grotius, the Dutch Jurist, since 1625, is used to deal with the power of a Government to take private property for public use. The author refers to eminent domain as to protect private property from the take off the government for public purpose. Hugo suggested compensation as a precondition for landholding when private property is expropriated for public purposes. Eminent domain is an economic theory and theory about law that made the Government to respect private property from expropriating for public use without compensation. It is understood as the power that the Government exercise over all land that the power may be invoked only for a public purpose (Hugo 1625:74).

Private property is a fundamental component of peasant farmers in Ethiopia. In Ethiopia, it is subject to the Constitutional limitation under Article 40, sub-article 8 which states *'without prejudice to the right to private property, the Government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property'* (Ethiopian Constitution 1995). The same Article, sub-article 3, states about the right of private property ownership of rural and urban lands that includes all natural resources. In the constitution, it is clearly stated about 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 people of Ethiopia. Land is a common property of the Nations, Nationalities and People of Ethiopia and shall not be subject to sale or to other means of exchange (Constitution 1995 Article 3).*

The concept of eminent domain helps to deal with expropriation of private land of local people for Large-Scale Agricultural Investment expansion in Ethiopia. The theory of eminent domain refers to the power of Government to take private property for public use following compensation for the expropriated landholders (Stoebuck 1972:105).

Eminent domain has a long and distinguished legal history in Magna Karta. First, it has been used for building roads, waterways, defence installations, Government and public buildings,

but recently it was used to become a favored method for urban development, creating shopping malls, and building big-box retail stores (Dalton:1). Hugo Grotius (1583-1645), who was a jurist and philosopher of natural law, used the term in order to describe the power of the government over natural property; the government's use of power to take private property for public use without the owner's consent(ibid:3). The eminent domain focuses on different ways of transferring private property to public uses. The first one is the transfer that takes place between individuals and state government. The government uses the transferred land for investment and construction of other public services like schools, health centers and so forth. The second one is the transfer that takes place between an individual and the government, but where the property taken could be devoted for public use by delegated third party for the same purpose.

As indicated in the first paragraph of this topic, Ethiopian Government used eminent domain in the Federal Government's Constitution. In Article 40 (Right to Property Ownership), sub-article 8 of the Government's Constitution, it is worth quoting that it says *without prejudice to the right to private property, the Government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property*. In the Constitution, private property is defined as both tangible and intangible product, which has value and is produced by the labor, creativity, enterprise or capital of an individual citizen (Article 40/2). Proclamation on Expropriation of Landholdings for Public Purposes and Payment of Compensation No.455/2005 Article 7(1) implements the arguments of the constitution stating that a landholder whose holding has been expropriated shall be entitled to payment of compensation for his property situated on the land and for permanent improvements he made to such land. The Government has endorsed the eminent domain in the constitution and implemented it in different proclamations. For instance, in the Proclamation of the Expropriation of Landholdings for Public Purposes and Payment of Compensation: Proclamation No. 455/2005, Article 3(1), to quote what is stated:

'A woreda or an urban administration shall, upon payment in advance of compensation in accordance with this Proclamation, have the power to expropriate rural or urban landholdings for public purpose where it believes that it should be used for a better development project to be carried out by public entities, private investors, cooperative societies or other organs, or where such expropriation has been decided by the appropriate higher regional or federal Government organ for the same purpose'(Proclamation No. 455/2005).

There are two fundamental concepts dominant in eminent domain. These are **requirement of compensation**, which states about the role of the Government for paying compensation equivalent to the private property taken for public use, and **the public purpose**, which states that the Government can only take or transfer property for a higher public use. Ethiopian Government has used all the above concepts in the constitution and implemented them in different proclamations.

5.1.1. Requirements of Compensation

The term *compensation* is defined differently from individuals to individuals. For instance, in financial terms, compensation is defined as the salary and wages paid to employees for the work they do. Biologists define compensation as the improvements of any defect by the excessive development of another organ of the same structure, whereas psychologists define compensation as a mechanism by which an individual attempts to make up for some real or imagined deficiency of personality or behavior by developing another aspect of the personality different from behavior. However, according to the concept of compensation requirement, the Government pays equal amount of values to substitute for private property taken away by the Government (Stoebuck 1972:110). This kind of compensation is not only in cash, but also in kind for replacement of expropriated private property.

According to Ethiopian Expropriation of landholdings for Public Purposes and Payment for Compensation No. 455/2005's part two of general provision, compensation shall be made in cash or made in kind or in both to a person for his property situated on his expropriated landholding. Replacement costs of landholdings, whose holding has been expropriated help to determine the amount of compensation to be paid for property situated on the land for permanent improvements made on that land. Under Article 8 of the proclamation concerning displacement compensation, the Government decided to pay compensation for landholders whose land was permanently expropriated, which shall be equivalent to ten times the average annual income secured during the five years preceding the expropriation of the land improvements he/she made to such land.

5.1.2. The Public-Purpose

The second concept of eminent domain is public-purpose or public use, as stated in Stoebuck (1972:4). When Government decides to expropriate private property, public use or public purpose is used as an instrument in a situation when Government applies eminent domain. The concept of Public use is used in eminent domain in order to protect the misuse of private property by the Government by limiting the involvement of the Government. The Public use concept has the power to influence the Government in the way that the Government can transfer private property if it is only for the public purpose (Stoebuck 1972:5).

In Ethiopia, the Government uses the Constitution as a guarantee and decides on expropriation of landholding for public uses. Article 40(8) of the Constitution endorses the Government's authority of expropriating private property for public purposes subject to payment in advance of compensation commensurate to the value of property. One of the objectives of Productive Safety Net Programme developed by Ethiopian Government was creating community assets through public works (Ministry of Finance and Economic Development 2006:26).

Therefore, the concepts of eminent domain stimulates the role of government to transfer private property for public use, implementing it in the name of the Constitution of Ethiopian Government and including it in different sections of Proclamation No.455/2005 the right to expropriate landholdings for the expansion of infrastructure, schools, health services and for developing other public services.

In this study, the two concepts; requirement of compensation and public-purpose of eminent domain; are used to investigate the cases related to land expropriation and its consequences on landholders. Compensation requirements used to identify the difference between what is stated on the Government's proclamation concerning compensations to be paid during expropriation of local farmer's land and the reality after the expropriation of land for investment are examined.

CHAPTER SIX

LAND ACQUISITION PROCESSES, RISKS AND OPPORTUNITIES

6.1. LAND ACQUISITION PROCESSES

In Ethiopia, at the Federal level, land is administered by the Ministry of Rural and Agricultural Development (MoRAD). At Regional level, there is a government body called Investment Commission that shares the responsibility of Ministry of Agriculture and Rural Development (MoRAD) to manage and administer the investment land at the regional state level. Ethiopian Investment Authority is another government body that has a mandate to handle cases related to investment expansion in the country. In 2009, Ethiopian government established the Investment Support Directorate under MoARD and for leasing investment land up to 5,000 hectares of land.

In 2008, Oromiya National Regional State signed the proposal of Karutiri Agro Products Plc Palm Plantation Land Rent Contractual Agreement for expropriation of 11,704.33 hectares of land, which is a subsidiary of the Bangalore based private Indian Company Karuturi Global Ltd. According to the agreement, the initial capital of the company for start-up was USD 27 million to invest on the stated land in Bako Tibe to grow palm oil trees, maize and rice for 45 years. But, the company only cultivated some portions of allocated land until this field work was done since summer 2013. According to West Shawa Zone Investment Office, allotted land was not identified for investment after the 1980s estimates of the land by former ruling Government of Ethiopia. The current allocation done is based on the estimate of the 1980s, which did not take into consideration the growing population number and other factors in the study area. In 2013, the company used only 4,540 hectares of land out of expropriated investment land (Shewa Zone Investment Office 2013).

Allocation of land for investment created a difference between MoRAD and Oromiya National Regional State at the beginning. Because, Regional State simply allotted land for foreign investor before an Environmental Impact Assessment was done, but MoRAD disagreed with that. Additionally, MoRAD noted that the expropriated land did not consider local people's interest due to scarcity of land in the study area.

When accessing secondary data, the researcher came across different sources of data both at Federal and Regional governments on land registered for investment purposes. Accordingly, the following two tables, table 3 and table 4, show how the differences looks like.

Table 3: Total Number of domestic and foreign Investment types in Oromiya Regional National State

Investment Type	By sector	Total land (hec.)	Capital registered (000)	Job created		Number of Projects
				Permanent	Temporary	
Domestic	Agriculture	90576.49164	5805233.997	17226	49919	1074
Domestic	Industry	8180.939611	24103668.62	59024	41413	2309
Domestic	Mining and construction	53.1935	106160.05	514	412	188
Total		98810.624751	30015062.667	47558	91744	3571
Foreign	Agriculture	25891.79792	1818429.619	4738	12412	79
Foreign	Industry	1096.8909	4780095.45	4998	4008	99
Foreign	Mining and construction	0.1551			4
Total		26988.688816	6598525.071	9736	16420	182
Grand total		125799.468667	36613587.738	57294	108164	37537

Source: Oromiya Investment Commission, 2013

According to data from Oromiya Investment Commission, about 125799.468 hectares of land were registered for investment purposes. The above table showed that about 3571 number of domestic investors occupied 98810.624 hectares of land for investing agricultural products, industry and Mining and construction. In general, about 37537 projects are running in Oromiya National Regional State including the 182 foreign investors.

Table 4: Investment Land under Federal Land Bank

Regions	Land in hectares	Remarks
Amhara	420,000	(not yet confirmed)
Afar	409,678	
Benishangul	691,984	
Gambella	829,199	
Oromiya	1,057,866	
SNNP	180,625	
Total	3,589,678	

Source: Adapted from Dessalegn Rehmato 2011:12

Table 4 showed that the total amount of land reserved for investment purpose and registered under Federal Government's Land Bank. The share of Oromiya National Regional State is about one million five hundred seventy six thousands and sixty six hectares of land (1,057,866).

When we compare the two tables, table 3 and 4, the registered investment land data at Federal and Regional level, registered investment land at Oromiya Investment Commission is about 125,799.468, whereas the Federal Government registered 1,057,866 hectares of land under the Federal Land Bank. This shows the existing gap between the regional state and the Federal Government on the management of the investment land in the country.

6.1.1 Revised identification of Expropriated Land

The Expropriated land created a tension between the local people and the company. Local people lost the right to use their water, arable and pasture land, which led to confrontation and complains from the local people to the company, which could not perform its work in freedom. In 2009, the local community sent selected individuals, who represented them, to Oromiya National Regional State to complain about the expropriation of their own land and find other possible solutions. Based on the request from the regional state, West Shewa Zonal administration, selected a team which way sent to the project site to solve the problem by discussing with both local community and Karuturi. But, the company refused to accept the

decision passed to open access to water and allow people to use grass of uncultivated land. This team went back without providing appropriated solutions for the local people.

Following the controversy between the local people and the company over the expropriated land and other natural resources, the government in 2011 formed another team which encompasses regional, zonal and woreda level officials to find a solution for the local people. Using Geographic Information System (GIS), the team identified that land allocated to Karuturi affected five kebeles of Bako Tibe: Bacharraa Odaa Gibee, Tarkaanfataa Gibee, Amartii Gibee, Odaa Kormaa and Odaa Gibee. During the identification, the team found that the expropriated land included registered land of local farmers, and only 4,540 hectares of land that Karuturi should possess for investment purpose. The rest hectares of land were taken away from local farmers and overlapped with the land of a domestic company called United Farm Business, and given to Karuturi according to the report presented to the Government (West Shawa Investment Office 2013). Though this kind of evidence was registered, the company again denied accepting the decision since the signed land lease contractual agreement was already accepted by the government of Ethiopia. Unfortunately, during fieldwork, I identified that the company soon will leave Bako Tibe to move to Gambella site due to the death of the company's owner called Ram Karuturi in 2012.

6.2 RISKS AND OPPORTUNITIES OF LAND GRABBING IN BAKO TIBE

The sites selected for this research helped me to get data from the local communities and Government officials to explore risks and opportunities generated after expropriated land to Karuturi Agro Products Plc.

The loss of pasture lands and farmlands, the destruction of natural resources and the disintegration of cultural and social aspect of the displaced community in the study area were not a new phenomenon for Bako Tibe woreda. Domestic, for instance, United Farm Business, that occupied more than 3000 hectares of land, and foreign companies, like Karuturi Agro Products Plc and GI, both Indian firms, had made the study area unsustainable for farming for more than six years. Sexual harassments and physical abuse of employees of the company at workplace, failure of periodical monthly payments of employee's salaries, which resulted food insecurity, and psychological stress of local administration to take measure on project during

mismanagement were other factors mentioned during fieldwork. On the other hand, the companies created job opportunities for local people and the surrounding communities constructed the road that connected the main road to the project site and brought technology from abroad and shared their experience with their closest employees at the project site. In fact, the use of different strategies to overcome the risks associated to land grabbing by local communities were many. Changing occupation, sharecropping and migrating from former residence to another place in search of job opportunity was mentioned. Thus, the following part presents risks of expropriation of farm land and the opportunities associated to the acquisition of Large-Scale farmland in Bako Tibe woreda.

6.2.1 Risks Associated to Land Expropriation

Risks associated with land expropriation, which could prevent the actualization of development opportunity for Bako Tibe woreda is presented in the following section:

6.2.1.1 Environmental Degradation

The phrase ‘Environmental degradation’ is not specific, but includes many features. According to Beata (1993), environmental degradation is a multifunctional phenomenon, depending upon different influencing factors including soil erosion and vegetation degradation (Beata M. 1993:46).

Article 2 sub-article 2 of the Karuturi Agro Products Plc Palm Plantation Land Rent Contractual Agreement states that the land rented out to the investor includes all the natural resources on it from 7 May 2008 - May 2053. The same article also noted that the lessee has the right to use the land leased for other purposes of development or investment activities. The phrase ‘...all natural resources on it and....for other purposes of development activities’ open for investor to use the natural resources on the leased land for investing any kinds of investment. Respondents during fieldwork revealed that all natural and planted trees were degraded as soon as the investor started operation on the land of Bako Tibe. Even trees near Gibe River were cut down by KAPPlc in fear of apes and monkeys for its farmland.

Besides farm and pasture land, expropriated land was used as a shade for animals like ape, monkey, antelopes, baboons and other living things. Additionally, fishes in Gibe River lost their life as chemicals (pesticides and fertilizer) wasted the river by Company, and, farmers who solely depended on irrigation declined with income due to loss of water capacity since the company diverted some parts of Gibe River.

Though it was difficult to get in a written form, interviewed farmers listed households negatively affected by shortage of water due to agricultural development expansion in Bako Tibe. Accordingly, about 150 households got serious problems after the company constructed the canal to protect erosion of its farmland, affecting the farmland of the surrounding communities since the flood passed through the local people's farmland eroding the upper topsoil. As agreed with the company, Ethiopian Government stated under Article 10/4 of Land Lease Contractual Agreement, one of the obligations of Karuturi was to cover 2% of the land leased out with trees excluding eucalyptus trees. But this has not been implemented by lesser.

As discussed in the description of the study site, 51% of Bako Tibe was desert. FGD discussions on the climatic issues noted that the lost trees and cut down forests used to balance the environmental condition of the locality till five years ago.

6.2.1.2 Lack of access to local resources

Data gathered from the fieldwork indicated that Karuturi Agro Products Plc made communal and privately owned land acquisition's accessibility difficult to the local populations. For instance, the land in Bako Tibe allocated to the Indian Company was utilized earlier by local peasant farmers in order to produce *Teff* and Nigger and the rest for grazing purposes.

Bako Tibe local farmer's access to farmland has been limited due to expropriation of their land by Ethiopian Government leading them to reduce the number of their cattle by selling at a cheap price. A large number of cattle were sent to the market for sale. West Shewa Zone Investment Office head said, *'the land given to Karuturi Agro Products Plc belongs to the state, even though the local farmers of Bako Tibe have been using the land for farming and grazing purposes'*. Access to even a fraction of land by the local people of the study area were restricted since the farm lands, grazing lands and river waters were put under the control of the company.

The local farmers responded that the remaining grazing land was not sufficient to feed their cattle. To solve their problem, they presented their complain to Karuturi Agro Products Plc manager in June 2009, but he warned not to graze any portion of expropriated land until the company decided to give them the chance to collect the grass from the cleared land for cultivation before firing it. Afterwards, communities cut and carried the grass for their cattle as promised by the manager of the company. This was not a sufficient way to solve their problem to get grazing land for their cattle. Thus, local people were forced to travel long distances away from home to find new pasture land for grazing and water since the road that took to the nearest river was blocked by Karuturi Agro Products.

6.2.1.3 Leaving people without Compensation

Data gathered from Oromiya Investment Commission showed that more than half of the expropriated land, which was occupied by local communities before the coming of Karuturi, was given to the company after compensation was done in cash for local people (Oromiya Investment Commission 2013). Article 40(8) of the 1995 Ethiopian Constitution also reveals that without prejudice to the right to private property, the Government may expropriate private property for public purposes subject to payment in advance of compensation commensurate to the value of the property (Ethiopian Constitution 1995: 15). Except allocating the land to the company, the Government did not assist the displaced farmers afterwards. But the same Constitution Article 44, sub-article 2, reflected that all persons who have been displaced or whose livelihoods have been adversely affected as a result of State programmes, to be commensurate monetarily or alternative means of compensation, including relocation with adequate State assistance (ibid, 1995; 16). What is stated in the Constitution and the reality at the research sites is thus contradictory since displaced people did not get any compensation or assistance for their dispossession of land right use.

Despite the proclamation, fieldwork data revealed that, in Bako Tibe, where the local peasant farmers assist their ways of living by farming and herding of animals, no compensation was given either by the Government or the company for the displaced people. In addition to farmland for seed crops, local farmers planted mango tree and papaya on the expropriated land, but which was cleared by Karuturi Agro Products Plc without any compensation for their vegetables.

Interviewed local farmers stressfully argued that the company also used the natural resources they found on land for the benefit of themselves. For instance, in order to increase the fertility of the expropriated land before cultivation, the company cleared all existing trees and burned the farm land. On the PASDEP (Plan for Accelerated and Sustained Development to End Poverty), it was stated that the importance of appropriate allocation of existing land for agriculture to bring about increased and sustained growth in agriculture bring about increased and sustained growth in agriculture by selecting the highest comparative advantage (MoFED 2006:79). But, the company used the resources on the land free of payment for its advantage rather than securing the demand of the local people and the Government and restoring the natural resources. The fact that the local peasant farmers of Bako Tibe did not have secured themselves for managing their land rights made them into becoming disadvantageous people.

6.2.1.4 Socio-Economic and Cultural Disintegration

The coming of Karuturi to Bako Tibe also affected the social structure of local communities because people have social gathering called *Idir* established for the purpose of supporting each other during times of sadness. Those who lost the right to use farm land allotted to Karuturi went out to find farm land; others migrated to urban centers as a survival strategy and lost the opportunity to get involved into what we call *Idir*. Additionally, the local people lost the culture of working together during cultivation and harvesting of agricultural outputs after being dispersed to different areas in search of land.

During field observation and interviews with local people, I identified that the aforementioned kebeles of Bako Tibe had a road that connected them to share the cultural festival events, holiday ceremonies, special programs like wedding ceremonies and baptism ceremonies. Today, almost all roads pass through the expropriated land that Karuturi blocked all roads and isolated villages from each other. It was becoming difficult for villagers to have a good contact easily crossing the Gibe River currently since it took more than two hours on foot around the River. Though Karuturi promised to build the road that connected these villages, it was not implemented to solve the problem to connect isolated people yet.

Data collected showed that the expropriation of farm land of Bako Tibe reduced the annual income of the local farmers who used to farm the allotted land. Because some farmers, who lost

the grazing land, sold their cattle to reduce their number to manage with the existing pasture land dividend from their farm lands, others lost their farm land, which they used to grow cash crops like *Nug* and other cereal crops for food.

In Oromo culture, some tree species have significant social and cultural values and symbolic representation. *Oda* and *Kiltu* (types of culturally respected tree species) used as religious and cultural symbols across Oromo Ethnic groups for centuries. Oromo used those trees for social gathering, conflict resolutions and reconciliation, and for religious purposes. In Bako Tibe, where the research carried on, *Tullu Saha* (a known hill possessing stated tree species) was used as traditional religious practices by local communities for many years. Fieldwork data showed that *Waaqeffannaa* religious belief followers, the traditional faith system of the Oromo people where the followers of this faith system do believe in only one Supreme Being, used to worship on *Tullu Saha*, but Karuturi Agro Products Plc occupied and cleared trees and left barren culturally and religiously valuable trees and hill to construct residence and office houses for staff members of the company's workers. Leader of *Waaqeffannaa* religion was interviewed and responded that *Waaqeffata* (followers of this religion), tried to convince the company to conserve at least the religiously respected sites, but the manager of the company refused to stop the construction since the communication was directly with the Federal Government and not with the local communities at the time of fieldwork.

Local village elders used to settle disputes and reconciliation under *Oda* and *Kiltu* trees so far in the study area, but the cut down of these valuable trees by Karuturi made it difficult for elders to settle disputes for making peace. To solve their problem, local village elders forced to travel long distance, to use the neighboring hill of *Cheliya* woreda, which is the neighboring district.

6.2.2 Expected Development Opportunities for local people

According to Cotula, international land deals may constitute a development opportunity in recipient countries by bringing capital and know-how, creating job opportunities and development infrastructure (Cotula et.al 2009:90). Besides, the risks associated to acquisition of large farm land and eviction of the local farmers, Karuturi Agro Products Plc contributed, though not well enough as expected, to the local community.

6.2.2.1. Improvement of Local Social Services

As discussed in Ethiopia's strategy Plan for Accelerating Sustainable Development to End Poverty (PASDEP), strengthening infrastructure as a backbone of the country for creating the balance between population growth and services were emphasized (MoARD 2006:44). Additionally, during the Five Year Growth and Transformation Plan (2010-2014/15), the Government emphasized to increase expansion and maintenance of infrastructure such as road, power and water supply to create the opportunity for diversified industrial growth and reduce dependence on foreign currency through substituting imports of materials and services by domestic suppliers (MoFED 2010:9). Accordingly, the management staffs of KAPPLc replied that the company tried to meet the demand of the local people by expanding its investment services, though it failed to do so as observed during fieldwork.

The study identified that the company, though it was for its own benefit, constructed the road for connecting the main road with the project site. This helped the transportation desk of Bako Tibe to serve local communities to get bus and car used for public services from Bako Town to the project. The project manager responded that the company trained local operators to generate agricultural machines and arranged training programs for local employees of the company.

Constructing all types of infrastructures for the local people with the prior approval of the concerned Government organs was one of the rationales of the Contractual Agreement between the Lessee and Lessor (Karuturi Agro Products PLc Palm Plantation Land Rental Contractual Agreement 2008; Article 9/3). As understood from Focus Group Discussions, the concerned government's local officials had told the local people the benefits to be gained from this foreign company after expropriation of land was completed. Though local people were not happy with the transfer of their land to the investor, they feel happy to get the social services to be managed by the company itself. Without written agreement, the company promised the local people to provide clean drinking water, teaching and learning materials for the school repair and clean the dirt road from main road to project site and between the local kebeles, install electricity for the local people in collaboration with Ethiopian Electric Power Corporation (EEPCO) and construct medium clinic for local people. Besides this, the local people told that they expected the investment would change the nature of the local market linking with different markets in the

region and other regional market centers through bringing agents, retails and wholesales to Bako Tibe.

The investor supplied some teaching materials to a public school of *Milimili* (name of public School in Bako Tibe Woreda) and recruited one teacher covering all his expenses. It also awarded outstanding students from Community School of *Bacarraa Odaa Gibee* Kebele and provided clean drinking water for the School for short time, during the start of operation of the project in 2009. All the rest of the promises were left without implementation up to the date of the data collected. Hence, , the government just gave moral obligation to the company to improve the infrastructure of the local community to attract the attention of local dwellers for its investment since there was no mechanism stated on land lease agreement to control the company to fulfill what was promised (Obsa 2013:105). Therefore, it was set as the investor's moral obligation to do or not to do the promised infrastructural development for the local communities of the study area.

6.2.2.2 Transfer of Technology for Local Community

One of the objectives of the Government for attracting foreign investors was to foster the transfer of technical know-how, of managerial skills, and of technology required for the progress of the country (Investment Proclamation: Proclamation No 280/2002, Art 4/4). Based on this proclamation, it was true that another expected benefit of expropriation of land to Karuturi was agricultural modernization through the transfer of modern technologies of agricultural production investment for local communities. When the fieldwork was conducted, the company was not fully operational on leased land. This was against the Contractual Agreement that enforced the company to commence its project activities on the land leased within six months, starting from the date of handover of the leased out land in accordance with the purposes. Karuturi only cultivated about 1600 out of 11,704.33 hectares of land under its possession in three years since 2008/2009-2012/2013 (Obsa 2013:107).

In Bako Tibe, Karuturi Agro Products Plc brought different tractors, earth breakers, bulldozers and excavators to the farm site. In addition, six experts and 17 foreign supervisors of expatriates were recruited during data collection. About 24 modern tractors and 6 excavators were imported.

Manager of the company responded that some local employees were trained by expatriates on how to maintain these agricultural machines and drive tractors. But, he argued that since trained local workers were not enough to maintain all agricultural machines, the company expected other expatriates to come in the nearby future. However, the land deal Contractual Agreement, Article 10, sub-article 6, stated that the local communities should benefit from agricultural investment unless the company wanted other special skills from outside for investment purposes. Lessee shall be penalized by 5000 Ethiopian Birr, which is equal to 263USD, with the Regional Government Laws in the attempt to employ unskilled laborers from other regions. Though it looks like a good deal on paper, I doubt if the company respected it.

The 2013 report of Bako Tibe communication center reveals that methods of production and output yields are not much different from the local ones except the use of tractors and other machineries in the investment. The report concluded that the investor, employing good investment technologies and other investment related machineries, collected 7,000 *Kuntals* of Maize (which is equal to 700,000 Kilograms) from 912 hectares of land whereas local farmers in average collected 1, 220 *Kuntals* of Maize from 65 hectares of land, which means the agricultural products of the local people exceeds that of the investors (Bako Tibe Communications Center 2013).

When the FGD participants in Bacarraa Odaa Gibee discussed about whether they have learned and developed new skills of agricultural production technologies or benefited from the investment expansion on the proximity of the local people, all responded that they learn few from the company for their future carrier; like some sort of training and experience given by] some employees at the farm place.

Some interviewed company's employees, Human Resource Director, Finance Director and Operator, replied that the company rented about thirteen Excavators and four Loaders for a Chinese Road Project without the notice of the Government. These Machines were imported free of tax as stated in the Investment Regulation (Investment Regulation: Regulation No.270/2012). As a result, some operators lost their jobs after the leased agricultural machines started operation at a Chinese company. In general, lack of coordination between all Governmental structures to monitor and evaluate the investor at farm place and presence of gap of Contractual Agreement between the two

parties made it difficult to calculate the differences between the actual proposed and implemented nature of social services in the study area

6.2.2.3 Creating Employment for Local Community

Supporting job creation in small and large urban and rural areas to foster balanced growth was one of the aims of Ethiopian Government in Millennium Development Goals (MoFED 2005:43). Getting a job can increase local standards of living and help employees to manage their ways of lives in a good condition. Obsa stated the value of investment in relation to receipt country benefits as follows;

The investment should either preserve recipient country food security or the revenue gained from the investment should be sufficient to get food supplies equivalent to the volume produced for export (Obsa 2013:50).

In Bako Tibe, Karuturi Agro Products Plc, most workers are the causal daily labor workers as compared to permanent workers. Currently, 30 permanent workers and 130 causal workers were employed in the company. Manager of Karuturi responded that the company hires causal and contract workers as needed by the company when existing jobs exceeds the number of existing workers. Interviewed employees revealed that they worked overtime without any payment. The daily working hours of the country set on the Labor Proclamation was eight hours. But, employees work more than 12 hours per day including the weekend, excluding Sunday. The wages of daily laborers were about 12 Ethiopian Birr, which was equal to 0.63 USD and their monthly salary did not exceeded 16 USD. This was below the wage of the daily laborers of other domestic company like United Farm Business, which was about 25 ETB. In response to this, employees frequently reported to woreda's Administration and Labor and Social Affairs to deal with the company on the matter of wages of employees, but none of them negotiated the case.

During data collection, the company made a transfer of 36 employees from Bako Tibe to Gambella farm without the notice of employees. The Government paid desert allowance for employees working in Gambella (One of the regional state of Ethiopia) due to its remoteness and harsh climatic condition. But, Karuturi transferred both temporary and permanent workers without desert allowance and any special benefits. An interview with one of the Excavator

Driver and helper of KAPPlc (Karuturi Agro Products Private Limited Company) was summarizing as follows:

I made 800 Ethiopian Birr per month. This was even not enough to feed my family. I have two children. My land was taken by this investor. Now, it decided to transfer me to Gambella, where life is miserable to live in since ethnic conflict between Nuer and Anyuak was a cause for the loss of many workers before two years. I can't complain to the company because I have signed no contractual agreement. The last option is to withdraw the job (June 25, 2013).

Interviews with administrative staffs of Bako Tibe and employed local people working in supervisory positions for the company noted that there was no formal written contractual agreement between employee and Karuturi because the company refused to sign a wage contract. This made Karuturi to handle employees with an underpayment system to increase its profitability without respecting to the working environment of the local workers.

6.3. COPING STRATEGIES OF THE LOCAL PEOPLE

As we have seen in the study area, the expansion of land grabbing has tremendous impacts on the local people's livelihoods. To overcome these challenges, people have adopted some coping strategies in their life to survive. For example, some local people, who depended on the land for their livelihood before the land was transferred to foreign investor, have now changed their land use and their occupation. Some have engaged in the process of sharecropping others migrated to the nearest town. Desalegn identified the percentage share of the coping strategies used by local people in his study of 'The Socio-Economic and Environmental Impacts of Large Scale (Agricultural) Land Acquisition on Local Livelihoods: A Case Study in Bako Tibe Woreda of Oromia Region, Ethiopia' and categorized as changing land use (27%), share-cropping (23%), tenant farming (17%), changing occupation (15%), migration (11%), and other strategies such as seeking employment in the company itself (7%) (Dessalegn 2013).

In general, the section below presents the coping strategies (land use change, sharecropping and change of occupation) used by the local people in order to overcome the challenges they faced from the expropriation of land to Karuturi Agro Products Plc. Even though farmers traditionally employed these strategies prior to the coming of foreign investor, the frequency has increased after the acquisition of the land by Karuturi Agro Products Plc and loss of land right use by local farmers of Bako Tibe as found during the Focus Group Discussions. Thus, this section describes

different types of coping strategies used by Bako Tibe people to overcome the problem they faced after their land was taken by Karuturi Agro Products Plc.

6.3. 1 Land Use Change

After the process of expropriation, some households have been forced to switch their land use system by allowing their previously used land for cultivation of crops for grazing purposes. Data collected during FGDs showed that some portion of expropriated land was used for grazing purpose and this helped the local farmers to manage their farm land for cultivating different types of crops than worrying for grazing land for several years. But, after land was overtaken by Karuturi Agro Products Plc, the local farmers were prevented from using that land for grazing purpose. Data showed that even before expropriation of land took place, some farmers, who did not have enough land to feed their families, supported their livelihoods by herding cattle, while others used expropriated land for cultivating different types of crops.

The coming of Karuturi Agro Products Plc, and the less attention given from the Government for the matter of the local people have put Bako Tibe people at risk; overtaking their customary land, which was used by indigenous communities of Bako Tibe from the beginning to the expropriation year. This in turn affected the livelihood of the local people by reducing the share of cultivated crops, even to feed themselves because some portion of former land used for cultivation of crops were converted to grazing.

An interview with one of the farmers after a FGD, who used an expropriated land for more than 30 years, further explains the existing severity in his and family's livelihood and his friends, who used the land for cultivating crops and grazing purpose. He said that;

I used this land for more than thirty years starting from the time of Derg Regime; it was my own property, my asset that fed my families and my cattle. But, now, the Government gave the land for Karuturi four years ago. I tried to manage to live with my family working with KAPPLC for two years employed as a guard, but I got tired of getting less monthly payment about (350 ETB (18USD)). I sold some of my cattle because of lack of grazing land and distributed three of my children to my relatives due to lack of feeding stuffs.

Now I am living with one of my children and my wife is struggling for life working as a daily laborer with a Chinese Road Construction Company.

Thus, there have been significant land use changes in the study area over the past couple of years, following the land grabbing in Bako Tibe.

6.3.2 Sharecropping

The second coping strategy used for overcoming the loss of cultivated land in the district is sharecropping. During the Sharecropping, a landowner allows a tenant to use the land in return for a share of the crops produced on the land. The landowners and tenants used traditionally different sharecropping agreements in Bako Tibe, such as *hirphoo* (one third of the sharing between the tenants and landowners respectively). Though it was difficult to get the exact number of farmers who used this strategy to overcome the problem of scarcity of agricultural land in Bako Tibe, FGD results showed that many households preferred to work for landowners and get the share because the local farmers stated that it encouraged them to remain on the land throughout the harvest season and get a share of crops for their families.

One of the respondents, who used sharecropping strategy, answered during an interview stating that;

I used to produce some crops as well as graze my cattle on some plots of land now given for Karuturi Agro Products Plc. Following the expropriation, both cultivable and grazing lands became insufficient to serve my family and therefore I preferred to use sharecropping as a strategy to sustain my ways of lives starting from the time of the coming of this investment on my land. This land is found at a distant place from my home; it takes about three hours on foot to walk to reach there. I feel tired all the days I move to that land for work because it takes about six hours including the return on foot. I lost about two hectares of land for KAPPLC and started to live a difficult way of life. I didn't get enough crops from cultivation because the landowner managed to collect the product of 2:2 of share. I got only half of the agricultural outputs which are still not enough to feed my family. I reserved some parts of the former farming land for grazing purposes since my cattle had no option. I don't know why the Government keeps silent because while we raised our problems several times through our representatives to get solution at least for getting the land back, Karuturi Agro Products Plc is not cultivating the whole part of expropriated land.

In general, sharecropping procedures therefore produces different types of returns for landowners and the sharecroppers /tenants depend on the size of production. Most of the time landowners are entitled to get a share of up to fifty percent (50%) of agricultural products.

6.3.3 Change of Occupation

Switching of occupation is another strategy used by some farmers to overcome the challenges related to scarcity of arable land in Bako Tibe. Farmers who had lost the land use right of expropriated land switched to other ways of practicing economic activities to support their livelihoods. Former local farmers started practicing petty trading and craftsmanship.

Data collected through FGDs showed that some farmers lost large amounts of arable land due to investment expansion engaged in production and selling of sugarcane in Bako Town. Some violence has occurred and Young people became thieves and started to shoot aggressively innocent people joining Gedo Mountain, which is known as jungle forest. Besides this, others migrated to the nearby urban areas in search of a job after their land was expropriated.

CHAPTER SEVEN

CONCLUSION AND RECOMMENDATIONS

CONCLUSION

This study examined the socio-economic, environmental and cultural impacts of land grabbing on the livelihoods of local people in Bako Tibe woreda of Oromiya National Regional State in Ethiopia. This was done on the basis of the concept of compensation requirement and public purposes of eminent domain as discussed in chapter five.

The Ethiopian Government's willingness to allow foreign companies access to local farmer's land, and forest, is leading to the displacement of local communities and the destruction of their traditions. The large-scale takeover of the land of local communities threatens their livelihoods and infringes their basic human rights as already discussed in the past chapters.

Land grabbing is a phenomenon that is taking root in Ethiopia, which was fueled by global factors such as biofuel crop production and food insecurity reasons. The impact of the land grabs in Ethiopia has been threatening for the livelihoods of local communities of small scale farmers who use the land and its natural resources for subsistence.

The research investigated the risks and opportunities associated with the expansion of large-scale agricultural investment expansion and came up with few opportunities and identified several risks at the local people. The destruction of biodiversity and depletion of existing water, including local people's loss of the right to use their farm and pasture land, made investment expansion worse for local communities of Bako Tibe. However, a constructed road to the project site and employment opportunities compensated little.

Strategies like sharecropping change of occupation and others used by local people of Bako Tibe to overcome problems were all connect to land expropriation. However, the complaint for their lost land continues because expropriation of a huge part of land for single company deprived local communities from access to natural resources, including access to the farm land and pasture land.

In general, as this study has discovered, however, so far the investment has brought more costs than benefits to the local people under study. The findings imply that land grabbing by foreign investors for agricultural investment has uncertain and few development benefits for local people. The expected local development opportunities have become very uncertain in a situation where institutional frameworks necessary to administer these investors are poorly implemented. Therefore, benefits for local people depends on a strong institutional framework, an investment contractual agreement designed in such a way that it contributed for local people, and clearly stated rules about implementation and follow up of the investment agreement.

RECOMMENDATIONS

The theory of eminent domain helped researcher to reveal lack of fulfilling the expected responsibility from both sides of lessee and lessor (Karaturi Agro Products Plc and the Ethiopian government). According to eminent domain, the expropriated private property should be solved through compensation which must be equal to the value of expropriated property. But, the displaced people compensated nothing than losing their land right. Therefore, unless Ethiopian government made effective Government legislation on land tenure security and agricultural development, rural communities of the country will continue to be vulnerable to land grabbing and food insecurity. Foreign investors used to grab huge amount of land displacing local communities from their farmland and not contributing to the expected development opportunities to benefit both the Government and local people. Therefore, the following recommendations help both the Government and investors themselves to take corrective measure on what is going on at the grass-root level.

To the Government

- ✚ The Government expropriated land for agricultural investment purpose that local people used for many decades farming crops and grazing their livestock. Allocation of land did not take into consideration the customary right of the local communities. Therefore, the Government should recognizes customary right holders to land and natural resources before expropriating land by undertaking consultations based on prior informed consent.
- ✚ As discussed in the analysis part of the research, the Government allowed investors to cut down all natural forests for the expansion of agricultural investment and gave the responsibility to cover the land leased out with other trees only by 2%. Thus, the Government should protect natural forests rather than promoting plantations of other trees at the expense of natural forests to ensure biodiversity.
- ✚ Land allocated for Karaturi Agro Products Plc was expropriated without local community's knowledge of land takeover from landholdings. Therefore, access to information on land lease agreements between the Government and investor should be made public to the local people before expropriation takes place.

✚ The Government established Government bodies that govern investment related activities. But, the research identified weak institutions and less follow-up on the implementation of the investments in Ethiopia. Top Government officials didn't consult local people to identify either if they were affected or not by investment expansion of their farm land. Therefore, there should be regular dialogues between the concerned government officials, local community and the company to minimize ideological conflicts between them..

To the Investor

It is true that investors do not benefit themselves alone without the contribution of the local communities in the process of agricultural investment expansion. Therefore, investors should respect the rights of the local communities of the study area and should avoid actions that affect their rights. In case problems happen, investors should develop a mechanism to handle the problem to assist the affected people.

As discussed in the main body of the research, local communities, who depended on the land allocated for investor, were not given compensation for the expropriated farm and pasture land. Thus, victims should get enough compensation either in cash or in kind. For instance, one possible way by which the investor could help local people is to allow them farm land not cultivated by Karuturi and allowing them to graze their livestock on the residues of farmland.

In the study area, I found that the benefit of investment expansion in Bako Tibe is less than what was expected. But, on the land lease agreement, the investor agreed to expand public services like school, health services, supplying water, electricity installation and road construction for the local people. All what was listed in the agreement was not implemented except presenting some teaching materials for one elementary school. Therefore, the investor should obey its moral obligation and shoulder the responsibilities provided by the Government.

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APPENDIXES

Appendix 1: Interview Guides

For Local Communities

1. Have you lost any useful land due to the investment project?
1. Yes 2. No.
2. If yes, how many hectare/s of land?
2. For what purpose did you use the land before the expropriation?
 - A. Grazing
 - B. Crop production
 - C. Grazing livestock
 - D. As a source of firewood
 - E. Source of Water
 - F. Other, specify-----
3. Were you consulted when the deal about land lease agreement was made?
1. Yes 2. No.
4. If yes, how did you participate? _____
5. Do you think that the land deal was made in transparent manner between the government and the company?
1. Yes 2. No.
6. If yes, what made you to think so? -----
7. Were you affected from the land because of the project?
1. Yes 2. No
8. If yes, how? -----
9. Does the project have a direct effect on your means of living?
1. Yes 2. No
10. If yes, how did it affect your living? _____
11. What are the other problems associated with the investment expansion in Bako Tibe woreda?
Please specify? _____
12. Did you get any direct compensation for lost opportunities?

1. Yes 2. No

13. If yes, what kind of compensation did you get? _____

14. Have you benefited from the project in the form of technology transfer?

1. Yes 2.No

15. If the answer for No.14 is yes, what are the benefits you gain?

16. Has crop production and supply increased in your village as a result of agricultural
Investment expansion?

1. Yes 2. No

17. If your answer is 'yes', can you brief the differences? -----

18. Have you or other members of your families got any employment opportunity in the Indian
Company?

1. Yes 2. No

19. If yes, what kind? (Temporary or permanent)_____

20. Has any infrastructure been provided by the investor in your village so far?

1. Yes 2. No

21. If yes, what kind? _____

22. Have you benefited from the investment expansion in any other ways in your village?

1. Yes 2. No

23. If yes, how? _____

24. How did you cope up with the effects of the land expropriation?

25. Please specify in detail the coping strategies _____

For Karuturi Agro Products Plc

1. How many local employees do you have?
2. How many foreign employees are working at your company?
3. How much money did you invested as initial investment?
4. What kind of service do you offer for the local communities?

For Government Institutions

1. How did allocation of land take place?
2. Did local farmers consulted before land allocation took place?
3. Did displaced farmers compensated for their lost land due to expropriation of their farmland?
4. Do you know anything about conflicts regarding land that is a result of the increasing agricultural investment at the area? Examples?
5. If yes, did you protect the farmer's interests?

Appendix 2: List of interviewees/informants

The following section presents list of interviewees, but due to privacy, I prefer to list name of interviewees Office or their work place.

List of interviewees from Bako Tibe

- Bako Tibe area farmers and community leaders
- Employees and Site Manager of Karuturi Agro Products Plc
- Bako Tibe Administration Office
- Bako Tibe Information and Communication Desk Experts
- Bako Tibe Investment Desk Officer
- Bako Tibe Environmental Protection and Rural Land Use Administration Office
- Bako Tibe Labor and Social Affairs Office

List of other government officials interviewed

- Ministry of Agriculture and Rural Development
- Ethiopian Investment Authority
- West Shawa Zone Investment Office
- Oromiya Agricultural Office
- Oromiya Agricultural Output Market Enterprise
- West Shawa Zone Rural and Urban Land Administration Office
- Oromiya Investment Commission Officials

Appendix: 3: Fieldwork Photograph

Figure 6: Karuturi Agro Product's PLC Farmland



Source: Author, 2014

Figure 7: Letter to Directorate of Karuturi Agro Products PLC by employees

Date dd/7/2013
To Director Manager.
Dear Sir
Subject to give Resignation letter all me
As mention on the above Jay Indalo Hailu
Who is working in Karuturi Agro product plc Bako
in office as HRM bK of my Salary wk Jay
getting not successful my life I am not going
Gambela project
I am going to Resign from the company so
please sir settle my severency payment and give
my experance serificate. I am going to
Resign
c/c
To- BIT/w Social affairs office
To- BIT/w Administration office
To- BIT/w Investment office
Jay Indalo Hailu

Source: Author 2014